

**AGENDA**  
**SAN ELIJO JOINT POWERS AUTHORITY**  
**MONDAY NOVEMBER 8, 2010 AT 9:00 AM**  
**SAN ELIJO WATER RECLAMATION FACILITY – CONFERENCE ROOM**  
**2695 MANCHESTER AVENUE**  
**CARDIFF BY THE SEA, CALIFORNIA**

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1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. ORAL COMMUNICATIONS (NON-ACTION ITEM)
5. PRESENTATION OF AWARDS  
  
None
6. \* **CONSENT CALENDAR**
7. \* APPROVAL OF MINUTES FOR THE OCTOBER 11, 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. \* RETROFIT LOAN PROGRAM UPDATE
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. SAN ELIJO JOINT POWERS AUTHORITY ANNUAL AUDIT

It is recommended that the Board of Directors:

1. Accept and file the 2009-10 Fiscal Year Audit for the San Elijo Joint Powers Authority; and

2. Discuss and take action as appropriate.

Staff Reference: Director of Finance/Administration Gregory Lewis

14. UPDATE ON WHOLESALE PRICING OF RECYCLED WATER BY SAN ELIJO JOINT POWERS AUTHORITY

It is recommended that the Board of Directors:

1. Approve the proposed amendment adjusting the wholesale price of recycled water and minimum purchase volume in the "Agreement for Sale of Reclaimed Water to the Santa Fe Irrigation District by the San Elijo Joint Powers Authority"; and
2. Discuss and take action as appropriate.

Staff Reference: General Manager Michael Thornton

15. SAN DIEGO INTEGRATED REGIONAL WATER MANAGEMENT (IRWM) PLAN ADOPTION

It is recommended that the Board of Directors:

1. Adopt Resolution No. 2011-05, A Resolution Of Adoption For The San Diego Integrated Regional Water Management Plan; and
2. Discuss and take action as appropriate.

Staff Reference: General Manager Michael Thornton

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

None

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 December 13, 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](http://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: November 3, 2010



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

SAN ELIJO JOINT POWERS AUTHORITY  
MINUTES OF THE BOARD MEETING  
HELD ON OCTOBER 11, 2010  
AT THE  
SAN ELIJO WATER RECLAMATION FACILITY

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Maggie Houlihan, Chair

Tom Campbell, Vice Chair

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A Meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, January 11, 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  
Maggie Houlihan  
Dave Roberts

*Directors Absent:*

Thomas Campbell

*Others Present:*

General Manager	Michael Thornton
Director of Finance/Administration	Greg Lewis
Director of Operations	Christopher Trees
Administrative Assistant	Monica Blake
Accounting Technician	Carrie Cook
Safety/HR Administrator	Marisa Buckles

*SEJPA Counsel:*

Procopio, Cory, Hargreaves & Savitch	Greg Moser
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City of Encinitas,

Director of Public Works

Larry Watt

City of Encinitas,

Public Works Management Analyst

Bill Wilson

City of Solana Beach,

City Manager

David Ott

City of Solana Beach,

Director of Engineering/Public Works

Mohammad "Mo" Sammak

*Guests:*

Frank Warner & Al Evans  
Bud Irvin  
Ron Hogan  
Michael Bardin  
Phil O'Donnell

3. PLEDGE OF ALLEGIANCE

Board Member Roberts led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

General Manager Michael Thornton presented Gregory Lewis, Director of Finance/Administration, with a certificate of recognition for 10 years of continuous service to the SEJPA. Chair Houlihan presented Michael Thornton with a certificate of recognition for 10 years of continuous service to the SEJPA.

6. CONSENT CALENDAR

Chair Houlihan requested an edit to the September 13, 2010 minutes to clarify her request for a 'Master Plan' map – that it include potable water lines in addition to recycled water lines.

Board Member Roberts asked that the staff be thanked for the great job done in Item No. 11, and for the money savings.

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

AYES: T. Barth, M. Houlihan, and D. Roberts  
NOES: None  
ABSENT: T. Campbell  
ABSTAIN: None

Consent Calendar:

Agenda Item No. 7	Approval of Minutes for the September 13, 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
Agenda Item No. 11	Digester No. 4 Cleaning Project Report

12. ITEMS REMOVED FROM CONSENT CALENDAR

None

13. THE NORTH SAN DIEGO COUNTY COOPERATIVE DEMINERALIZATION PROJECT

General Manager Michael Thornton reported that in an effort to maximize the regional benefit of the recycled water demineralization project at the San Elijo Water Reclamation Facility, the SEJPA has partnered with the Olivenhain Municipal Water District (OMWD) and the San Elijo Lagoon Conservancy to create the North San Diego County Cooperative Demineralization project. The project goals are to create sustainable and diverse local water supplies, provide salinity and nutrient management to the North County coastal region, address existing high TDS issues in recycled water, divert urban runoff and first flush storm water from both the San Elijo Lagoon and the Seascape storm drain in Solana Beach, and reduce wastewater discharge to the Pacific Ocean.

This project that the SEJPA submitted has been accepted for a grant through the San Diego Integrated Regional Water Management (IRWM) program. This Proposition 84 funding project was rated as one of the highest ranked projects for the region. The San Diego IRWM program recommended that this project receive \$1.05 million grant, of which the SEJPA can expect to receive approximately \$700,000 to be applied to the construction of demineralization treatment.

One requirement for receiving the grant funding is that the SEJPA will need to adopt a resolution stating its endorsement of the San Diego IRWM Plan. The General Manager stated that this resolution will be presented for Board consideration at the November 2010 SEJPA Board meeting.

This was an informational report not requiring Board action.

14. CALIFORNIA STATE REVOLVING FUND (SRF) LOAN APPLICATION AUTHORIZATION FOR RECYCLED WATER DEMINERALIZATION PROJECT

General Manager Michael Thornton stated that the SEJPA has identified high total dissolved solids (TDS) levels in the recycled water as a potential threat to the program. The source of the TDS is a combination of higher TDS levels in the local potable water supply, brackish ground water infiltration into the sanitary sewer collection system, and the use of salt-based water softeners by businesses and residences within the SEJPA service area. To mitigate the risk of further violation to the agency, a recycled water demineralization facility was recommended at an estimated cost of \$5 million and will result in the ability to control TDS levels to below the San Diego Regional Board basin plan requirements.

The State Water Resources Control Board (SWRCB) administers the Clean Water State Revolving Fund loan program that provides low interest loans to public agencies for construction of wastewater and recycled water capital projects. The SEJPA is currently in the design phase of a recycled water demineralization facility, for which this SRF loan is being requested. Currently, this project has received grant funding approval of approximately \$700,000 by the San Diego IRWM program as it is a component of the North San Diego County Cooperative Demineralization Project.

As part of the SRF application process, the SEJPA Board of Directors must approve three resolutions to authorize the application. The General Manager presented these resolutions to the Board of Directors and requested they be reviewed by the Member Agencies.

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

1. Review resolutions required by the State of California State Water Resources Control Board; and
2. Take resolutions to Member Agencies for review and action.

Motion carried with the following vote of approval:

AYES: T. Barth, M. Houlihan, and D. Roberts  
NOES: None  
ABSENT: T. Campbell  
ABSTAIN: None

15. WHOLESALE PRICING OF RECYCLED WATER BY THE SAN ELIJO JOINT POWERS AUTHORITY

General Manager Michael Thornton presented a letter from Santa Fe Irrigation District (SFID) requesting that the recycled water rate not be increased in calendar year 2011. The SEJPA staff reviewed the request and concluded that it may be feasible for the SEJPA to accept a smaller rate increase over one to two years if this was coupled with a guaranteed purchase volume increase. Staff presented a possible proposal that for FY 2010-11 the new purchase volume be 520 AFY and for FY 2011-12 the purchase volume be 550 AFY, coupled with a possible rate increase of 5% each year.

Michael Bardin, General Manager of SFID, stated that SFID would like to look at long-term agreements for recycled water, and to de-couple the price of recycled water to potable water rates. He also asked for the current price to be held for one year.

Al Evans, from St. Francis HOA, asked the Board of Directors to approve the SEJPA's proposal of a 5% increase for each of the next two years.

Board Member Roberts stated that the number of recycled water customers needs to increase in order to keep costs down and make it a success.

Board Member Barth stated that the potable and recycled water rates need to be de-coupled.

Board Member Roberts asked that the results of the negotiations be reported in next month's Board meeting.

This was an informational report not requiring Board action.



16. GENERAL MANAGER'S REPORT

General Manager Michael Thornton stated that the Encina Wastewater Authority 54-inch diameter influent pipeline failed last week. SEJPA has been active in assisting them on this issue. This incident has put their biological system at risk, so the SEJPA has been providing them with 100,000 gallons of activated biological water each day to ensure that their treatment system doesn't also fail. SEJPA and Encina have been working hand in hand and we plan to do a debriefing on this incident and their emergency response, which was outstanding. SEJPA is currently reviewing the age, material type, physical condition data of the influent lines to the San Elijo Water Reclamation Facility to assess if any are at risk for failing.

17. GENERAL COUNSEL'S REPORT

General Counsel Greg Moser stated SB 918 passed which will require the Department of Public Health to develop water quality standards for indirect potable reuse by 2013 and similar standards for surface water augmentation with recycled water by 2016.

18. BOARD MEMBER COMMENTS

Board Member Roberts reported that he talked to three San Diego County Board of Supervisors about recycled water use by homeowners and they all said the issue just isn't at their level but they are interested. Board Member Roberts wanted to be sure SEJPA was going to submit comments before the deadline on the Draft Environmental Impact Report for the proposed I-5 freeway expansion. Lastly, he stated that he and Board Member Campbell were meeting on Wednesday with the Mayor of Del Mar on the proposed purchase of the Del Mar Fairgrounds.

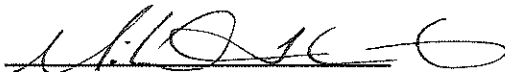
18. CLOSED SESSION

None

19. ADJOURNMENT

The Board of Directors adjourned at 9:53 a.m. The next Board of Directors meeting will be held on November 8, 2010.

Respectfully submitted,



Michael T. Thornton, P.E.  
General Manager

PAYMENT OF WARRANTS

11-11  
29-Oct-10

VENDOR	DESCRIPTION OF EXPENSE	AMOUNT
<b>11-11 Warrants</b>		
AG Tech, LLC	Biosolids hauling - September	\$4,715.45
AT&T	Alarm service - October - water reclamation	\$380.72
AT&T - Eden Garden	Phone service - 08/20/10 - 09/19/10	\$87.74
Airgas West	Nitrogen	\$42.25
Arizona Instrument	Hydrogen sulfide analyzer - plant	\$1,305.77
Arizona Instrument	Annual calibration - Moonlight P.S.	\$656.76
Arrowhead	Kitchen and lab supplies	\$267.60
Atlas Crane Service	Reinstalled one cap with tubes - digester - plant	\$265.00
Atlas Pumping Service	Grease and scum pumping - September	\$751.40
Atlas Pumping Service	Grease and scum pumping - October	\$751.40
Barracuda Networks, Inc.	Network back-up - October	\$50.00
Blake, Monica	Expense report - mileage	\$24.62
Blue Skies Landscape	Landscape service - September	\$1,200.00
Brenntag Pacific, Inc.	Sodium Hydroxide - odor control - plant	\$1,768.44
CDM, Inc.	Electrical upgrades	\$31,583.00
CSMFO	Application fee	\$50.00
CWEA	Membership - J. Hernandez	\$132.00
CWEA	Membership - C. Trees	\$132.00
California Water Technologies	Ferric chloride - plant	\$5,505.06
Carr, Scott	Refund dental - COBRA	\$51.99
Coast Waste Management	Grit and screening	\$631.38
Complete Office	Office supplies - September	\$334.39
Complete Office	Office supplies - October	\$68.42
Conocophillips Fleet	Vehicle fuel - September	\$615.01
Cordata Records Mgmt., Inc.	Record storage - September	\$60.36
Corky's Pest Control, Inc.	Termite treatment - plant and lab building	\$575.00
Covad	T-1 service - October	\$359.00
Edco	Trash service - September	\$184.01
ELAP	Environmental lab accreditation - lab	\$2,359.00
Escondido Metal Supply	Aluminum sheets - sludge conveyor - plant	\$185.64
Environmental Water Solutions	Gasket 30" - digester - plant	\$674.13
Golden State Overnight - GSO	Mailing monthly regulatory reports	\$33.46
Hernandez, Joe	Expense report - Moonlight P. S.	\$9.52
Home Depot	Repair parts and shop supplies	\$141.80
Horizon Health EAP	EAP - October	\$351.12
Jani-King	Janitorial service - October	\$882.64
Kaeser & Blair Incorporated	Safety lights	\$391.04
Konica	Monthly copier maintenance	\$81.83
Marine Taxonomic Services	Ocean offshore monitoring - September - outfall	\$740.00
Marine Taxonomic Services	Ocean offshore monitoring - October - outfall	\$740.00
McMaster-Carr Supply Co.	Stainless steel pivoting hanger and clamps - plant	\$120.05
Mutual of Omaha	Life and disability insurance	\$1,697.35
Nash Fabricators	Fabricate manifold - heat exchanger - plant	\$1,555.58
Olin Corp - Chlor Alkali	Sodium hypochlorite - bleach - water reclamation	\$3,408.95
OMWD	Manchester - 08/09/10 - 09/09/10	\$35.83
One Source Distributors, Inc.	Electrical supplies - lab	\$76.42
One Source Distributors, Inc.	Electrical supplies - plant	\$974.67
PERS - Health	Health - November	\$14,309.38
PERS - Retirement	Retirement premium - 10/08/10	\$13,687.88
PERS - Retirement	Retirement premium - 10/22/10	\$13,723.58
Pacific Pipeline Supply	Plumbing supplies for digester - plant	\$16.14
Pacific Pipeline Supply	Cast iron box and lid, plumbing parts-plant, water rec.	\$482.85

PAYMENT OF WARRANTS

11-11

29-Oct-10

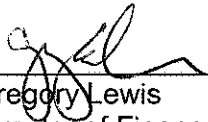
VENDOR	DESCRIPTION OF EXPENSE	AMOUNT
Polydyne, Inc.	Clarifloc - headworks - plant	\$2,501.25
Postmaster	Coastal development permit	\$880.00
Preferred Benefit Insurance	Vision insurance - October	\$374.17
Probuild	Repairs, shop and field supplies - September	\$375.10
Procopio Cory Hargreaves	General - September - legal service	\$1,311.00
Procopio Cory Hargreaves	Bradley & Debra Gessner v. San Elijo JPA	\$2,318.10
Rohan & Sons, Inc.	90 day maintenance - September	\$407.70
Rohan & Sons, Inc.	Service kooltronic - Eden Gardens P. S.	\$190.00
San Diego Gas and Electric	Gas and electric - 08/06 - 09/08	\$20,345.23
San Diego Gas and Electric	Gas and electric - 09/09 - 10/08 - Cardiff P.S.	\$1,417.33
San Diego Gas and Electric	Gas and electric - 09/09 - 10/08 - Valley	\$2,345.55
San Dieguito Water District	2710 Manchester - 07/26/10 - 09/27/10	\$214.15
San Dieguito Water District	Manchester - 07/26/10 - 09/27/10	\$155.65
San Dieguito Water District	Manchester - 07/26/10 - 09/27/10	\$199.55
San Dieguito Water District	Manchester - 08/31/10 - 09/29/10	\$767.20
San Dieguito Water District	Manchester - 08/31/10 - 09/29/10	\$3,334.60
San Dieguito Water District	Manchester - 08/31/10 - 09/29/10	\$151.28
San Dieguito Water District	Manchester - 08/31/10 - 09/29/10	\$2,271.84
San Dieguito Water District	Manchester - 08/31/10 - 09/29/10	\$181.04
San Dieguito Water District	S. Coast Highway 101 - 07.26.10 - 09.27.10	\$45.40
San Elijo Payroll Account	Payroll - 10/08/2010	\$73,469.49
San Elijo Payroll Account	Payroll - 10/22/2010	\$75,895.25
Santa Fe Irrigation District	Lomas Santa Fe Dr. - 07/19/10 - 09/20/10	\$3,864.26
Santa Fe Irrigation District	Valley - 08/31/10 - 09/30/10	\$112.07
Serpentix Corporation	Belt pan, roller carriage and drip pan - plant	\$3,115.86
Siemens Water Technologies	Hydrogen peroxide - Olivenhain P. S.	\$2,959.90
Sprint	Cellular phone service	\$696.43
Terminix	Pest control - October	\$81.00
Terra Renewal, LLC	Biosolids hauling - September	\$8,203.89
Test America	Lab testing	\$880.00
Thatcher Company of CA	Aluminum sulfate - water reclamation	\$2,904.55
UPS	Mailing	\$11.02
Underground Service Alert	Dig alert - September	\$58.50
Unifirst Corporation	Uniform service - September	\$77.46
Unifirst Corporation	Uniform service - October	\$234.43
VWR International, Inc.	Tubes, wide mouth bottles, gloves, filter - lab, outfall	\$815.46
<b>Total 11-11 Warrants</b>		<b><u>\$322,393.34</u></b>

SAN ELIJO JOINT POWERS AUTHORITY  
PAYMENT OF WARRANTS SUMMARY

29-Oct-10

PAYMENT OF WARRANTS		\$322,393.34
Reference Number	11-11	

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

29-Oct-10

<u>FUNDS ON DEPOSIT WITH</u>	<u>AMOUNT</u>
<b>LOCAL AGENCY INVESTMENT FUND</b> <i>(SEPTEMBER 2010 YIELD 0.50%)</i>	
SELF INSURANCE RESERVE	\$ 300,000.00
RESTRICTED SRF RESERVE	\$ 630,000.00
UNRESTRICTED DEPOSITS	\$ 6,137,165.44
 <b>CALIFORNIA BANK AND TRUST</b> <i>(SEPTEMBER 2010 YIELD 0.10%)</i>	
REGULAR CHECKING	\$ 21,222.50
PAYROLL CHECKING	\$ 5,000.00
 TOTAL RESOURCES	 \$ 7,093,387.94

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

November 8, 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 September 2010. The primary indicators of treatment performance include the removal of Carbonaceous Biochemical Oxygen Demand (CBOD) and Total Suspended Solids (TSS). The SEJPA is required to remove a minimum of 85 percent of the CBOD and TSS from the wastewater. Treatment levels for CBOD and TSS were 98.4 percent and 97.1 percent, respectively, for September (as shown in Figure 1 and Figure 2).

