

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON APRIL 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, April 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 9:00 a.m. Chair Blakespear arrived at 9:02 a.m. and presided over the meeting.

2. ROLL CALL

Directors Present:

Catherine S. Blakespear
Ginger Marshall
Mark Muir
David Zito

Directors Absent:

None

Others Present:

General Manager
Director of Operations
Director of Finance & Administration
Administrative Assistant/Board Clerk
Accounting Technician

Michael Thornton
Christopher Trees
Paul Kinkel
Jennifer Basco
Carrie Cook

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Tracie E. Stender

City of Solana Beach:

City Manager
Director of Engineering/Public Works

Greg Wade
Mohammad "Mo" Sammak

City of Encinitas:

Director of Engineering and Public Works
Public Works Management Analyst

Glenn Pruum
Bill Wilson

Encina Wastewater Authority:

General Manager

Michael F. Steinlicht

San Dieguito Water District:
General Manager

Bill O'Donnell

Santa Fe Irrigation District:
General Manager

Michael Bardin

Dudek

Andrew Talbert

Trussell Technologies

Shane Trussell, Ph.D

3. PLEDGE OF ALLEGIANCE

Chair Blakespear led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

General Manager Thornton recognized Carrie Cook, Accounting Technician, for her 10 years of service to the Agency. Mr. Thornton also announced to the Board of Directors that the SEJPA received the Recycled Water Agency of the Year Award – Medium Size, from WateReuse California. This award recognizes the SEJPA for its demonstrated leadership, creativity, and persistence in developing recycled water as a valuable local water supply.

6. CONSENT CALENDAR

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

Motion carried with unanimous vote of approval.

Agenda Item No. 7	Approval of Minutes for the March 7, 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

11. ITEMS REMOVED FROM CONSENT CALENDAR

None

12. POTABLE REUSE CONCEPT STUDY WITH SANTA FE IRRIGATION DISTRICT AND SAN DIEGUITO WATER DISTRICT

General Manager Thornton stated that due to droughts and other events that strain California's existing water supplies, water districts are investigating the feasibility of potable reuse projects that can create high quality, locally produced water. The SEJPA, in partnership with Santa Fe Irrigation District (SFID) and San Dieguito Water District (SDWD), participated in a Potable Reuse Feasibility Study, prepared by Trussell Technologies. General Manager Thornton introduced Shane Trussell, Ph.D., who presented a brief history of potable reuse in California, and explained the results of the feasibility study. The primary conclusion of the feasibility study is that a potable reuse project utilizing surface water augmentation could be permitted with the Division of Drinking Water. A near-term project could produce enough drought-proof water to satisfy approximately 6 percent of SFID's potable water demands and 9 percent of SDWD's potable water demands. The ultimate project could satisfy approximately 22 percent of SFID's demands and 35 percent of SDWD's demands. The cost of potable reuse water is estimated to range between \$1,500 and \$2,000 per acre-foot. Although significant challenges associated with developing a potable reuse project were identified, SEJPA, SFID, and SDWD have a long track record in partnering to develop large-scale projects.

The General Manager recommended the establishment of a Project Management Team (PMT) to support the development of a potable reuse project. The PMT would consist of staff along with engineering, finance/grant, operations, public outreach, and water resource consultants that have experience in potable reuse and/or water supply development projects. A proposed work plan and budget for the establishment of the PMT will be brought to each agency's Board for approval at a later date.

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

1. Receive and file the report; and
2. Authorize staff to proceed with the formation of a Potable Reuse Project Management Team.

Motion carried with unanimous vote of approval.

13. PRESENTATION OF THE SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR 2016-17 RECOMMENDED BUDGET

Paul F. Kinkel, Director of Finance and Administration, presented the Fiscal Year (FY) 2016-17 Recommended Budget to the Board of Directors. The budget estimates all expenditures necessary, including capital costs and debt services, to provide wastewater treatment, waste disposal, recycled water, laboratory, ocean outfall, and pump station services. The total FY 2016-17 Recommended Budget is \$10,161,009 consisting of \$6,029,313 of Operating Costs, \$2,472,696 of Debt Service and \$1,659,000 of Capital Costs. The proposed operating budget for all programs will increase by \$343,162, primarily due to higher variable costs related to treating wastewater from the City of Del Mar (which is scheduled to begin July 2016), and anticipated cost increases related to pursuing water reuse and other recycled water projects, increased biosolids disposal, legal (capital projects and Caltrans), and chemical and electrical use increase. Mr. Kinkel

stated that the SEJPA receives revenues from seven primary sources, with the three largest customers being the City of Encinitas, the City of Solana Beach, and the Recycled Water Program, which are expected to provide \$2,917,416, \$2,754,979, and \$2,821,001, respectively.

It was recommended that the Board of Directors take the Recommended Budget to their respective Councils for further discussion and support. The budget will then be discussed at the next scheduled Board meeting.

No action required. This memorandum was submitted for information only.

14. CONSIDERATION FOR WASTEWATER SERVICE AGREEMENT EXTENSION WITH THE RANCHO SANTA FE COMMUNITY SERVICES DISTRICT

General Manager Thornton stated that the SEJPA has been providing wastewater treatment and disposal services to Rancho Santa Fe Community Services District (RSFCSD) since 1981. In 1991, the SEJPA and RSFCSD entered into a long term agreement that provides 0.25 MGD of leased wastewater treatment and ocean disposal capacity to RSFCSD. As part of this agreement, RSFCSD is responsible to pay its allocated operational costs and its portion of the 1991 capital upgrade project bond costs, both with a 33 percent premium, and capital costs required to maintain and upgrade the wastewater and ocean outfall systems. The agreement expires in March 2020, and RSFCSD has expressed interest in replacing the agreement with a new 20 year agreement. Staff has been working with RSFCSD to prepare the new lease agreement. The most significant change between the existing and the proposed agreements is the elimination of the 33 percent premium. The General Manager stated that eliminating the premium is consistent with other SEJPA wastewater and recycled water agreements, where only actual costs incurred are included in the determination of the cost of service provided by the SEJPA.

Moved by Chair Marshall and seconded by Board Member Muir to:

1. Discuss, in closed session at the next Board meeting, extending the wastewater services agreement between the SEJPA and RSFCSD.

Motion carried with unanimous vote of approval.

15. ADOPT THE PROPOSED MITIGATED NEGATIVE DECLARATION FOR THE SAN ELIJO LAND OUTFALL REPLACEMENT PROJECT

General Manager Thornton informed the Board of Directors that the SEJPA retained Dudek to prepare the California Environmental Quality Act (CEQA) reporting requirements for the proposed San Elijo Water Reclamation Facility Upgrades, which are focused on wastewater and ocean outfall improvements. Dudek recommended that a Mitigated Negative Declaration (MND) is the appropriate environmental document for project compliance with CEQA. Mr. Thornton stated that the MND was distributed for a 30-day public review period. One MND comment letter was received from the California Department of Transportation. Responses to the comment letter were included in the final MND, and no substantive comments were received that changed the determination

of the impacts or mitigation measures. Adoption of the proposed MND will complete the review process required by CEQA.

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

1. Adopt the Proposed Mitigated Negative Declaration for the San Elijo Water Reclamation Facility Upgrades.

Motion carried with unanimous vote of approval.

16. BUILDING IMPROVEMENT PROGRAM UPDATE

General Manager Thornton stated that, as documented in the SEJPA 2015 Facility Plan prepared by Carollo Engineers, the SEJPA Administration and Operations Buildings do not meet all current code, accessibility, safety, and operational requirements. In response to these findings, the SEJPA initiated a Building Improvement Program, which included a Building Needs Assessment. Building options were presented to the Board of Directors in September and December 2015. Based on direction provided by the Board of Directors at those meetings, the original building options were refined. Mr. Thornton presented the three revised building options to the Board of Directors for consideration:

Alternative 1: One Building – Construct an 11,000 square foot (sf) building located near the SEWRF site entrance, allowing all staff to work within a single building.

Alternative 2: Two Buildings – Construct a new 6,000 sf building located near the SEWRF site entrance and renovate existing 6,500 sf Operations building.

Alternative 3: Encina/SEJPA Consolidation – Provides for SEJPA and Encina space sharing as part of a path to agency consolidation. This alternative includes the construction of 6,000 sf building near SEWRF site entrance and tenant improvement of approximately 1,500 sf of office space at Encina.

All three options meet immediate Agency needs, eliminate current deficiencies, and provide flexibility for future expansion.

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

1. Pursue Alternative 3: Encina/SEJPA Consolidation.

Motion did not carry, with the following votes:

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

General Manager Thornton then suggested drafting a white paper to determine the feasibility and benefits of an Encina/SEJPA Consolidation, as well as scheduling a

workshop with the Encina and SEJPA Board of Directors to ensure an understanding regarding possible consolidation. Mr. Thornton will prepare a white paper and present it to the Board of Directors in the next 60 days.

17. GENERAL MANAGER'S REPORT

None

18. GENERAL COUNSEL'S REPORT

Tracie Stender informed the Board of Directors that the SEJPA's appeal regarding CalPERS' determination that uniforms should be reported as special compensation is stagnant. Ms. Stender will keep the Board of Directors updated with any new developments.

19. BOARD MEMBER COMMENTS

None

20. CLOSED SESSION

None

21. ADJOURNMENT

The meeting adjourned at 11:00 a.m. The next Board of Directors meeting will be held on May 9, 2016.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager