

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON JULY 11, 2016
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

Catherine Blakespear, Chair

Ginger Marshall, Vice Chair

A meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, July 11, 2016, at 9:00 a.m., at the San Elijo Water Reclamation Facility at 2695 Manchester Avenue, Cardiff by the Sea, California.

1. CALL TO ORDER

Vice Chair Marshall called the meeting to order at 9:03 a.m.

2. ROLL CALL

Directors Present:

Catherine Blakespear (*arrived at 9:05 am*)
Ginger Marshall
Mark Muir
David Zito

Directors Absent:

None

Others Present:

General Manager	Michael Thornton
Director of Operations	Christopher Trees
Director of Finance & Administration	Paul Kinkel
Administrative Assistant/Board Clerk	Jennifer Basco

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch	Adriana Ochoa
--------------------------------------	---------------

City of Solana Beach:

City Manager	Greg Wade
Director of Engineering/Public Works	Mohammad "Mo" Sammak

City of Encinitas:

Director of Engineering and Public Works	Glenn Pruijm
Public Works Management Analyst	Bill Wilson

3. PLEDGE OF ALLEGIANCE

Vice Chair Marshall led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

None

6. CONSENT CALENDAR

Moved by Board Member Muir and seconded by Board Member Zito to approve the Consent Calendar.

Motion carried with the following vote of approval:

AYES: Marshall, Muir, Zito
NOES: None
ABSENT: Blakespear
ABSTAIN: None

- | | |
|--------------------|---|
| Agenda Item No. 7 | Approval of Minutes for the June 13, 2016 meeting |
| Agenda Item No. 8 | Approval for Payment of Warrants and Monthly Investment Report |
| Agenda Item No. 9 | San Elijo Water Reclamation Facility Treated Effluent Flows – Monthly Report |
| Agenda Item No. 10 | San Elijo Joint Powers Authority Recycled Water Program – Monthly Report |
| Agenda Item No. 11 | San Elijo Joint Powers Authority Updated Employee Handbook |
| Agenda Item No. 12 | Consideration of Approval of Resolution 2017-01, Entitled “Resolution of the Board of Directors of the San Elijo Joint Powers Authority Implementing an Employer-Employee Organizations Relations Resolution” |
| Agenda Item No. 13 | San Elijo Joint Powers Authority Recycled Water Program – Monthly Report |

14. ITEMS REMOVED FROM CONSENT CALENDAR

None

Chair Blakespear arrived at 9:05 a.m. and presided over the meeting at this time.

15. RECYCLED WATER COST OF SERVICE STUDY AND PROPOSED WHOLESALE RATE INCREASE

General Manager Thornton gave a brief background on the SEJPA's recycled water utility and highlighted the wholesale agreements between the SEJPA and its water purveyors. The original SEJPA wholesale agreements were developed in the 1990's and were based on "index pricing". Index Pricing is an industry accepted pricing methodology that ensures pricing is set below that of potable water. However, for the SEJPA, index pricing created pricing complexities between its multiple water purveyors. Each water purveyor had different potable water rates, which resulted in the SEJPA selling its recycled water at multiple price points that created concerns at the end user level for pricing inequality. Mr. Thornton stated that in order to resolve these issues, the SEJPA Board moved to setting the price based on cost of service principles. This established the true cost of the utility and provided the basis for a defensible pricing structure.

A financial review, conducted in 2013, indicated that the program could transition to the cost of service pricing model. Based on this information, the SEJPA reached agreement with its water purveyors for moving toward cost of service methodologies for setting future water rates. Mr. Thornton informed the Board of Directors that the SEJPA retained Raftelis Financial Consultants (RFC) to prepare a recycled water cost of service update and to develop recommendations for future rate increases. The RFC report recommends 4% annual rate increases for both uninterruptible and interruptible customers through FYE 2020. Mr. Thornton noted that Staff recommends 4% annual increases only through FYE 2018 at which time Staff will review the need for further rate increases. He stated that this recommendation will be presented to the Board at the September 2016 Board meeting, which if approved will increase the price of recycled water to \$1,410 per acre-foot beginning October 1, 2016 and \$1,466 per AF on July 1, 2017. Mr. Thornton stated that the proposed rate increase will provide adequate revenues to fund 90 days operating cash, one year of debt service, and begin funding an asset repair and replacement reserve goal.

Moved by Board Member Muir and seconded by Board Member Zito to:

1. Review the Raftelis Financial Consultants Recycled Water Rate Review and Update; and

Motion carried with the following vote of approval:

AYES: Blakespear, Marshall, Muir, and Zito
NOES: None
ABSENT: None
ABSTAIN: None

16. CLOSED SESSION

The Board of Directors adjourned to closed session at 9:39 a.m., pursuant to Government Code Section 54957: Employee Performance Evaluation. Title: General Manager.

The Board of Directors came out of closed session at 9:50 a.m. with no reportable action.

17. CONSIDERATION OF GENERAL MANAGER COMPENSATION PER CURRENT EMPLOYMENT AGREEMENT

Moved by Board Member Zito and seconded by Vice Chair Marshall to:

1. Award a \$5,000 bonus to General Manager for merit performance during the June 2015 – May 2016 review period; and
2. Approve General Manager Compensation of \$191,318 for the period July 1, 2016 through June 30, 2017.

Motion carried with the following vote of approval:

AYES: Blakespear, Marshall, Muir, and Zito
NOES: None
ABSENT: None
ABSTAIN: None

18. GENERAL MANAGER'S REPORT

General Manager Thornton reminded the Board of Directors that a special meeting is scheduled for Tuesday, July 12, 2016 at Encina Wastewater Authority to consider administration consolidation with Encina.

19. GENERAL COUNSEL'S REPORT

None

20. BOARD MEMBER COMMENTS

None

21. ADJOURNMENT

The meeting adjourned at 9:55 a.m. The next Board of Directors meeting will be held on September 12, 2016.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager