

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON JUNE 10, 2013
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

Thomas M. Campbell, Chair

Mark Muir, Vice Chair

A Meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, June 10, 2013, 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 Muir called the meeting to order at 9:00 a.m.

2. ROLL CALL

Directors Present:

Teresa Barth
Mark Muir
David Zito

Directors Absent:

Thomas M. Campbell

Others Present:

General Manager
Director of Finance/Administration
Director of Operations
Administrative Assistant
Accounting Technician
Safety/HR Administrator

Michael Thornton
Greg Lewis
Christopher Trees
Jennifer Basco
Carrie Cook
Marisa Buckles

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Greg Moser

City of Encinitas,

Director of Engineering and Public Works
Public Works Management Analyst

Glenn Pruim
Bill Wilson

City of Solana Beach,

City Manager
Director of Engineering/Public Works

David Ott
Mohammad "Mo" Sammak

Santa Fe Irrigation District,
General Manager

Michael J. Bardin

GHD, Inc.

Mary Grace Pawson

3. PLEDGE OF ALLEGIANCE

Vice Chair Muir led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

The General Manager recognized Gregory Lewis, Director of Finance & Administration, for 26 years of service, and announced to the Board of Directors that Mr. Lewis will be retiring at the end of the month.

6. CONSENT CALENDAR

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

Motion carried with the following vote of approval:

AYES: Barth, Muir and Zito
NOES: None
ABSENT: Campbell
ABSTAIN: None

Consent Calendar:

Agenda Item No. 7	Approval of Minutes for the May 13, 2013 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	Award of Annual Supplies and Services Contracts for the San Elijo Joint Powers Authority

12. ITEMS REMOVED FROM CONSENT CALENDAR

None

13. ADOPTION OF SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR 2013-14 BUDGET, INVESTMENT POLICY, AND APPOINTMENT OF SEJPA TREASURER

The Director of Finance/Administration reported that the Fiscal Year (FY) 2013-14 Recommended Budget was presented to the Board of Directors and the Member Agencies in April 2013 and May 2013 and there were a couple of minor edits to the budget.

The Director of Finance/Administration stated that the operating budget for the Wastewater Treatment Fund for the SEJPA is \$5,629,967 and the operating budget for the Water Reclamation Fund is \$2,036,111. The FY 2013-14 appropriation for the Capital Project Fund is \$1,098,000. The total operating budget for FY 2013-14 is \$8,764,078.

The Director of Finance/Administration stated that State law requires that the Investment Policy be reviewed and adopted annually. The SEJPA investment policy allows for investment in the State Local Agency Investment Fund (LAIF) and in the San Diego County Investment Pool. In addition, State law requires that a SEJPA Treasurer be appointed annually.

Board Member Muir asked if the SEJPA looked at other investments besides LAIF. General Manager Thornton stated that the agency will look at other opportunities and report back to the Board of Directors later this year.

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

1. Adopt Resolution No. 2013-02, Resolution Approving the San Elijo Joint Powers Authority Operating and Capital Improvement Budgets for Fiscal Year 2013-14; and
2. Adopt Resolution No. 2013-03, Resolution Approving the San Elijo Joint Powers Authority Investment Policy and Guidelines and Appointment of Christopher Trees as the SEJPA Treasurer.

Motion carried with the following vote of approval:

AYES: Barth, Muir and Zito
NOES: None
ABSENT: Campbell
ABSTAIN: None

14. ACCEPT AND FILE 2013 RECYCLED WATER COST OF SERVICE STUDY

General Manager Thornton stated that the SEJPA has completed its cost of service study. The purpose of the cost of service study was to determine what the cost of producing recycled water is at its current production level; to evaluate future scenarios based on varying sales forecasts; to analyze the impacts of moving away from an indexed model of recycled water sales; and to provide clarity and transparency in reserve funding for the agency. General Manager Thornton stated that public comments were collected and addressed. He also met with the general managers of the agency's water purveyors, who supported the study and the move away from the

indexed pricing structure. General Manager Thornton then introduced Mary Grace Pawson from GHD who gave a third and final brief summary and PowerPoint presentation on the cost of service study.

The study recommends that the SEJPA:

1. Formalize the recommended Operational and Capital Reserve Policies and goals in order to provide transparency and fiscal targets to guide water sales contract negotiations.
2. Develop an updated market assessment, with its partner agencies, in order to identify the best strategies for increasing recycled water sales.
3. Moving forward, refine the fiscal model as necessary in order to transition rates toward a cost-of-service model based on actual performance of the recycled water utility.

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

1. Accept and file the 2013 Recycled Water Cost of Service Study.

Motion carried with the following vote of approval:

AYES: Barth, Muir and Zito
NOES: None
ABSENT: Campbell
ABSTAIN: None

15. SAN ELIJO JOINT POWERS AUTHORITY AND ENCINA WASTEWATER AUTHORITY RESOURCE SHARING EFFORTS

General Manager Thornton stated that back in July 2012 the SEJPA had its first discussions about resource sharing with Encina Wastewater Authority ("Encina"). This is a report back about efforts made to date. The greatest success in resource sharing has been with the SEJPA's IT needs. The SEJPA does not have an internal IT department, and during a recent network outage, Encina assisted the SEJPA by repairing the IT system and getting the agency back online. Also, the SEJPA has used Encina's intern program to acquire potential candidates for the SEJPA.

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

1. Direct staff to continue to identify opportunities to achieve enhanced effectiveness or cost savings through resource sharing.

Motion carried with the following vote of approval:

AYES: Barth, Muir and Zito
NOES: None
ABSENT: Campbell
ABSTAIN: None

16. GENERAL MANAGER'S REPORT

General Manager Thornton stated that the SEJPA is working to produce a letter of support from congress representatives regarding the North San Diego County Regional Recycled Water Project for its inclusion to the proposed 2013 Water Resource Development Act (WRDA).

17. GENERAL COUNSEL'S REPORT

None

18. BOARD MEMBER COMMENTS

None

19. CLOSED SESSION

The Board of Directors adjourned to closed session at 10:05 a.m., with Michael Thornton per Government Code Section 54957 – Employee Performance Evaluation, title: General Manager.

The Board of Directors came out of closed session at 10:19 a.m. with no reportable action for the annual performance evaluation of the General Manager.

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

1. Approve the General Manager's merit bonus of \$5,000 for Fiscal Year 2012-13.

Motion carried with the following vote of approval:

AYES:	Barth, Muir and Zito
NOES:	None
ABSENT:	Campbell
ABSTAIN:	None

20. ADJOURNMENT

The meeting adjourned at 10:24 a.m. The next Board of Directors meeting will be held on July 8, 2013.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager