

AGENDA
SAN ELIJO JOINT POWERS AUTHORITY
MONDAY APRIL 12, 2010 AT 9:00 AM
SAN ELIJO WATER RECLAMATION FACILITY – CONFERENCE ROOM
2695 MANCHESTER AVENUE
CARDIFF BY THE SEA, CALIFORNIA

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. ORAL COMMUNICATIONS (NON-ACTION ITEM)
5. PRESENTATION OF AWARDS
 - CWEA State Level – 2009 Small Plant Safety Award
 - CWEA State Level – 2009 Small Plant of the Year Award, 2nd Place
 - American Society of Civil Engineers (ASCE) San Diego Section –
Water, Wastewater & Reuse Award of Excellence for the Performance Optimization of the Activated Sludge System Project
6. * **CONSENT CALENDAR**
7. * APPROVAL OF MINUTES FOR THE MARCH 8, 2010 MEETING
8. * APPROVAL FOR PAYMENT OF WARRANTS AND MONTHLY INVESTMENT REPORTS
9. * SAN ELIJO WATER RECLAMATION FACILITY TREATED EFFLUENT FLOWS – MONTHLY REPORT
10. * SAN ELIJO JOINT POWERS AUTHORITY RECYCLED WATER PROGRAM – MONTHLY REPORT
11. * AUTHORIZATION FOR CONTINGENCY FUNDING USE – EDEN GARDENS PUMP STATION
12. * ITEMS REMOVED FROM CONSENT CALENDAR

Items on the Consent Calendar are routine matters and there will be no discussion unless an item is removed from the Consent Calendar. Items removed by a "Request to Speak" form from the public will be handled immediately following adoption of the Consent Calendar. Items removed by a Board Member will be handled as directed by the Board.

REGULAR AGENDA

13. PRESENTATION OF THE SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR 2010-11 RECOMMENDED BUDGET

It is recommended that the Board of Directors:

1. Review the Fiscal Year 2010-11 Recommended Budget and direct Member Agency Managers to take the recommended budget to their respective Councils for further discussion and support; and
2. Discuss and take action as appropriate.

Staff Reference: Greg Lewis, Director of Finance/Administration

14. APPOINTMENT OF SAN ELIJO JOINT POWERS AUTHORITY AUDITOR

1. Authorize the Chair to appoint Mayer Hoffman McCann P.C. as SEJPA auditor for the fiscal year ending June 30, 2010; and
2. Discuss and take action as appropriate.

Staff Reference: Greg Lewis, Director of Finance/Administration

15. PARTICIPATION AGREEMENTS WITH CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY (CSRMA) FOR LIABILITY AND PROPERTY INSURANCE

1. Authorize the General Manager to enter into participation agreements for property insurance and liability programs with CSRMA; and
2. Discuss and take action as appropriate.

Staff Reference: Greg Lewis, Director of Finance/Administration

16. GENERAL MANAGER'S REPORT

Informational report by the General Manager on items not requiring Board action.

17. GENERAL COUNSEL'S REPORT

Informational report by the General Counsel on items not requiring Board action.

18. BOARD MEMBER COMMENTS

This item is placed on the agenda to allow individual Board Members to briefly convey information to the Board or public, or to request staff to place a matter on a future agenda and/or report back on any matter. There is no discussion or action taken on comments by Board Members.

19. CLOSED SESSION

Adjourn to closed session per Government Code Section 54957.6:
Conference with Labor Negotiators, General Manager Michael T. Thornton and Director of Finance/Administration Gregory Lewis.

A closed session may be held at any time during this meeting of the San Elijo Joint Powers Authority for the purposes of discussing potential or pending litigation or other appropriate matters pursuant to the "Ralph M. Brown Act".

20. ADJOURNMENT

The next regular scheduled San Elijo Joint Powers Authority Board Meeting will be May 10, 2010 at 9:00 a.m.

NOTICE:

The San Elijo Joint Powers Authority's open and public meetings meet the protections and prohibitions contained in Section 202 of the Americans With Disabilities Act of 1990 (42 U.S.C Section 12132), and the federal rules and regulations adopted in implementation thereof. Any person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting of the SEJPA Board of Directors may request such modification or accommodation from Michael T. Thornton, General Manager, (760) 753-6203 ext. 72.

The agenda package and materials related to an agenda item submitted after the packet's distribution to the Board is available for public review in the lobby of the SEJPA Administrative Office during normal business hours. Agendas and minutes are available at www.sejpa.org. The SEJPA Board meetings are held on the second Monday of the month, except August.

AFFIDAVIT OF POSTING

I, Michael T. Thornton, Secretary of the San Elijo Joint Powers Authority, hereby certify that I posted, or have caused to be posted, a copy of the foregoing agenda in the following locations:

San Elijo Water Reclamation Facility, 2695 Manchester Avenue, Cardiff, California
City of Encinitas, 505 South Vulcan Avenue, Encinitas, California
City of Solana Beach, 635 South Highway 101, Solana Beach, California

The notice was posted at least 72 hours prior to the meeting, in accordance with Government Code Section 54954.2(a).

Date: April 7, 2010



Michael T. Thornton, P.E.
Secretary / General Manager



**California
Water
Environment
Association**

7677 Oakport Street, Suite 600
Oakland, CA 94621

RECEIVED
GENERAL
JOHN F. WILSON SOCIETY
2010 MAR 23 AM 9:31

March 18, 2010

San Elijo Water Reclamation Facility
2695 Manchester Avenue
Cardiff by the Sea, CA 92007

Dear San Elijo Water Reclamation Facility:

Congratulations on being selected as CWEA's 2009 recipient of the Plant Safety, Small Award. Preparations are under way to honor you at CWEA's 82nd Annual Conference, which will be held at the Sacramento Convention Center, April 20-23, 2010. A plaque honoring your agency will be presented to you at the Awards Luncheon on Friday, April 23, at noon.

Additionally, your organization will be recognized and awarded a certificate at the Safety Committee breakfast meeting.

Congratulations again! I hope to see you in Sacramento. You can register online by visiting the website at: www.cwea.org/conferences.

Sincerely,

Fran Burlingham

Fran Burlingham
CWEA Membership & External Relations Board Chair

Enclosure



California
Water
Environment
Association

7677 Oakport Street, Suite 600
Oakland, CA 94621

RECEIVED
CALIFORNIA
WATER ENVIRONMENT
ASSOCIATION
2010 MAR 23 AM 9:31

March 18, 2010

San Elijo Joint Powers Authority, San Elijo Water Reclamation Facility
Attn: Michael T Thornton
2695 Manchester Avenue
Cardiff by the Sea, CA 92007

Dear Michael:

The 2009 CWEA Supergroup Committee has completed their review of your agency's nomination for Plant of the Year, Less than 5MGD. Unfortunately, your agency was not selected as the winner of the award. You will be awarded a Certificate of 2nd Place at the Supergroup Committee breakfast meeting at CWEA's 82nd Annual Conference being held at the Sacramento Convention Center, April 20-23, 2010.

CWEA appreciates the time and effort taken by you to show your agency's achievements. Your organization's staff and their hard work every day is noticed and appreciated. We look forward to being part of your organization's future accomplishments. I have enclosed a copy of the conference program for your convenience.

Sincerely,

Fran Burlingham

Fran Burlingham
CWEA Membership & External Relations Board Chair

Enclosure

March 18, 2010

Michael T. Thornton, PE
San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff-by-the-Sea, CA 92007

Dear Michael:

Congratulations! The ASCE Awards Committee has made their selections for the 2010 Awards Program and your project has been selected for an award. The award ratings for this year are as follows:

- Project of the Year
- Outstanding Project
- Award of Excellence
- Award of Merit

The committee is pleased to announce that *Performance Optimization of the Activated Sludge System* has been selected to receive the "Water, Wastewater & Reuse Award of Excellence Project" as part of our Civil Engineering Project Awards program. As part of the awards presentation we are preparing a video montage of all the projects being honored with an award. If you have video footage of your project that you feel would enhance the presentation, please provide a copy for possible use during the presentation. We are also requesting a group photo of project team members, accompanied by their names in .jpg format. We would need these items by April 8, 2010.

The Annual Awards Banquet will be held on Saturday, May 15, 2010, at the San Diego Marriott La Jolla (4240 La Jolla Village Drive, La Jolla, CA 92037). Attached is a flier outlining details of the Awards Banquet. Letters are being sent to team members of this project that we have addresses for, but I encourage you to extend a personal invitation to the contractor and other participating firms. We encourage recipients to bring display boards, which will be strategically placed at the Banquet for viewing by all those in attendance. Firms are to supply their own easels.

At the banquet, one plaque will be presented to San Elijo Joint Powers Authority, and one plaque will be presented to Kennedy/Jenks Consultants. Additional plaques are available for other team members but will not be delivered until after the Event. To order additional plaques, complete the enclosed form and mail the order along with your check to ASCE, Attention: Plaque orders, PO Box 1028, El Cajon, CA 92022.

Again, congratulations and we look forward to your participation. If you have questions concerning the award(s) please call the Association Executive Secretary, Cathy Riley at 619/588-0641.

Sincerely,

Dean Gipson

Dean Gipson, P.E.
Awards Committee Chairman

Cc: Kennedy/Jenks Consultants, Orion Construction Corporation, Trussell Technologies, Inc.

Enclosures (2)

2010 MAR 23 AM 9:01
ASCE SAN DIEGO SECTION

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON MARCH 8, 2010
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

Maggie Houlihan, Chair

Tom Campbell, Vice Chair

A Meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, March 8, 2010, 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

Chair Houlihan called the meeting to order at 9:00 a.m.

2. ROLL CALL

Directors Present:

Teresa Barth
Thomas Campbell
Maggie Houlihan
Dave Roberts

Others Present:

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

Michael Thornton
Greg Lewis
Christopher Trees
Monica Blake
Carrie Cook
Marisa Buckles

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Greg Moser

City of Encinitas,
Director of Public Works

Larry Watt

City of Solana Beach,
City Manager

David Ott

City of Solana Beach,
Director of Engineering/Public Works

Mohammad "Mo" Sammak

3. PLEDGE OF ALLEGIANCE

Vice Chair Campbell led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

General Manager Michael Thornton reported that the SEJPA received the second installment of the SDG&E grant in the amount of \$46,990. This portion of the grant was for demonstrated energy savings as part of the Optimization of the Activated Sludge System Project. With this award, the SEJPA received more than \$117,000 in grant funding for the project.

6. CONSENT CALENDAR

Moved by Board Member Roberts and seconded by Board Member Barth to approve the Consent Calendar with unanimous vote of approval.

Consent Calendar:

Agenda Item No. 7	Approval of Minutes for the February 8, 2010 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. AWARD OF PROFESSIONAL ENGINEERING SERVICES FOR THE 2010 ELECTRICAL UPGRADES PROJECT FOR THE SAN ELIJO WATER RECLAMATION FACILITY (SEWRF)

General Manager Michael Thornton stated that the 2007 SEWRF Master Plan evaluated major SEWRF assets and recommended projects that were required to maintain the functionality of the facility. Included in this evaluation were electrical system upgrades that were deemed near-term critical, as various electrical assets are at or nearing the end of their useful life.

The General Manager reported that staff solicited proposals from four engineering firms to design the project and provide construction management services. From the solicitations, three firms familiar with the San Elijo Water Reclamation Facility and experienced in electrical engineering in industrial applications responded with proposals. Based on a review of project understanding, approach, and qualifications of the

proposed project team, Camp Dresser & McKee, Inc. (CDM) was selected as the preferred firm.

Contract negotiations with CDM have been completed for professional engineering services for an amount not to exceed \$167,266. The SEJPA has \$250,000 currently available to fund this work and plans to budget additional funding in the next fiscal year for construction efforts.

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

1. Authorize the Chair to execute an agreement with Camp Dresser & McKee Inc. (CDM) for Professional Engineering Services for the 2010 Electrical Upgrades Project for the San Elijo Water Reclamation Facility (SEWRF) for an amount not to exceed \$167,266.

Motion carried with unanimous vote of approval.

13. GENERAL MANAGER'S REPORT

General Manager Michael Thornton reported that the final design for the Recycled Water Demineralization Project is underway. As part of this work, the SEJPA's consultant will develop a proposal for preselecting the microfiltration membrane system. This portion of the project will need to be publicly bid and awarded prior to the completion of the project design. The reason for this is that each microfiltration system is slightly unique and that the SEJPA will need to select a specific system so that the design team can complete the project design.

The General Manager also discussed his attendance at the March 2010 Department of Fish and Game Commission hearing. The General Manager provided written and oral testimony at the hearing on the Marine Life Protection Act Initiative (MLPA) relating to concerns for access and operation of public infrastructure within proposed protected areas.

14. GENERAL COUNSEL'S REPORT

None

15. BOARD MEMBER COMMENTS

None

16. CLOSED SESSION

The Board of Directors adjourned to closed session to discuss labor negotiations per Government Code Section 54957.6.

17. ADJOURNMENT

The Board of Directors adjourned at 10:18 a.m. with no reportable action from closed session. The next Board of Directors meeting will be held on April 12, 2010.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. Thornton", written over a horizontal line.

Michael T. Thornton, P.E.
General Manager

PAYMENT OF WARRANTS

10-04

26-Mar-10

VENDOR	DESCRIPTION OF EXPENSE	AMOUNT
10-04 WARRANTS		
Abcana Industries	Hydrochloric acid rq corrosive - plant	\$326.52
Advanced Air & Vacuum	Rotary air compressor - water reclamation	\$6,869.54
AG Tech, LLC	Biosolids hauling - January	\$3,581.12
Airgas West	Equipment Rental - lab	\$18.10
Airgas West	GG stanmix - welder - plant	\$50.04
Arrowhead	Kitchen and lab supplies	\$250.71
Atlas Pumping Service	Grease and scum pumping - March	\$277.44
Atlas Pumping Service	Grease and scum pumping - February	\$832.32
Atlas Pumping Service	Grit and screening	\$742.35
Blake, Monica	Expense report - mileage	\$27.29
Blue Skies Landscape	Landscape service - February	\$1,200.00
Broding's Battery Warehouse	Two generator batteries - generator #1 - plant	\$365.29
CWEA - TCP	Technical certification - E. Hurtado	\$130.00
California Water Technologies	Ferric chloride - plant	\$5,560.03
Complete Office	Office supplies - February	\$155.34
Conocophillips Fleet	Vehicle fuel - February	\$1,125.48
Cor-o-van Records Mgmt., Inc.	Record storage - February	\$60.36
County Burner Machinery Corp.	Replace blast tube and block - boiler room - plant	\$2,947.81
Covad	T-1 service - March	\$359.00
DMV	Safety records -plant	\$1.00
Edco Waste & Recycling Service	Trash and recycling service - February	\$184.01
Electric Motor Specialists	Dismantle, inspect, and repair motor - Moonlight P. S.	\$3,150.19
Environmental Water Solution	Thermocouple varec burner - waste gas burner - plant	\$804.12
Evans Tire & Service Centers	Tires for pump run truck - vehicle maintenance	\$724.16
Ferguson Waterworks	3" x 2" glass lined flow meters - belt press - plant	\$511.69
Ferrellgas	Fuel for forklift - plant	\$57.41
Full Spectrum	Annual service agreement for lab equipment - lab	\$1,100.00
George T. Hall Co., Inc.	Parts for belt press - plant	\$729.00
Golden State Overnight - GSO	Monthly regulatory and annual biosolid reports	\$59.12
Golden State Overnight - GSO	Mailing compliance reports	\$14.78
Grainger	Shop supplies - fuses	\$53.44
Grainger	Superfix cushioned pipe clamp - belt press - plant	\$106.21
Green Valley Landscape	Trim Palm trees - plant	\$900.00
Harbor Freight Tools	Hand tools, grease gun, rope, plugs - plant and wtr rec.	\$209.35
Hardy Diagnostics	Azide dextrose broth, petri dish - lab	\$144.42
Hardy Diagnostics	Attest indicator and biological indicator - lab	\$103.89
Hardy Diagnostics	Agar and broth - outfall and water reclamation	\$375.69
Hardy Diagnostics	E.aerogenes - outfall and water reclamation	\$167.57
Hawthorne Power Systems	100 kw generator - Eden Garden P. S.	\$484.51
Henke, Michael	Expense report - VFD - WAS pump #2 - plant	\$1,355.50
Henke, Michael	VFD - GS3 75HP AC drive 460 vac - Olivenhain P. S.	\$2,999.00
Home Depot	Electrical lighting and building materials - plant	\$133.81
Horizon Health EAP	EAP - March	\$367.84
Hurtado, Emmanuel	Expense report - CWEA membership	\$132.00
Hydrotex, Inc.	Diesel conditioner - plant and all pump stations	\$211.93
Hydrotex, Inc.	Oil for rapid mixer - water reclamation	\$453.29
ICI Paints	Paint - plant	\$151.03
Jani-King	Janitorial service - March	\$882.64
Jani-King	Janitorial supplies	\$329.62
Kennedy/Jenks Consultants	Demineralization project - water reclamation	\$2,311.06
Kennedy/Jenks Consultants	Recycled water storage and demineralization	\$5,245.28
Kennedy/Jenks Consultants	Advanced water treatment project	\$3,470.25
Konica	Monthly copier maintenance	\$94.69

PAYMENT OF WARRANTS

10-04

26-Mar-10

VENDOR	DESCRIPTION OF EXPENSE	AMOUNT
Larsen, Casey	Expense report - coil assembly - Solana Beach P. S.	\$323.28
Lewis, Greg	Expense report - get well flowers	\$62.09
Lewis, Greg	Expense report - cart, Thomas guide, budget dividers	\$287.78
MBC Applied Environmental	Lab testing - outfall	\$1,526.32
MetLifeSBC	Dental insurance	\$1,441.75
Mutual of Omaha	Life and disability insurance - March	\$1,924.41
North County Times	Subscription - plant	\$174.00
O.M.W.D.	Manchester - 01/11/10 - 02/08/10	\$31.76
One Source Distributors, Inc.	Heat shrink - plant	\$147.14
One Source Distributors, Inc.	Parts for belt press - plant	\$88.56
PERS - Health	Health - March 2010	\$15,435.76
PERS - Retirement	Retirement premium - 02/29/10	\$13,015.54
PERS - Retirement	Retirement premium - 03/12/10	\$13,193.53
Pacific Safety Council	Training - K. James	\$125.00
Peerless	Cleaning supplies - plant and all pump stations	\$306.68
Penn Valley Pump Co., Inc.	Valve, gasket, and screws - plant	\$120.80
Polydyne Inc.	Clarifloc - plant and water reclamation	\$13,016.51
Polydyne Inc.	Clarifloc - plant and water reclamation	\$10,515.26
Preferred Benefit	Vision insurance - March	\$405.05
Probuild	Repairs, shop and field supplies - January	\$130.40
Procopio	Legal services - general - January	\$1,197.00
Quality Laser Source, Inc.	Service printer - plant	\$79.00
RSF Security Systems	Security service - 03/01/10 - 05/31/10	\$1,482.00
RTC	Lab supplies - e.coil in water, streptococcus, nutrient	\$535.30
RTC	Lab supply - residue - wp - lab	\$94.60
Rockhurst University Cont. Edu.	Seminar - C. Cook	\$199.00
Rosemount Inc.	Cable, coil drive, 14 awg - bfp sludge flowmeter - plant	\$179.69
Rupe's Hydraulics	Weatherhead 3/4, ss/teflon hose,and fitting-air-wtr rec.	\$84.49
San Diego Gas and Electric	Gas and electric - 01/07 - 02/05	\$40,677.17
San Diego Gas and Electric	Gas and electric - 01/08 - 02/08 - Cardiff P.S.	\$1,790.37
San Diego Union Tribune	Public notice for bids - plant	\$160.00
San Dieguito Water District	Manchester - 12/30/09 - 01/29/10	\$1,585.76
San Dieguito Water District	Manchester - 12/30/09 - 01/29/10	\$114.48
San Dieguito Water District	Manchester - 12/30/09 - 01/29/10	\$93.28
San Dieguito Water District	Manchester - 12/30/09 - 01/29/10	\$59.36
San Dieguito Water District	Valley - 01/29/10 - 02/26/10	\$36.93
San Dieguito Water District	Highland Dr. - 12/16/09 - 02/17/10	\$6,573.32
San Elijo Payroll Account	Payroll - 02/26/2010	\$73,691.19
San Elijo Payroll Account	Payroll - 03/12/2010	\$72,611.56
Serpentix Corporation	Repair parts for belt press - plant	\$2,994.02
Siemens Water Technologies	Hydrogen peroxide - Olivenhain P. S.	\$2,860.82
Sprint	Cellular phone service plus equipment	\$834.00
Stitcheree	SEJPA apparel	\$284.90
Survivor Industries, Inc.	Mainstay 1200 calorie food, emergency drinking water	\$205.90
TRG & Associates	Public relations service - February 2010	\$1,035.00
Terra Renewal/Fleet	Biosolids hauling - January	\$9,330.95
Test America	Lab testing - February	\$813.00
Thornton, Michael	Expense report - meeting and travel	\$400.81
Toyotalift, Inc.	Preventative maintenance service on forklift - plant	\$140.62
Trussell Technologies, Inc.	Demineralization design support - plant	\$2,876.00
Tyco Valves & Controls LP	Electric actuator - FEB shave valve - plant	\$4,062.35
Underground Service Alert	Dig alert - February	\$73.50
Unifirst Corporation	Uniform service - March	\$149.00
Unifirst Corporation	Uniform service - February	\$223.50
UPS	Mailing lab samples	\$8.00

PAYMENT OF WARRANTS

10-04

26-Mar-10

VENDOR	DESCRIPTION OF EXPENSE	AMOUNT
USA Bluebook	Probe - ultrasonic transmitter - outfall	\$997.02
USA Bluebook	Variable cam, index spider, and control kit - plant	\$101.80
VWR	Buffer red,yellow,cleaning solution, and tubes - lab	\$626.10
VWR	Filter glass, detergent liqui-nox, and tubes - lab	\$358.93
VWR	Cabinet dessicator 3 shelves - lab	\$805.44
VWR	Electric meter - lab	\$811.87
VWR	Sample cone - lab	\$220.12
VWR	Inhibitor nitrification, buffer bod - lab	\$249.80
Valley Chain & Gear, Inc.	Parts for sludge conveyor - plant	\$127.01
Water Environment Federation	Membership - M. Henke	\$217.00
	Total 10-04 Warrants:	<u>\$357,220.82</u>

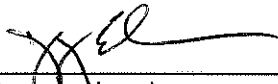
SAN ELIJO JOINT POWERS AUTHORITY

PAYMENT OF WARRANTS SUMMARY

26-Mar-10

PAYMENT OF WARRANTS		\$357,220.82
Reference Number	10-04	

I hereby certify that the demands listed and covered by warrants are correct and just to the best of my knowledge, and that the money is available in the proper funds to pay these demands. The cash flows of the SEJPA, including the Member Agency commitment in their operating budgets to support the operations of the SEJPA, are expected to be adequate to meet the SEJPA's obligations over the next six months. I also certify that the SEJPA's investment portfolio complies with the SEJPA's investment policy.



Gregory Lewis
Director of Finance/Administration
Treasurer

STATEMENT OF FUNDS AVAILABLE FOR PAYMENT OF WARRANTS
AND INVESTMENT INFORMATION
AS OF

26-Mar-10

FUNDS ON DEPOSIT WITH	AMOUNT
LOCAL AGENCY INVESTMENT FUND <i>(DECEMBER 2009 YIELD 0.61%)</i>	
SELF INSURANCE RESERVE	\$ 300,000.00
RESTRICTED SRF RESERVE	\$ 630,000.00
UNRESTRICTED DEPOSITS	\$ 5,779,274.07
 CALIFORNIA BANK AND TRUST <i>(DECEMBER 2009 YIELD 0.10%)</i>	
REGULAR CHECKING	\$ 6,769.00
PAYROLL CHECKING	\$ 5,000.00
 TOTAL RESOURCES	 \$ 6,721,043.07

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SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

April 12, 2010

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO WATER RECLAMATION FACILITY TREATED EFFLUENT FLOWS –
MONTHLY REPORT

RECOMMENDATION

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

DISCUSSION

Monthly Treatment Plant Performance and Evaluation

Wastewater treatment for the San Elijo Joint Powers Authority (SEJPA) met all NPDES ocean effluent limitation requirements for the month of February 2010. The primary indicators of treatment performance include the removal of Carbonaceous Biochemical Oxygen Demand (CBOD) and Total Suspended Solids (TSS). Treatment levels for CBOD and TSS exceeded monthly percent removal requirements (as shown in Figure 1 and Figure 2).

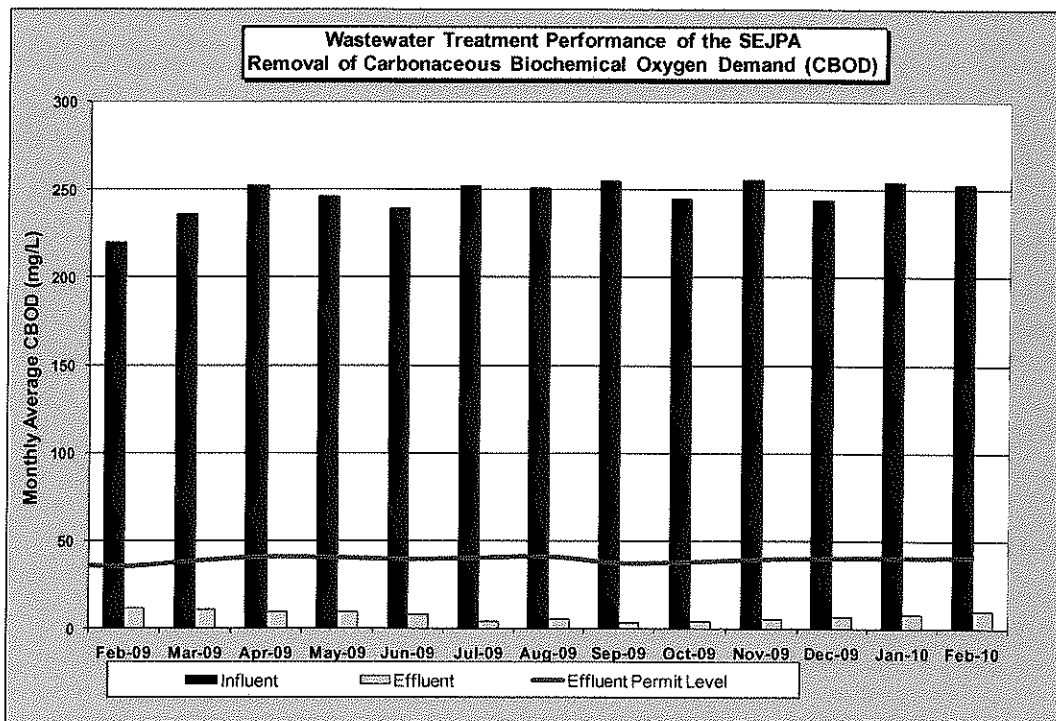


FIGURE 1

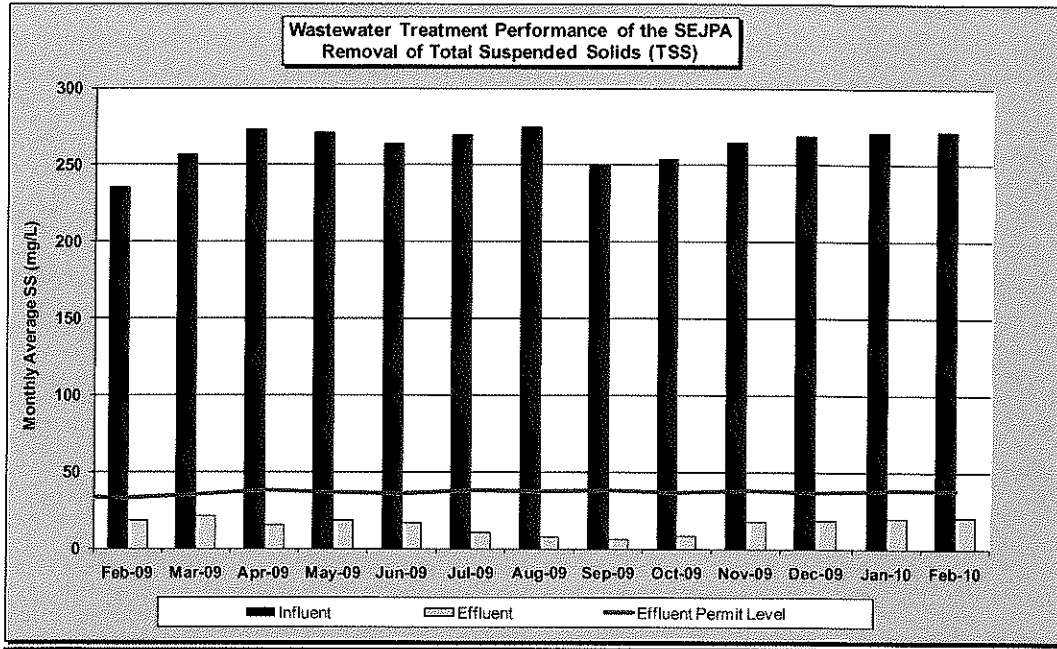


FIGURE 2

Member Agency Flows

Presented below are the influent and effluent flows for the month of February. Average daily influent flows were recorded for each Member Agency. Total effluent flow was recorded for the San Elijo Water Reclamation Facility.

	February	
	<u>Influent (mgd)</u>	<u>Effluent (mgd)*</u>
Cardiff Sanitary Division	1.487	1.371
City of Solana Beach	1.382	1.274
Rancho Santa Fe SID	<u>0.148</u>	<u>0.136</u>
Total San Elijo WRF Flow	3.017	2.781

Notes: As of July 1995, Rancho Santa Fe Community Services District (CSD) combined SID #2 and SID #3 into one Sewer Improvement District (SID).

* Effluent is calculated by subtracting the recycled water production from the influent wastewater.

Table 1 (attached) presents the historical average, maximum, and unit influent and effluent flow rates per month for each of the Member Agencies. It also presents the number of connected Equivalent Dwelling Units (EDUs) for each of the Member Agencies during this same time period.

Figure 3 (attached) presents the historical average daily flows per month for each Member Agency. This is to provide a historical overview of the average treated flow by each agency. As shown in the figure, the average treated flow typically ranges between 2.9 and 3.1 million gallons per day (mgd). Also shown in Figure 3 is the total wastewater treatment capacity of the plant, 5.25 mgd, of which each Member Agency has the right to 2.5 mgd, and Rancho Santa Fe Community Service District has the right to 0.25 mgd.

City of Escondido Flows

The average and peak flow rate from the City of Escondido's Hale Avenue Resource Recovery Facility, which discharges through the San Elijo Ocean Outfall, is reported below. The following flows are reported by the City of Escondido for the month of February:

	February (mgd)
Escondido (Average flow rate)	11.3
Escondido (Peak flow rate)	18.6

Connected Equivalent Dwelling Units

The number of EDUs connected for each of the Member Agencies for the month of February is as follows:

	February (EDU)
Cardiff Sanitary Division	8,197
Rancho Santa Fe SID	474
City of Solana Beach	7,428
San Diego (to Solana Beach)	300
Total EDUs to System	16,399

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachments: Table 1: SEWRF Monthly Report – Flows and EDUs
 Figure 3: Average Daily Flow

SAN ELIJO WATER RECLAMATION FACILITY MONTHLY REPORT - FLOWS AND EDUS

MONTH	AVERAGE DAILY INFLUENT FLOW RATE (MGD)			AVERAGE DAILY EFFLUENT FLOW RATE (MGD)			CONNECTED EDUS			AVERAGE UNIT INFLUENT FLOW RATE (GAL/EDU/DAY)		
	CSD	RSF	TOTAL PLANT	CSD	RSF	TOTAL PLANT	CSD	RSF	TOTAL	CSD	RSF	TOTAL
Jan-06	1.515	0.139	1.310	1.410	0.129	1.219	8,044	423	7,659	188	329	171
Feb-06	1.499	0.139	1.313	1.268	0.118	1.111	8,044	423	7,659	186	329	171
Mar-06	1.542	0.144	1.309	1.475	0.137	1.252	8,044	424	7,659	192	340	171
Apr-06	1.523	0.139	1.288	1.400	0.128	1.184	8,044	424	7,728	189	328	167
May-06	1.480	0.134	1.299	0.979	0.089	0.859	8,066	429	7,728	183	312	168
Jun-06	1.471	0.130	1.350	0.762	0.068	0.699	8,080	430	7,728	182	302	175
Jul-06	1.490	0.135	1.436	0.719	0.065	0.693	8,087	431	7,728	184	313	186
Aug-06	1.456	0.144	1.392	0.748	0.074	0.715	8,088	432	7,728	180	333	180
Sep-06	1.403	0.138	1.327	0.744	0.072	0.704	8,092	432	7,728	173	319	172
Oct-06	1.414	0.132	1.286	0.943	0.088	0.857	8,092	432	7,728	175	306	166
Nov-06	1.408	0.135	1.284	1.100	0.105	1.003	8,094	434	7,728	174	311	166
Dec-06	1.429	0.138	1.275	1.296	0.126	1.156	8,099	436	7,728	176	317	165
Jan-07	1.419	0.128	1.282	1.205	0.109	1.089	8,100	441	7,728	175	290	166
Feb-07	1.425	0.129	1.277	1.284	0.116	1.150	8,106	443	7,728	176	291	165
Mar-07	1.421	0.118	1.285	1.014	0.085	0.917	8,112	444	7,728	175	266	166
Apr-07	1.386	0.122	1.267	0.868	0.076	0.794	8,115	447	7,728	171	273	164
May-07	1.411	0.106	1.281	0.763	0.058	0.693	8,116	448	7,728	174	237	166
Jun-07	1.438	0.104	1.304	0.697	0.051	0.632	8,117	449	7,728	177	232	169
Jul-07	1.461	0.109	1.364	0.657	0.049	0.613	8,119	450	7,728	180	242	177
Aug-07	1.442	0.110	1.365	0.571	0.044	0.541	8,120	450	7,728	178	244	177
Sep-07	1.410	0.107	1.270	0.596	0.046	0.537	8,124	452	7,728	174	237	164
Oct-07	1.335	0.096	1.222	0.777	0.056	0.712	8,124	452	7,728	164	213	158
Nov-07	1.430	0.113	1.235	1.122	0.088	0.969	8,138	453	7,728	176	250	160
Dec-07	1.443	0.143	1.225	1.380	0.137	1.171	8,144	453	7,728	177	316	159
Jan-08	1.491	0.144	1.268	1.488	0.144	1.266	8,146	454	7,728	183	318	164
Feb-08	1.620	0.162	1.355	1.499	0.150	1.254	8,150	456	7,728	199	356	175
Mar-08	1.589	0.149	1.365	1.261	0.119	1.097	8,151	456	7,728	192	326	177
Apr-08	1.493	0.125	1.318	1.154	0.097	1.019	8,151	456	7,728	183	274	171
May-08	1.487	0.136	1.339	0.755	0.069	0.680	8,153	456	7,728	182	299	173
Jun-08	1.649	0.131	1.270	0.647	0.052	0.498	8,161	456	7,728	202	288	164
Jul-08	1.713	0.131	1.324	0.722	0.055	0.558	8,163	456	7,728	210	288	171
Aug-08	1.562	0.125	1.483	0.608	0.048	0.577	8,165	457	7,728	191	274	192
Sep-08	1.547	0.121	1.378	0.813	0.064	0.724	8,167	459	7,728	189	264	178
Oct-08	1.478	0.111	1.319	0.671	0.051	0.599	8,170	460	7,728	181	242	171
Nov-08	1.511	0.118	1.329	1.080	0.084	0.950	8,171	462	7,728	185	256	172
Dec-08	1.580	0.156	1.362	1.446	0.143	1.246	8,172	462	7,728	193	338	176
Jan-09	1.522	0.141	1.354	1.256	0.116	1.117	8,177	462	7,728	186	306	175
Feb-09	1.599	0.145	1.330	1.408	0.128	1.171	8,179	462	7,728	196	314	172
Mar-09	1.510	0.124	1.307	1.030	0.085	0.892	8,180	463	7,728	185	268	169
Apr-09	1.463	0.116	1.262	0.731	0.058	0.630	8,183	463	7,728	179	251	163
May-09	1.465	0.117	1.247	0.712	0.057	0.606	8,185	464	7,728	179	252	161
Jun-09	1.479	0.115	1.319	0.712	0.056	0.635	8,185	465	7,728	181	248	171
Jul-09	1.437	0.109	1.376	0.599	0.045	0.573	8,186	467	7,728	176	234	178
Aug-09	1.431	0.113	1.419	0.603	0.047	0.598	8,186	467	7,728	175	242	184
Sep-09	1.404	0.108	1.346	0.690	0.053	0.661	8,187	468	7,728	171	231	174
Oct-09	1.375	0.108	1.332	0.744	0.058	0.721	8,187	468	7,728	168	231	172
Nov-09	1.366	0.111	1.323	0.843	0.069	0.816	8,189	469	7,728	167	237	171
Dec-09	1.401	0.127	1.322	1.149	0.104	1.084	8,193	469	7,728	171	271	171
Jan-10	1.532	0.155	1.372	1.271	0.128	1.138	8,196	472	7,728	187	329	178
Feb-10	1.487	0.148	1.382	1.371	0.136	1.274	8,197	474	7,728	181	313	179

TABLE 1

RSF CSD: Ranch Santa Fe Community Service District
 SB: Solana Beach
 EDU: Equivalent Dwelling Unit

ASSUMPTIONS: SB average flow includes San Elijo Hills flow of .131 mgd
 SB Connected EDUs includes 300 EDUs for the City of San Diego

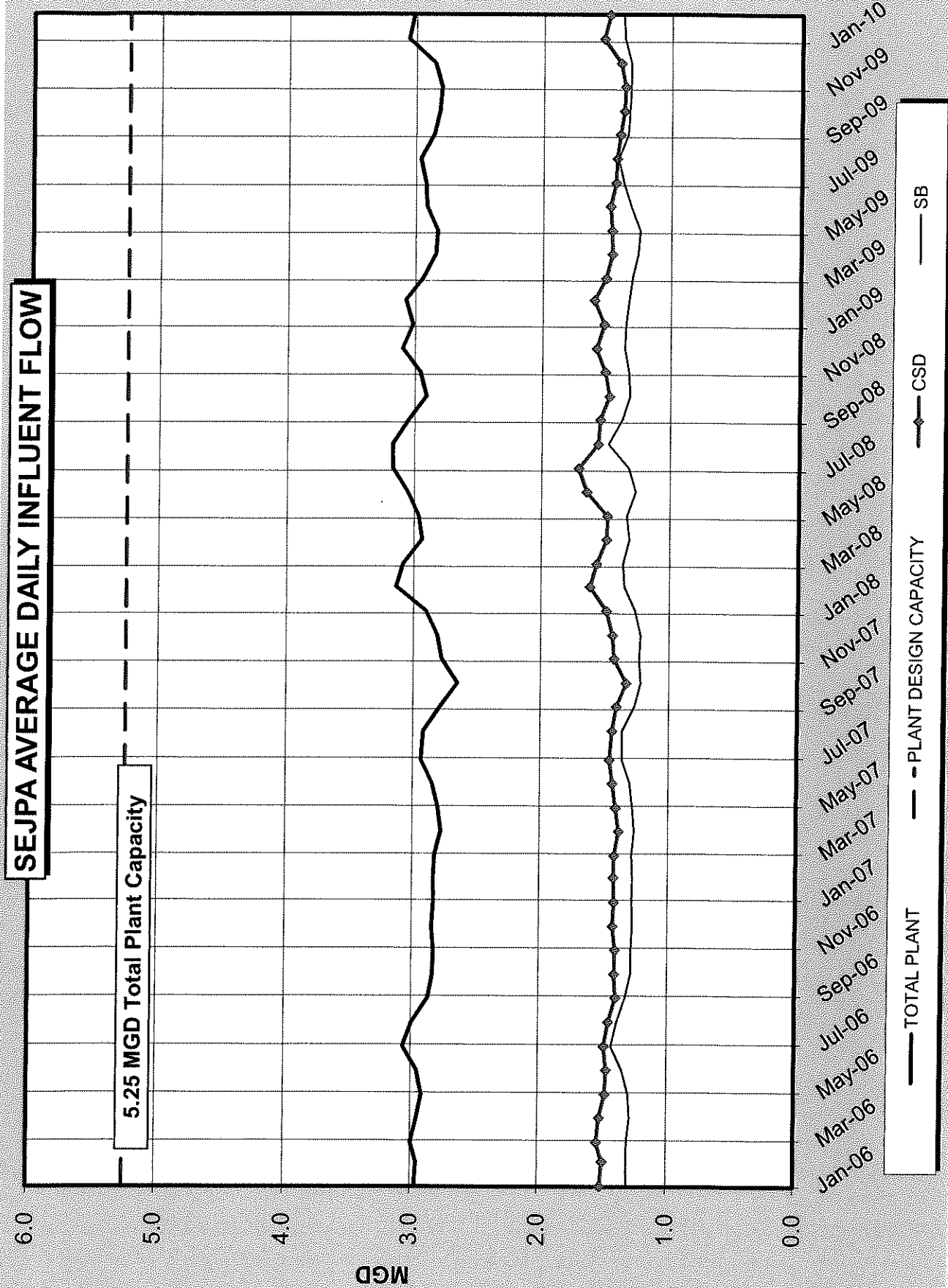


FIGURE 3

*

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

April 12, 2010

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO WATER RECLAMATION PROGRAM – MONTHLY REPORT

RECOMMENDATION

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

DISCUSSION

Recycled Water Production

For the month of February 2010, recycled water demand was 14.52 acre-feet (AF), which was met using 14.52 AF of recycled water and 0.00 AF of supplementation with potable water. This equates to a blend mix for February of 100 percent recycled water and zero percent potable water supplementation.

Figure 1 (attached) provides monthly supply demands for recycled water since the inception of the program. Figure 2 (attached) provides a graphical view of annual recycled water demand spanning the last nine fiscal years. Recycled water demand can fluctuate from year to year, which is typically a function of weather. For example, Fiscal Year 2003-04, an unusually dry year, resulted in increased recycled water demand; and Fiscal Year 2004-05, an unusually wet year, resulted in lower recycled water demand.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

MONTHLY RECYCLED WATER DEMAND

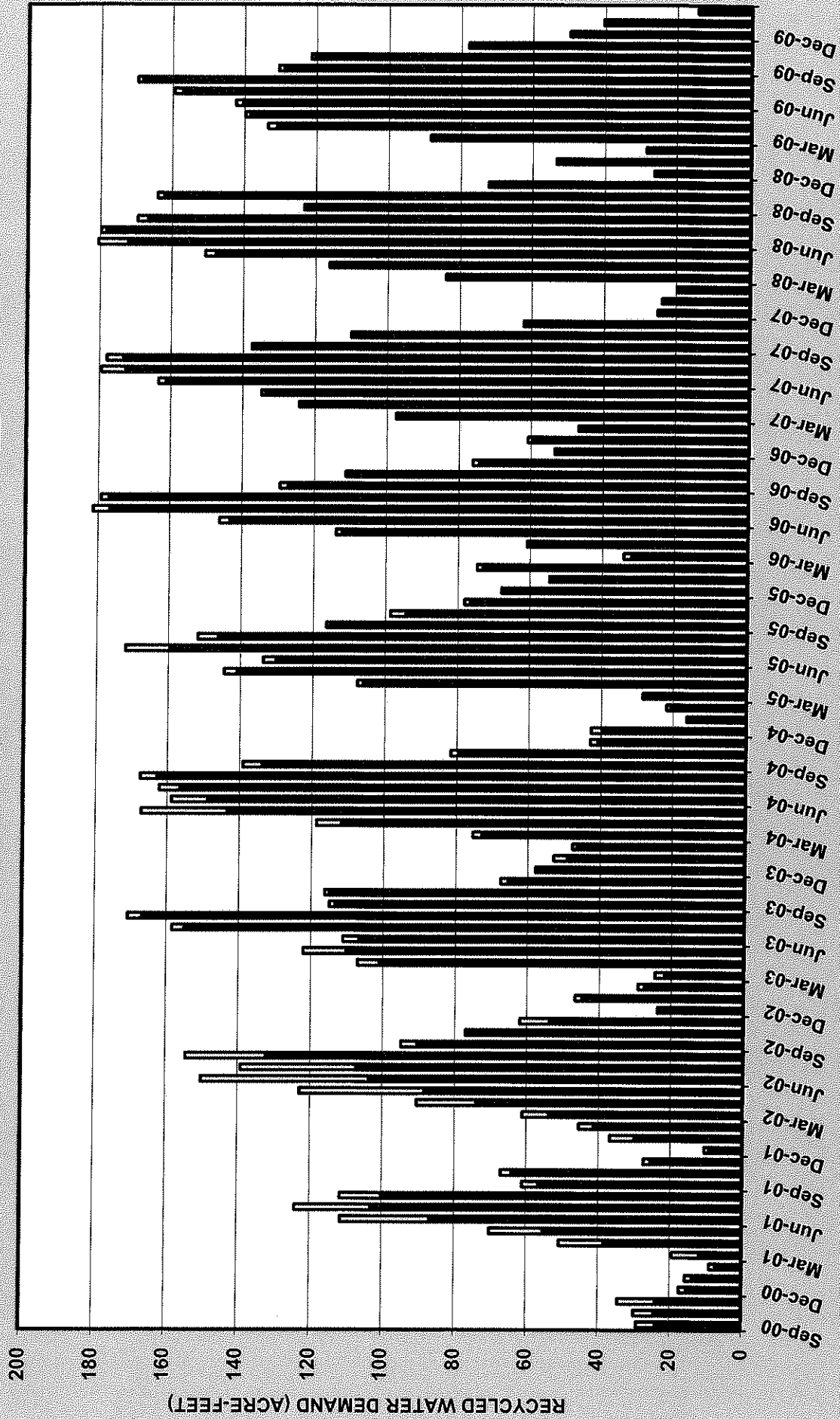


Figure 1

ANNUAL RECYCLED WATER DEMAND

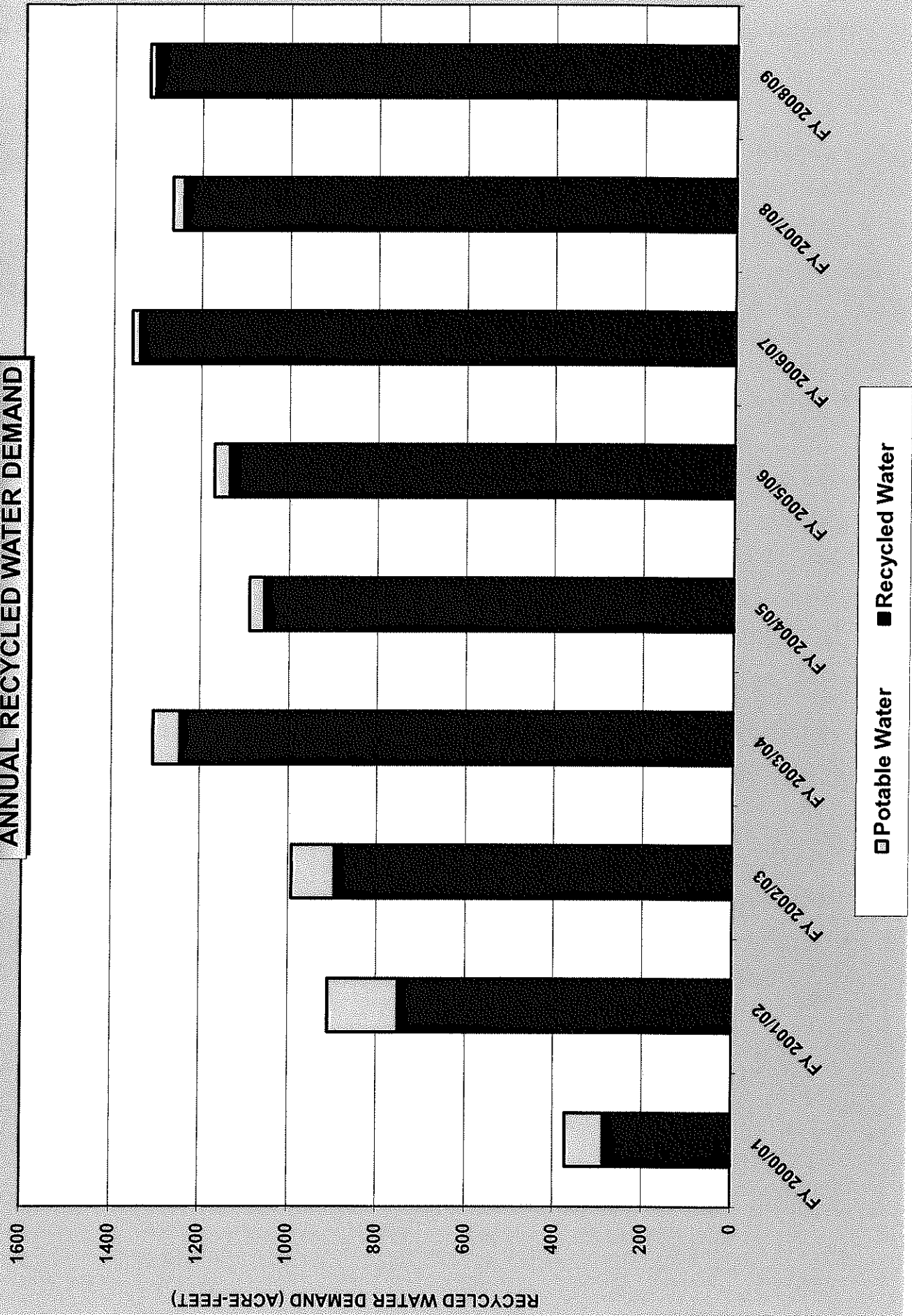


Figure 2

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

April 12, 2010

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: AUTHORIZATION FOR CONTINGENCY FUNDING USE – EDEN GARDENS
PUMP STATION

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the use of contingency funding from the Solana Beach Pump Stations in the amount not to exceed \$9,000 to be used as necessary for repairs at the Eden Gardens Pump Station; and
2. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) provides sewer pump station operation and maintenance services to its Member Agencies. For the City of Solana Beach, these facilities include the Eden Gardens, Solana Beach, Fletcher Cove, and San Elijo Hills Pump Stations.

As part of each annual operating budget, the SEJPA includes contingency funding to cover the financial costs of non-routine activities, emergency repair work, or other unforeseen efforts.

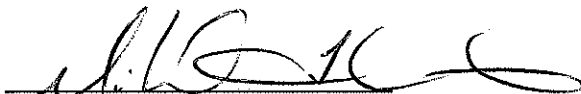
DISCUSSION

The Eden Gardens Pump Station is currently being replaced with a new station under the City of Solana Beach Capital Improvement Program. As a cost cutting move, the City will move one of the existing pump/motor systems to the new station. Prior to moving the pump, the motor requires an overhaul to accommodate the voltage of the new station. Staff from the City and SEJPA have discussed this work and have agreed that the SEJPA should take the lead on completing this task.

It is therefore recommended that the Board of Directors:

1. Authorize the use of contingency funding from the Solana Beach Pump Stations in the amount not to exceed \$9,000 to be used as necessary for repairs at the Eden Gardens Pump Station; and
2. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, PE
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

April 12, 2010

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance/Administration

SUBJECT: PRESENTATION OF THE SAN ELIJO JOINT POWERS AUTHORITY
FISCAL YEAR 2010-11 RECOMMENDED BUDGET

RECOMMENDATION

It is recommended that the Board of Directors:

1. Review the Fiscal Year 2010-11 Recommended Budget and direct Member Agency Managers to take the recommended budget to their respective Councils for further discussion and support; and
2. Discuss and take action as appropriate.

DISCUSSION

The Fiscal Year (FY) 2010-11 San Elijo Joint Powers Authority (SEJPA) Recommended Budget has been prepared in accordance with the SEJPA agreement and the SEJPA's existing service agreements with other government entities. The operations and maintenance budget estimates all expenditures necessary to provide wastewater treatment, water reclamation, laboratory, ocean outfall, and pump station services.

The proposed operations budget, which includes services for the Member Agencies, the cities of Del Mar and Escondido, the San Dieguito Water District and Santa Fe Irrigation District, and the Rancho Santa Fe Community Service Districts, will decrease by approximately \$90,000, or 1.8 percent. For the SEJPA Member Agencies, cost for services provided to the cities of Encinitas and Solana Beach are proposed to decrease 1.4 percent and 0.13 percent, respectively.

SEJPA management has reviewed in detail all aspects of operations to trim costs without impacting the facility's ability to perform the vital functions it is tasked to do. All of the programs operated by the SEJPA except for the Cardiff Sanitary Division Pump Stations will see a decrease in their operating budgets.

Costs for wastewater services borne by the ratepayers of the Member Agencies are allocated based on use, indicated by measured flows or level of effort, as appropriate.

Flows are averaged over a 12 month period and vary from year to year, impacting the level of participation for each agency. On the basis of 15,921 connected equivalent dwelling units (EDU's) through December 2009, the services provided to the Member Agencies by the SEJPA for wastewater treatment and disposal will cost an average of \$159.55 per EDU. This represents a decrease of 0.04 percent from a year ago. In historic terms, the proposed EDU rate reflects an annualized increase of *less than 1.5 percent* since the facility was upgraded to secondary treatment eighteen years ago (average EDU rate was \$127 in Fiscal Year 1993-94).

Contingency funding for each program area has been reviewed and budgeted on the basis of potential for unforeseen events within each program area. For all programs, the amount of contingency funding is \$183,410, a \$14,030 decrease from a year ago. This is a predetermined percentage of each program's supplies and services budget.

The Water Reclamation Program has completed its ninth full year of recycled water sales. Water sales are expected to grow approximately 16 percent from the current fiscal year. It is anticipated that sales will be about 1,275 acre-feet (AF) in the upcoming fiscal year. The program is projected to generate \$2.18 million in recycled water revenues for FY 2010-11, and an additional \$30,000 in interest earnings. Expenses are projected to be \$1.81 million, which includes the \$834,675 loan payment to the State Revolving Fund.

The SEJPA Capital Improvement Program (CIP) includes both new and ongoing projects for improvements to the wastewater treatment, ocean outfall, pumping stations, and the water reclamation programs. For the wastewater treatment program, new projects include the construction of upgrades to the electrical switch gear, outdated electrical equipment, and emergency power systems.

The SEJPA will not be required to fund \$63,000 to the State Revolving Fund Reserve from the water reclamation program as funding for CIP replacement needs. This was required for 10 years and since none of those funds have been used, no additional funding of this reserve is required. Should these funds be needed in the future, then a minimum of 10 percent of the amount of funding used will be replenished to the reserve annually until it reaches the \$630,000 required.

For FY 2010-11, bond debt service on the 2003 Revenue Bonds is \$1,591,800 with an interest rate of 4.6 percent. The annual State Revolving Fund (SRF) loan payment is \$834,675, with an interest rate of 2.5 percent. These debt payments are essentially unchanged from a year ago. A new loan with the State of California Energy Resources Conservation and development Commission (CEC) with an interest rate of 3.95% and a payment of \$64,238 has been added this year.

All issues related to the FY 2010-11 recommended budget are discussed in detail in the budget document, along with information regarding the contribution requirements of the various agencies served by the SEJPA.

SUMMARY

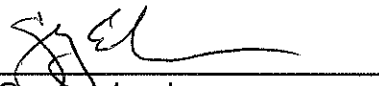
The total recommended FY 2010-11 operating budget for the Wastewater Treatment Fund (which includes operations and maintenance for wastewater, laboratory, outfall, and pump stations, as well as bond debt for the 2003 Revenue bonds and the CEC loan) for the SEJPA is \$5,599,828, a 0.27 percent decrease from a year ago. Revenues to support the Wastewater Treatment Fund come from the users of the provided services. The total recommended FY 2010-11 operating budget for the Water Reclamation Fund (which includes operations maintenance and debt service expenses) is \$1,809,660, a 0.51 percent decrease from a year ago. Revenues to support the Water Reclamation Fund come from recycled water sales. The FY 2010-11 appropriation for the Capital Project Fund is \$670,000, which will fund construction activities associated with upgrading the SEWRF electrical system, and to continue funding the biosolids building reserve.

The budget document has been prepared to provide detailed information regarding each program and the cost of services to the Member Agencies and other contracted service recipients.

It is therefore recommended that the Board of Directors:

1. Review the Fiscal Year 2010-11 Recommended Budget and direct Member Agency Managers to take the recommended budget to their respective Councils for further discussion and support; and
2. Discuss and take action as appropriate.

Respectfully submitted,



Gregory Lewis
Director of Finance/Administration

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

April 12, 2010

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance/Administration

SUBJECT: APPOINTMENT OF SAN ELIJO JOINT POWERS AUTHORITY AUDITOR

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the Chair to appoint Mayer Hoffman McCann P.C. as SEJPA auditor for the fiscal year ending June 30, 2010; and
2. Discuss and take action as appropriate.

BACKGROUND

In November 2004, the SEJPA Board of Directors adopted a financial audit policy that would require periodic review and possible rotation of the agency's financial audit firm. The intent of the policy was to ensure high audit quality and to provide an appropriate degree of auditor independence so that the public's trust of the agency's management and finances could be maintained.

The SEJPA policy states that "*SEJPA Board of Directors shall review whether to rotate auditing firms at least every 5 years. As part of that review, the agency shall seek proposals from qualified auditing firms. The current auditing firm will not be disqualified, provided that it does not propose to assign an auditing partner with lead, review or coordinating responsibility to audit SEJPA's finances who has had such responsibility in any of the previous three or more fiscal years.*"

The policy also states that "*In conducting this periodic review, the SEJPA Board of Directors may consider a) the cost-effectiveness of rotating auditing firms, b) current state and federal laws that may apply to audits of JPAs, c) current trends in the accounting industry, d) government, academic, and industry reports on the effectiveness of rotating accounting firms, or e) any other source of information the SEJPA Board of Directors finds appropriate. The Board of Directors shall, at a minimum, direct staff to issue a request for proposals to qualified firms.*"

DISCUSSION

For the last five years, Leaf & Cole, L.L.P. has provided audit services to the San Elijo Joint Powers Authority (SEJPA). The quality of work has been excellent and the audit team has been professional, punctual, and efficient.

In accordance with SEJPA policy, the SEJPA staff advertised a request for proposals for audit services to five qualified firms. It was requested that the proposing firms provided a scope of work and fee for conducting the requested audit services for one year, with the SEJPA's option to renew the contract annually for four additional years. The results of the proposals received are as follows:

Charles Z. Fedak & Co.	\$ 18,000 (3.5% escalation per year)
Mayer Hoffman McCann P.C.	\$ 17,975 (3% escalation per year)
Leaf & Cole, L.L.P.	\$ 18,325 (CPI escalation per year)
Nigro Nigro & White	no bid
Vavrinek, Trine, Day & Co, L.L.P.	no bid

Leaf & Cole, L.L.P. submitted a proposal with a new audit partner as required by SEJPA policy.

Each of the responsive bidders is qualified to perform the audit for the SEJPA. Staff noted that both Mayer Hoffman McCann and Leaf & Cole proposed significantly more hours performing the audit than Charles Z. Fedak & Co. The extra field time is invaluable to the SEJPA in the preparation and presentation of its financial statements. It is staff's opinion that the level of effort proposed by Mayer Hoffman McCann and Leaf & Cole better reflects the expected effort needed for the audit. Furthermore, since there was no substantive cost difference between the proposals, Mayer Hoffman McCann and Leaf & Cole appear to provide better value.

While Leaf & Cole has been providing good service to the SEJPA and would require less additional work on the part of the agency to change audit teams, Mayer Hoffman McCann P.C. offers a fresh perspective in reviewing the agency's financial matters.

It is recommended that Mayer Hoffman McCann P.C. be engaged to perform audit services for the fiscal year ending June 30, 2010, with the SEJPA's option to extend the contract annually for the next four years.

It is therefore recommended that the Board of Directors:

1. Authorize the Chair to appoint Mayer Hoffman McCann P.C. as SEJPA auditor for the fiscal year ending June 30, 2010; and
1. Discuss and take action as appropriate.

Respectfully submitted,



Gregory Lewis
Director of Finance/Administration

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

April 12, 2010

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance/Administration

SUBJECT: PARTICIPATION AGREEMENTS WITH CALIFORNIA SANITATION RISK
MANAGEMENT AUTHORITY (CSRMA) FOR LIABILITY AND PROPERTY
INSURANCE

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to enter into participation agreements for property insurance and liability programs with CSRMA; and
2. Discuss and take action as appropriate.

BACKGROUND

Since the SEJPA's inception in 1987 it has had its liability, property, boiler and machinery, auto, and public official bond coverage through San Diego Pooled Insurance Program Authority (SANDPIPA). SANDPIPA is a consortium of cities in San Diego County. Since SEJPA staff were originally payrollled through the City of Encinitas, SANDPIPA allowed the SEJPA to become a non-voting member even though it was not a city. The SEJPA is the only non-city member of SANDPIPA.

DISCUSSION

In January 2010, the SANDPIPA Board of Directors voted to implement a new rating model for their liability premium calculations. They also voted to cap the increase/decrease to any agency at 15 percent per year. The majority of the member agencies will incur a premium increase this year of 15 percent, and a few members will see a decrease of 15 percent. Since the premiums were capped, it is anticipated that many agencies, including the SEJPA, will see an increase of 15 percent next year as well. With increases of this size now and in the foreseeable future, SEJPA staff researched options to SANDPIPA for its insurance needs.

SEPJA staff identified the California Sanitation Risk Management Authority (CSRMA) as a viable option for its insurance needs. CSRMA is an organization comprised of over 60 wastewater agencies throughout California (see Attachment 1). The size of this pool and the similarities of risk

allow CSRMA to offer competitive insurance quotes which would reduce the rate the SEJPA is currently paying. CSRMA offers liability, property, boiler and machinery, auto, worker's compensation, and public official bond coverage. Furthermore, the SEJPA is familiar with CSRMA as the Agency has had its worker's compensation insurance through them since 2003.

The quote for liability insurance is \$41,993, almost \$25,000 less than the proposed rate from SANDPIPA for Fiscal Year 2010-11. The caveat in changing liability insurance carriers is that the SEJPA must purchase "nose" coverage, which covers possible unnamed claims for the two years prior to changing insurance carriers. This is a one-time premium of \$20,000, which still makes the change less expensive than remaining with SANDPIPA. The quote for property insurance is approximately \$17,800, which is nearly \$10,000 less than the renewal quote from SANDPIPA.

CSRMA's premium history has been stable and the SEJPA has no reason to believe that this won't continue in the future. The premiums for auto, boiler and machinery, public official bond coverage are essentially the same with either group.

Attachments 2 and 3 are participation agreements the SEJPA must enter into to become members of CSRMA. The agreement for liability insurance requires a minimum of three years participation, which is common for liability coverage.

It is therefore recommended that the Board of Directors:

1. Authorize the General Manager to enter into participation agreements for property insurance and liability programs with CSRMA; and
2. Discuss and take action as appropriate.

Respectfully submitted,



Gregory Lewis
Director of Finance/Administration

Attachment 1: CSRMA Annual Report 2009
Attachment 2: Participation Agreement for the Property Insurance Program
Attachment 3: Liability Program Participation Agreement

ATTACHMENT 1

CSRMA

California Sanitation Risk Management Authority

Bayshore Sanitary District
Byron Sanitary District
Carmel Area Wastewater District
Carpinteria Sanitary District
Castro Valley Sanitary District
Central Contra Costa Sanitary District
Central Marin Sanitation Agency
Chino Basin Desalter Authority
County Sanitation District No. 2-3 of Santa Clara County
Crockett Community Services District
Cupertino Sanitary District
Delta Diablo Sanitation District
Dublin San Ramon Services District
East Bay Dischargers Authority
Encina Wastewater Authority
Fairfield-Suisun Sewer District
Goleta Sanitary District
Goleta West Sanitary District
Inland Empire Utilities Agency
Ironhouse Sanitary District
Lake Arrowhead Community Services District
Las Gallinas Valley Sanitary District
Leucadia Wastewater District
Montara Sanitary District
Montecito Sanitary District
Monterey Regional Water Pollution Control Agency
Mt. View Sanitary District
Napa Sanitation District
North of River Sanitary District
Novato Sanitary District

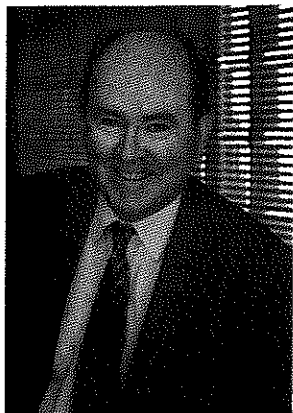


Oceana Marin Sewer Improvement District
Ojai Valley Sanitary District
Oro Loma Sanitary District
Richardson Bay Sanitary District
Rodeo Sanitary District
San Elijo Joint Powers Authority
San Rafael Sanitation District
Sanitary District No. 1 of Marin County
Sanitary District No. 5 of Marin County
Santa Margarita Water District
Sausalito-Marin City Sanitary District
Selma-Kingsburg-Fowler County Sanitation District
Sewer Authority Mid-Coastside
Sewerage Agency of Southern Marin
South Bayside System Authority
South Orange County Wastewater Authority
South Tahoe Public Utility District
Stege Sanitary District
Tahoe-Truckee Sanitation Agency
Truinfo Sanitation District
Truckee Sanitary District
Union Sanitary District
Vallejo Sanitation & Flood Control District
Valley Sanitary District
Ventura Regional Sanitation District
Victor Valley Wastewater Reclamation Authority
West Bay Sanitary District
West County Wastewater District
West Valley Sanitation District
Western Riverside County Regional Wastewater Authority

Annual Report 2009



PRESIDENT'S MESSAGE



Dear Members and Friends of CSRMA:

We are pleased to present the Annual Report of the California Sanitation Risk Management Authority (CSRMA). This year's Report highlights both our accomplishments over the past year and describes notable activities planned for the coming twelve months.

First I'd like to take a moment to reflect on the success of CSRMA over the years. The success of CSRMA is in large part a direct outcome of the public/private partnership arrangement between our members, wastewater utility managers/directors, and professional insurance administrators. Personnel from member agencies serve on the authority board of directors as well as serving on standing committees charged with duties ranging from reviewing claims, to analyzing loss histories and initiating new risk control programs. This focused coordination, combining the industry-specific knowledge of public utility personnel with the expertise of insurance and risk management professionals, has allowed CSRMA to develop unique coverage that is unavailable in normal insurance markets while also continuing to effectively minimize our total cost of risk.

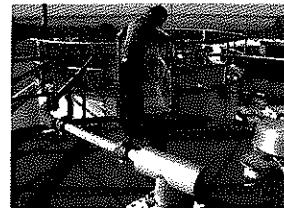
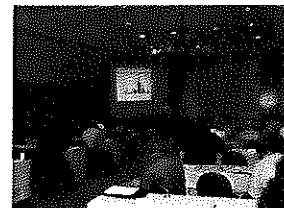
Our "Risk Control Online" project has been so successful that it is being marketed and subscribed to by other agencies and JPAs. These outside subscriptions benefit CSRMA members by defraying the costs of developing and providing improved risk control programs to our members.

A little over a year ago, CSRMA set course to implement a longer term investment strategy. Today we are reaping the benefits of this strategy. CSRMA's return on investments has outperformed our targeted benchmark, the Merrill Lynch 1-5 Year Treasury Index since implementing our strategy, while still investing in a conservative fashion.

By learning to better manage risk and reduce exposure, the members of CSRMA are sharing in our common goal to provide wastewater services to the public as safely and cost-effectively as possible. Thank you for your continued support of CSRMA.

Robert Reid

President of the Board



OUR MISSION

"The California Sanitation Risk Management Authority provides broad coverage and risk control services to its members."

RISK CONTROL SERVICES



CSRMA continued its tradition of providing leading edge risk control services for its members this year by introducing many new products and services tailored to the unique loss exposures facing CSRMA!

Expansion of CSRMA Risk Control Online – This platform, custom built and designed for CSRMA members and their needs, offers an employee training management system, on-line CalOSHA and wastewater-specific training and other professional level risk control resources...all via the web!

Pandemic Influenza Response Plan Builder – The Pandemic Influenza Plan Builder is a unique tool designed and created to assist CSRMA members with pre-planning and responding to the current H1N1 pandemic. Designed by combining the elements from the Water Environment Federation's and Centers for Disease Control's pandemic response planning guidelines, this builder represents the state of the art in pandemic response planning. As with all Risk Control Online resources, this tool is simple to master and requires little from the user other than answering questions posed by the builder.

Online Contractor Safety Program Builder – The Contractor Safety Program Builder helps your agency reduce the risks surrounding the hiring of contractors while meeting Cal/OSHA regulations related to multi-employer liability.

The Contractor Safety Program Builder guides an agency through the development of a comprehensive program that addresses the financial, regulatory, third party and operational risks associated with hiring contractors, as well as the risks to your employees. The result is a program that includes:

- Contractor Safety Orientation to Your Facility
- Project-Specific Contractor Safety Specifications Builder
- Pre-Qualification of Contractors Seeking to Bid on Public Works Projects

Online Business Continuity Plan Builder – As a public health organization, your agency must be prepared to provide the services that are essential to safeguarding public health following man-made and natural disasters. The Business Continuity Plan Builder helps your agency be prepared to continue to provide these essential public health services to customers.

The Business Continuity Plan Builder streamlines the plan development process. This application has been developed specifically for wastewater agencies and includes Critical Operational Contingency Plans for all the mission-critical activities a wastewater utility is responsible for providing.

Online New Employee Orientation Builder – Since AB1127 approved the use of CalOSHA regulations and citations to be used in civil court to establish an employer's negligence, accurate and documented training of employees has never been more important. This tool will guide the user, using plain English questions, through a point and click process that will determine whether or not over 50 different regulations apply to a particular employee or job title.

Since CalOSHA's training requirements also includes a mandate that employer's train employees on the equipment and tasks they are to perform, this tool lists over 150 pieces of equipment the user can select. Finally, recognizing that every organization has unique equipment, processes, and policies, this tool allows the user to enter organization-specific information, as well.

Conducting Effective Employee Evaluations Training – The entertaining and informative speaker Gordon Graham provided attendees with practical guidelines on the role of the supervisor/manager with respect to **probation, performance evaluations and employee discipline**. At the end of the program, attendees left with improved strategies and tactics on:

- Recruitment, hiring and retention
- Developing good, workable policy manuals
- Assuring effective first line supervision
- Improving performance evaluations and discipline process in your organization

First 72 Disaster Preparedness Training and Drill – This 4-day course, hosted by West County Wastewater District (WCWD), provided students with the hands-on knowledge and experience necessary to help their organization survive the first 72-hours following a major disaster. Following 2-days of intensive classroom instruction, participants were able to put those classroom skills to the test during a simulated 17-hour long intense live exercise.

Interactive Process and Reducing the Risk of Employee Lawsuits Training – This seminar took an innovative and fun look at the interactive process and how to keep your organization out of hot water! This dynamic presentation prepared attendees to recognize when the American's with Disabilities Act (ADA) or California's Fair Employment and Housing Act (FEHA) triggers the interactive process. Attendees also left with practical tools to guide their organizations through the interactive process in a manner that will help avoid the likelihood of ending up in costly litigation.

The NFPA70E and Electrical Safety Training – This eye-opening seminar provided attendees with an understanding of the NFPA70E's electrical safety requirements and a deeper appreciation for electrical hazards, in particular arc flash dangers. Attendees departed with hands-on resources their organizations can use to move toward compliance with the NFPE70E and better employee safety when working around electrical systems.

Monthly Webinars – CSRMA is proud to announce a huge expansion of training opportunities with monthly webinars! Each month, CSRMA members have the opportunity to attend a webinar covering topics such as workers' compensation, CalOSHA, insurance requirements in contracts and how to use the various features available on Risk Control Online.



RISK CONTROL SERVICES

2008 CSRMA Safety Superstars – The 2007/08 CSRMA Safety Superstar Award Program recognizes those members of the Workers' Compensation Program who achieve the best workers' compensation loss record for the policy year (July 1 through June 30) in three measurement categories.

The following 2007/08 Program Year Safety Superstars had zero workers' compensation claims for the period of July 1, 2007 through June 30, 2008:

1. Carmel Area Wastewater District
2. Goleta West Sanitary District
3. Carpinteria Sanitary District
4. San Elijo Joint Powers Authority
5. Encina Wastewater Authority
6. Stege Sanitary District
7. Sausalito-Marín City Sanitary District
8. Sewer Authority Mid-Coastside

2008 CSRMA Loss Control Program of the Year Award Winners – The CSRMA Executive Board is proud to announce the results of the 2008 CSRMA Loss Control Program of the Year Award! All applications submitted described workers' compensation and general liability loss control efforts that were both innovative and aggressive.

- Each winning agency received a large engraved plaque and lobby banner proudly proclaiming their Agency to have the CSRMA Loss Control Program of the Year.
- Each Agency employee received a jacket embroidered with the CSRMA logo and words "CSRMA Loss Control Program of the Year Award Winner 2008" and a roadside survival kit.

The 2008 Loss Control Program of the Year Award Winners were:
Wastewater Treatment Category: Delta Diablo Sanitary District
Collection System Category: Stege Sanitary District.

Workers' Compensation Consulting Services – CSRMA continued to benefit from the services of Heather Truro of HT Consulting. She is a workers' compensation claims management specialist who has been retained by CSRMA to provide assistance to our members with workers' compensation issues they may have and has visited many of the CSRMA members to assist with implementing the CSRMA Workers' Compensation Claims Management Program and the CSRMA Online Job Description Builder.

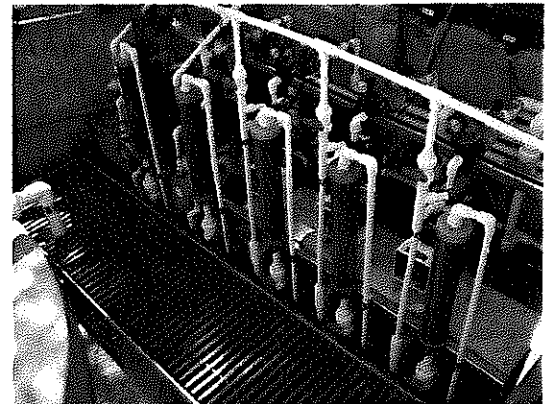
In addition to these new products and services, continuing in 2009 were the bedrock risk control services that members have come to rely on...

- The Employment Practices Hotline provided by Liebert, Cassidy, Whitmore.
- Risk Control Hotline Services expanded this last year with completion of the 2009 Edition CSRMA Member Directory. This directory identifies key people in several functional areas at each member location. CSRMA Risk Control can now target the dissemination of vital information to the people that need it instantaneously via email.
- On-Site Loss Control Audits with the follow-up Audit Findings Report describing exposures found, specific recommendations tailored to address these exposures and a section ranking the recommendations by relative risk to assist members in prioritizing their response.
- The CSRMA Video Training Lending Library has grown by 18 new titles this last year bringing the total number of training videos available to over 200!
- The CSRMA Well Workplace newsletter continued in 2009 – this informative monthly newsletter serves to help employees achieve health and fitness goals.
- On-Location Training provided at member locations on an array of risk control topics by the CSRMA Risk Control Advisor. Contact David Patzer at losscontrol@sbcglobal.net to learn what topics are available and to schedule a training seminar at your agency.

FUTURE CSRMA

☐ CSRMA looks forward to even more innovative and valuable products and services in 2010! Some of the exciting products and member services you can expect:

- Continued Supervisor and leadership training
- Employee handbook policy reviews
- The First 72 Disaster Preparedness drill will be offered in Southern California
- Increased training opportunities – CSRMA has partnered with several other risk sharing pools to share training resources.
- And much, much more!



In short, the future goal of CSRMA Risk Control remains as it always has been – to provide in-depth, intelligent loss control solutions, soundly conceived and practically executed.

FINANCES - FINANCIAL SUMMARY

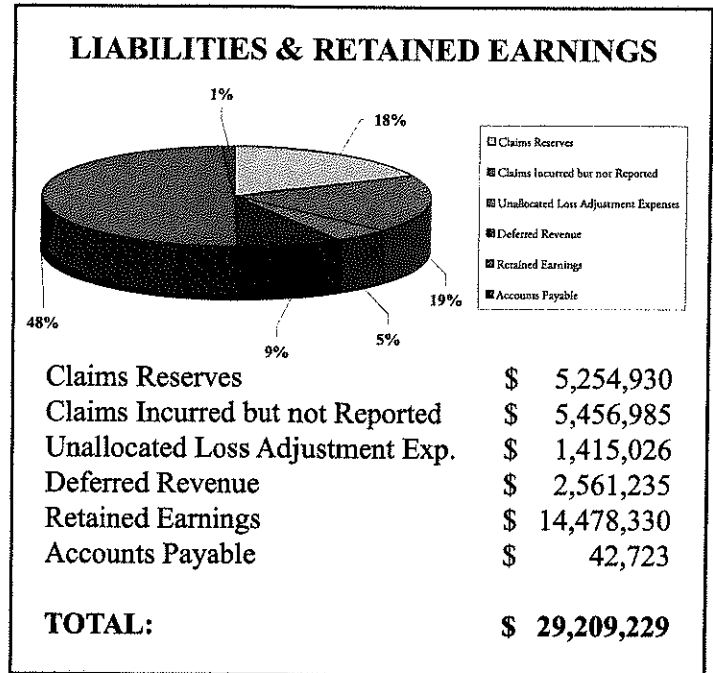
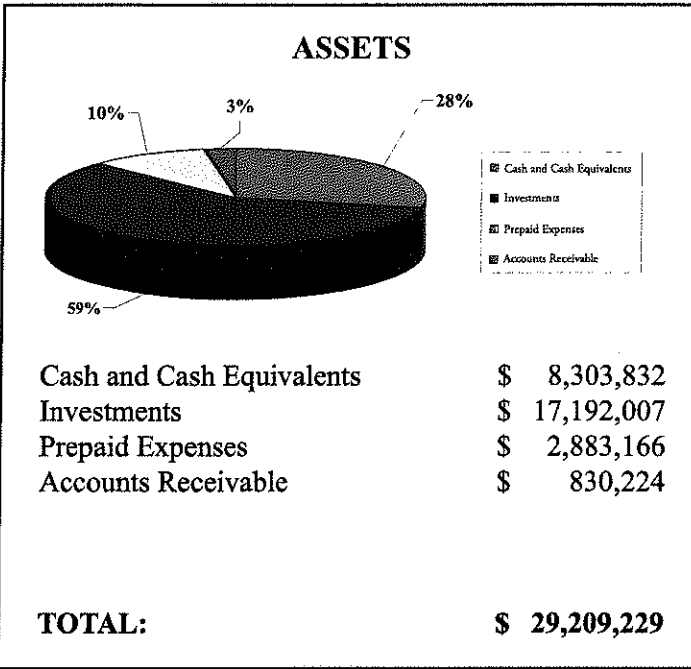


FINANCIAL SUMMARY - AS OF JUNE 30, 2009

The CSRMA Joint Powers Authority keeps its financial records in accordance with Government Accounting Standards Board (GASB) recommendations and produces an independently audited financial statement each year.

Investments are governed by a Board approved policy and procedure. Cash beyond short-term needs is invested with California's Local Agency Investment Fund and the California Asset Management Program.

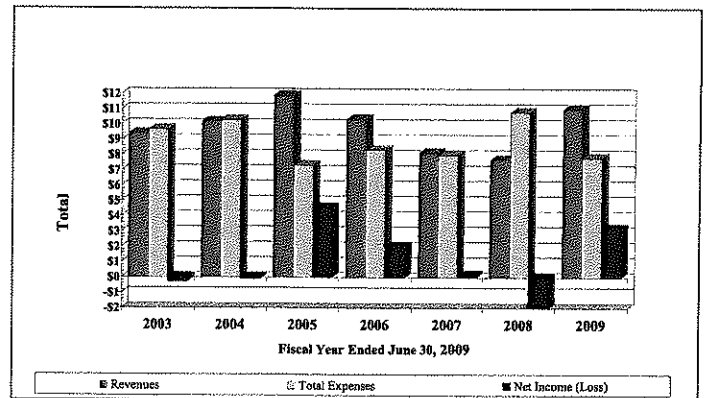
SUMMARY BALANCE SHEET



INCOME STATEMENT

Revenue	
Member Contributions	\$ 8,587,053
Retrospective Contributions	\$ 92,944
Member Fees	\$ 1,141,190
Interest Income	\$ 1,180,689
Other	\$ 500
TOTAL REVENUE	\$ 11,002,376
Expenses	
Program Expenses	\$ 6,254,258
Dividends	\$ 1,385,667
General & Administrative	\$ 169,115
TOTAL EXPENSES	\$ 7,809,040
Net (Loss) Income	\$ 3,193,336

FINANCIAL POSITION Fiscal Years 2003 - 2009





SHARED RISK PROGRAMS

CSRMA Members can choose to participate in the JPA's "pooling" programs: The **Pooled Liability Program** and the **Workers' Compensation Program**.

These programs are an alternative to traditional commercial insurance, in that they are member owned and operated. Interest earning funds are placed on deposit with the Authority where they are used to pay members' claims and related expenses. Funds not spent or reserved are refunded to members through retrospective rating adjustments and dividend payments.

POOLED LIABILITY PROGRAM

The Pooled Liability Program provides its members with third party liability coverage specifically designed to meet the exposures faced by the wastewater industry. Members are provided with coverage for General Liability, Automobile Liability, Employment Practices Liability and Public Entity Errors and Omissions Liability.

POOLED WORKERS' COMPENSATION PROGRAM

The Workers' Compensation Program provides State mandated benefits to employees of member agencies. The Program enables its members to retain control of the cost and delivery of services to participating members.

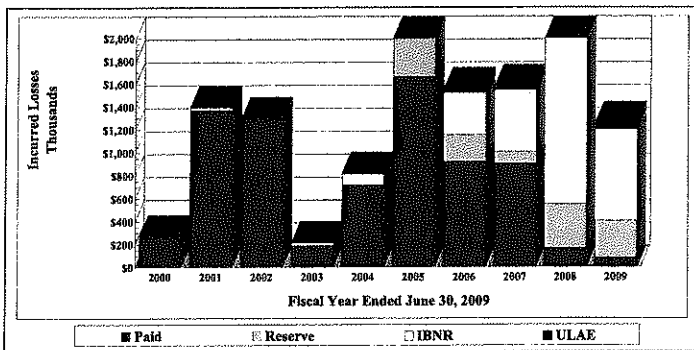
2009 Accomplishments

- Nearly \$1 million was returned to the members in dividend payments.
- The program welcomed a new member this year. Mt. View Sanitary District joined the program on December 31, 2008.
- CSRMA Recommended Risk Control Best Practices for Sewer System Management were developed as a result of feedback received from the membership.
- The Memorandum of Coverage was amended to provide for an exception to the inverse condemnation exclusion to provide coverage for hillside/landslide pipe leakage claims.

2009 Accomplishments

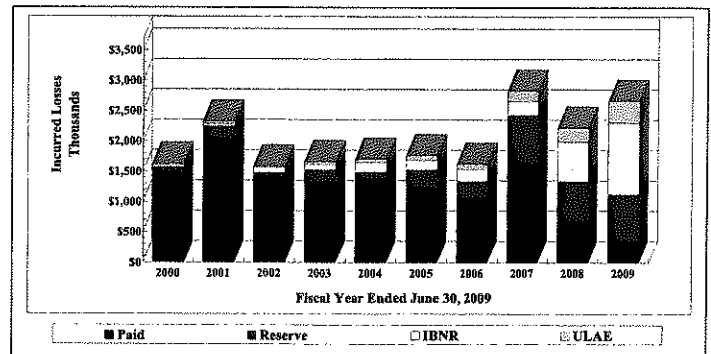
- Nearly \$600,000 was returned to the members in dividend payments.
- Over \$500,000 was returned to the members in retrospective rating adjustments.
- The program welcomed a new member this year. Castro Valley Sanitary District joined the program on July 1, 2009.
- A pilot program was developed and implemented to determine the effectiveness of functional capacity testing and post job offer evaluations at lowering workers' compensation costs.

**Pooled Liability Program
Claims Loss History
As of June 30, 2009**



The graph shows a 10-year loss history for the pooled liability program. Each policy year's losses are broken down among paid claims, claim reserves established by the claims administrator, claims incurred but not reported (IBNR) as determined by the actuary and unallocated loss adjustment expenses (ULAE), also determined by the actuary. Although there are not a significant number of open claims, the actuary's projections include a significant amount of IBNR outstanding for the last three years.

**Workers' Compensation Program
Claims Loss History
As of June 30, 2009**



The graph shows a 10-year loss history for the workers' compensation program. Each policy year's losses are broken down among paid claims, claim reserves established by the claims administrator, claims incurred but not reported (IBNR) as determined by the actuary and unallocated loss adjustment expenses (ULAE), also determined by the actuary. This program has a number of open claims over the last 5 years, and the majority of IBNR projected by the actuary is in those years.

GROUP PURCHASE PROGRAMS



CSRMA Group Purchase Programs provide members the benefit of buying power while assuring that special needs will be addressed.

PRIMARY INSURANCE PROGRAM (PIP)

The *PIP* provides the clout of a group purchase program offering competitive pricing to its members. The Program continues to afford coverage for General Liability, Automobile Liability, Employment Practices Liability, Public Entity Errors & Omissions and Auto Physical Damage to members that do not wish to pool their risk with other members.

VEHICLE PHYSICAL DAMAGE PROGRAM

This Program provides "All Risk" property (physical damage) coverage for private passenger vehicles, light trucks and high valued specialized vehicles with limited "over-the-road" exposures. New to the Program this year members can obtain hired auto physical damage coverage for vehicles that they may lease, hire, rent or borrow.



liability and clean-up for above and below ground storage tank exposures.

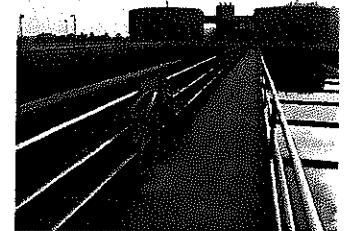
➤ Bond Programs

The Commercial Crime Program affords its members with public employee dishonesty coverage. Additional coverages available include forgery or alteration, theft, disappearance and destruction of money and securities and computer fraud. The Public Official Bond Program provides its members with coverage for dishonest acts of public officials.



➤ Special Events Liability Program

The Special Events Liability Program grants its members with protection against third party liability for bodily injury, personal/advertising injury and property damage resulting from a covered special event. Special events include receptions, tours and parties.



PROPERTY INSURANCE PROGRAM

The Property Program provides the benefit of a group purchase program offering its members "All Risk" Property and Boiler & Machinery insurance.



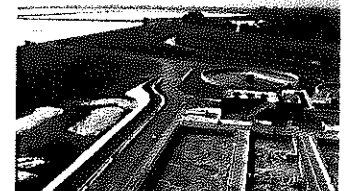
Members have the ability to manage their property schedules over the Internet through the Program Administrator's *OASYS-NET* System.

➤ Vendors/Contractors General Liability Program

The Vendors/Contractors General Liability Program furnishes general liability coverage for a wide range of vendors and contractors.

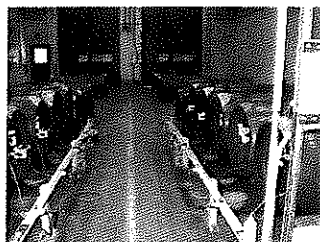
➤ Pollution and Remediation Legal Liability Program

The Pollution and Remediation Legal Liability Program provides coverage for environmental exposures unique to the wastewater industry.



OTHER PROGRAMS

CSRMA members have access to an array of group purchase programs made available by the Program Administrators.



➤ Storage Tank Program

The Storage Tank Program furnishes its members with third party pollution legal



2009 EXECUTIVE BOARD & OFFICERS

Mr. Robert Reid, President
West Valley Sanitation District

Ms. Marcia Beals
Tahoe-Truckee Sanitation Agency

Mr. Russ Baggerly, Vice-President
Ojai Valley Sanitary District

Ms. Zoeanne Tafolla
Vallejo Sanitation & Flood Control District

Mr. George Emerson, Secretary
Goleta Sanitary District

Mr. Paul Bushee
Leucadia Wastewater District

Mr. Kenneth Spray, Treasurer
Vallejo Sanitation & Flood Control District

Mr. E.J. Shalaby
West County Wastewater District

Mr. Talyon Sortor
Fairfield-Suisun Sewer District

Mr. Tom Rosales
South Orange County Wastewater Authority

PROGRAM ADMINISTRATORS



Dennis Mulqueaney
(415) 403-1421



David Patzer
(707) 373-9709



Marilyn Schley
(415) 403-1432



Thary Ou
(415) 403-1433



Seth Cole
(415) 403-1419



Myron Leavell
(415) 403-1404



Tami Giovanni
(925) 963-0951



Tevea Him
(415) 403-1416



P. J. Skarlanic
(415) 403-1455

QUESTIONS AND QUOTES:



The California Sanitation Risk Management Authority

c/o Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101
Main: 415.403.1400
Fax: 415.874.4813
www.csrma.org

ATTACHMENT 2

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY (CSRMA)

**PARTICIPATION AGREEMENT
FOR THE
PROPERTY INSURANCE PROGRAM**

We, _____, signatory to the California Sanitation Risk Management Authority ("CSRMA") Joint Exercise of Powers Agreement, have agreed by action of our Board of Directors on _____, 20____, to participate in the CSRMA Property Insurance Program, hereinafter referred to as "Property Program." As evidenced by the authorized signatures on page 3 of this document, we agree to become a participant in the Property Program and be referred to as a "Program Participant."

It is understood that this Participation Agreement pertains only to the Property Insurance Program and not to any other program operated by CSRMA.

We understand that provided the following requirements are met, Property Insurance Program coverage shall begin on _____ :

- 1) We have paid the Property Program Fee;
- 2) We have executed this Property Program Participation Agreement; and
- 3) We are a member of the Joint Powers Authority. This means we:
 - a) have been approved for Joint Powers Authority membership by the Executive Committee;
 - b) have executed the Joint Exercise of Powers Agreement;
 - c) have executed a "Resolution to Join" in accordance with the Joint Exercise of Powers Agreement; and
 - d) have paid the initial membership fee.

MINIMUM PARTICIPATION PERIOD:

It is understood that the CSRMA Property Program requires an initial full program year commitment in order to participate in the program. Withdrawal from the Property Program cannot occur until a full year of participation has occurred, that is, from the coverage inception date until the end of the first full program year in which the entity has participated, and only then if a two-month prior notice is provided.

Our initial commitment to the Property Program will expire on July 1, 20___, unless the program anniversary date is modified by the Property Program Participants. After the initial participation commitment has been met, withdrawal can occur at the end of a program year provided a two-month prior notice of intent to withdraw is provided the Authority, as noted above.

It is understood that the Minimum Participation Required will be waived if we move our Property Insurance from the Property Program to another of the Authority's Insurance Programs.

RESPONSIBILITIES OF PROGRAM PARTICIPANTS:

It is understood that as a Program Participant, we are obliged to do the following:

- Take such action, including providing the Property Program staff with such statistical and loss experience data and other information, as is necessary to carry out the CSRMA Property Program as required by the CSRMA Joint Exercise of Powers Agreement, Bylaws and the policies established by the Executive Committee and/or the Board of Directors;
- Pay the Property Program when due any and all Premiums for each Program Year. Withdrawal does not relieve a Program Participant from liability for owed premiums; and
- Fully cooperate with the Property Program staff and/or representatives in determining the cause of losses and in the investigation, adjudication and settlement of claims.

RESPONSIBILITY FOR PROPERTY INSURANCE PROGRAM EXPENSES:

It is understood that Property Program Participants are responsible for their share of all Property Program expenses. A Program Participant's share of the program costs shall be reflected, as accurately as possible, within its Program Fee, which is based upon the Property Program's budgetary needs, and any other expenses deemed necessary by the Board of Directors.

The withdrawal or termination of any Program Participant from the Property Program shall not terminate the responsibility to continue to contribute to its share of financial obligations incurred by reason of its previous participation.

We acknowledge and agree that this Participation Agreement shall automatically conform to any amendments made to the CSRMA Joint Exercise of Powers Agreement or Bylaws, which affect the conditions of participation in the Property Program. Any other amendments to this Participation Agreement shall require a two-thirds vote of the Property Program Participants.

In recognition of the above, this Participation Agreement is executed on _____, 20 ____.

Program Participant

Signed

Name

Title

ATTEST:

Signed

Name

Title

ATTACHMENT 3

Liability Program Participation Agreement

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY (CSRMA)

We, _____, signatory to the California Sanitation Risk Management Authority ("CSRMA") Joint Exercise of Powers Agreement, have agreed by action of our Board of Directors on _____, 20__ , to participate in the CSRMA Auto and General Liability Program, hereinafter referred to as "Pooled Liability Program." As evidenced by the authorized signatures on page 4 of this document, we agree to become a participant in the Pooled Liability Program and be referred to as a "Program Participant."

It is understood that this Participation Agreement pertains only to the Pooled Liability Program and not to any other program operated by CSRMA.

We understand that provided the following requirements are met, Liability Insurance coverage shall begin on _____, following approval by the CSRMA Board of Directors:

- 1) We have paid the Underwriting Fee, and, if applicable, the inspection fee per the established fee schedule;
- 2) We have received an underwriting/loss evaluation for qualification purposes and Deposit Premium calculation;
- 3) We have qualified and been recommended to the Executive Committee for approval by the CSRMA Underwriting Committee;
- 4) We have been recommended by the Executive Committee for acceptance by the existing Liability Program Members, and have received such acceptance;
- 5) We have executed this Pooled Liability Insurance Program Participation Agreement; and
- 6) We are a member of the Joint Powers Authority. This means we:
 - a) have been approved for Joint Powers Authority membership by the Executive Committee;
 - b) have executed the Joint Exercise of Powers Agreement;
 - c) have executed a "Resolution to Join" in accordance with the Joint Exercise of Powers Agreement; and

- d) have paid the initial membership fee.

MINIMUM PARTICIPATION PERIOD FOR POOLED LIABILITY PROGRAM:

It is understood that the CSRMA Pooled Liability Program requires an initial full three-year commitment in order to participate in the program. Withdrawal from the Pooled Liability Program cannot occur until three full years of participation have occurred, that is, from the coverage inception date until the end of the third consecutive full program year, and only then if a six-month prior notice is provided.

Our initial commitment to the Pooled Liability Program will expire on December 31, 20____, unless the program renewal date is modified by the Liability Program Participants. After the initial three-year participation commitment has been met, withdrawal can occur at the end of a program year provided a six-month prior notice of intent to withdraw is provided to the Authority, as noted above.

Program Participants remain subject to the "Termination" provision of the CSRMA Joint Exercise of Powers Agreement, despite the three-year participation commitment.

RESPONSIBILITIES OF PROGRAM PARTICIPANTS:

It is understood that as a Program Participant, we are obliged to do the following:

- ◆ take such action, including providing the Pooled Liability Program with such statistical and loss experience data and other information, as is necessary to carry out the CSRMA Pooled Liability Program required by the CSRMA Joint Exercise of Powers Agreement, Bylaws and the policies established by the Executive Committee and/or the Board of Directors;
- ◆ pay the Liability Insurance Program when due any and all Deposit Premiums and Retrospective Premium Adjustments (assessments) for each program year. Withdrawal or termination does not relieve a Program Participant from liability for such retrospective adjustments;
- ◆ fully cooperate with the Pooled Liability Program staff and/or representatives in determining the cause of losses and in the investigation, adjudication and settlement of claims; and
- ◆ comply with all provisions, policies and procedures of the CSRMA Pooled Liability Insurance Program as set out in the CSRMA Joint Exercise of Powers Agreement.

RESPONSIBILITY FOR POOLED LIABILITY PROGRAM EXPENSES:

It is also understood that Pooled Liability Insurance Program Participants are responsible for their share of all Pooled Liability Program expenses:

For the self-funded layer: projected losses; margin for contingency; claims adjusting and legal fees, loss control services, general administration and costs for any other services as identified by the Board of Directors and Executive Committee per authority vested by the CSRMA Joint Exercise of Powers Agreement and/or Bylaws;

For the excess layer(s) expenses: excess insurance premium cost (first layer: excess of the Authority's Self Insured Retention) and premium costs for any other layer(s) of excess insurance which may be purchased.

A Program Participant's share of the program costs shall be reflected, as accurately as possible, within its Deposit Premium which is based upon the Pooled Liability Program's budgetary needs, prior claims experience, actuarial projections for future years' losses and any other expenses deemed necessary by the Board of Directors. The cost allocation formula may be subject to change by the Board of Directors.

The withdrawal or termination of any Program Participant from the Pooled Liability Program shall not terminate the responsibility to continue to contribute to its share of assessment on prior Program Years or other financial obligations incurred by reason of its previous participation.

RETROSPECTIVE PREMIUM ADJUSTMENT

It is understood further that in accordance with the above section, a financial reconciliation or audit of each Program Year will occur in order to determine if Deposit Premiums collected were adequate to cover all costs.

In general, any deficiency or surplus in the Deposit Premium amounts shall be adjusted by a Retrospective Premium Adjustment. If Deposit Premiums were not adequate to meet costs of all expenses, an assessment to make up the difference will be made. If there is a surplus, a refund or a credit against Deposit Premiums for the following year will be made.

The Retrospective Premium Adjustment for the self-funded layer for each Program Year shall be calculated for each Program Participant in accordance with the formula found in the CSRMA Manual. Retrospective Premium Adjustment formulas are subject to change by the Board of Directors.

* * * * *

We acknowledge and agree that this Participation Agreement shall automatically conform to any amendments made to the CSRMA Joint Exercise of Powers Agreement or Bylaws, which affect the conditions of participation in the Pooled Liability Program. Any other amendments to this Participation Agreement shall require a two-thirds vote of the Liability Program Participants.

In recognition of the above, this Participation Agreement is executed on _____, 20 ____.

Program Participant

Signed

Name

Title

ATTEST:

Signed

Name

Title