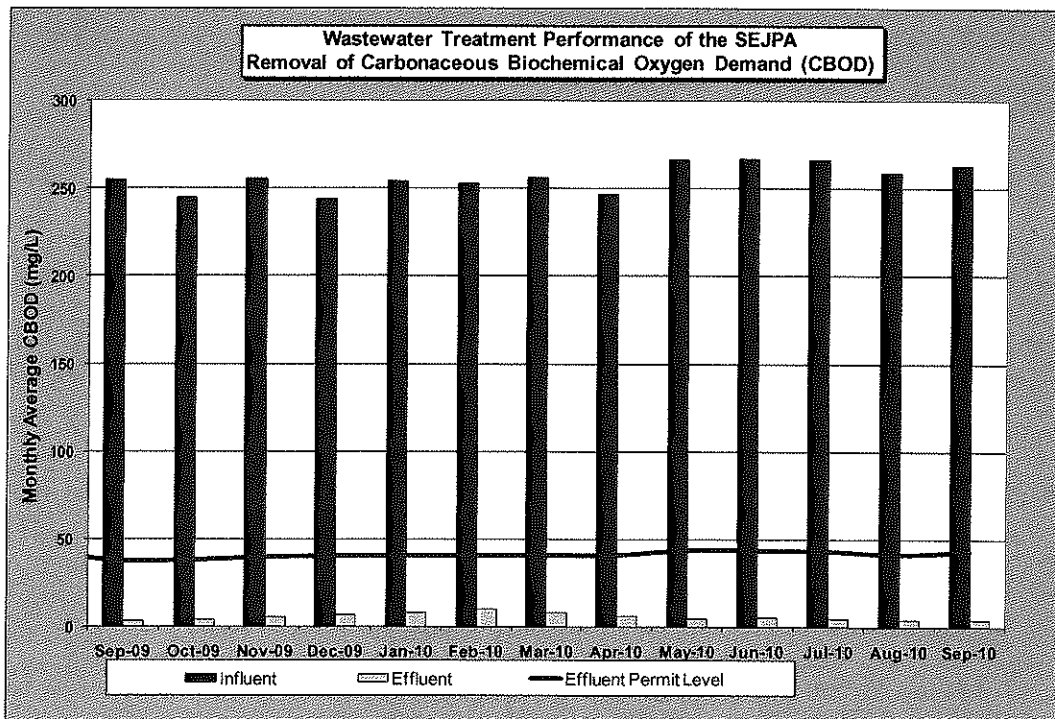


FIGURE 1

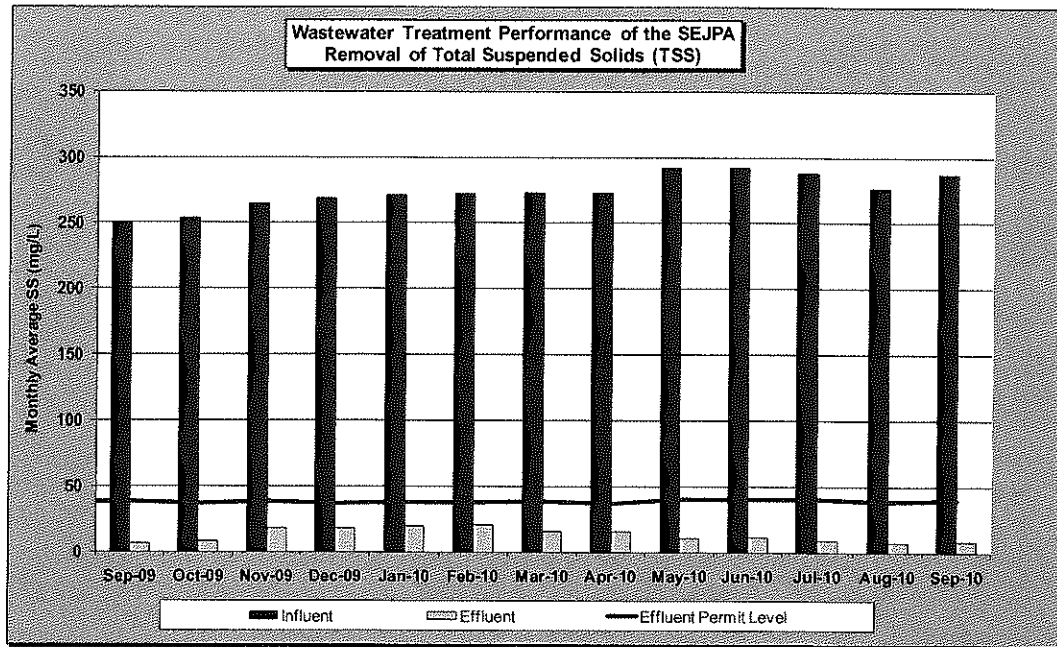


FIGURE 2

### Member Agency Flows

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

	September	
	<u>Influent (mgd)</u>	<u>Effluent (mgd)*</u>
Cardiff Sanitary Division	1.346	0.627
City of Solana Beach	1.342	0.626
Rancho Santa Fe SID	<u>0.114</u>	<u>0.053</u>
<b>Total San Elijo WRF Flow</b>	<b>2.802</b>	<b>1.306</b>

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 September:

	<b>September (mgd)</b>
Escondido (Average flow rate)	8.1
Escondido (Peak flow rate)	17.8

Connected Equivalent Dwelling Units

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

	<b>September (EDU)</b>
Cardiff Sanitary Division	8,207
Rancho Santa Fe SID	475
City of Solana Beach	7,428
San Diego (to Solana Beach)	300
<b>Total EDUs to System</b>	<b>16,410</b>

Respectfully submitted,

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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)			TOTAL PLANT			CONNECTED EDUS			AVERAGE UNIT INFLUENT FLOW RATE (GAL/EDU/DAY)		
	CSD	RSF CSD	SB	CSD	RSF CSD	SB	CSD	RSF CSD	SB	CSD	RSF CSD	SB	CSD	RSF	SB
Jan-06	1.515	0.139	1.310	2.964	1.410	0.129	1.219	8.044	423	7,659	16,126	188	329	171	184
Feb-06	1.499	0.139	1.313	2.951	1.268	0.118	1.111	8.044	423	7,659	16,126	186	329	171	183
Mar-06	1.542	0.144	1.309	2.995	1.475	0.137	1.252	8.044	424	7,659	16,127	192	340	181	186
Apr-06	1.523	0.139	1.288	2.950	1.400	0.128	1.184	8.044	424	7,728	16,196	189	328	167	182
May-06	1.480	0.134	1.299	2.913	0.979	0.089	0.859	8.066	429	7,728	16,223	183	312	168	180
Jun-06	1.471	0.130	1.350	2.951	0.762	0.068	0.699	8.080	430	7,728	16,238	182	302	175	182
Jul-06	1.490	0.135	1.436	3.061	0.719	0.065	0.693	8.087	431	7,728	16,246	184	313	186	188
Aug-06	1.456	0.144	1.392	2.992	0.748	0.074	0.715	8.088	432	7,728	16,248	180	333	180	184
Sep-06	1.403	0.138	1.327	2.868	0.744	0.072	0.704	8.092	432	7,728	16,252	173	319	172	176
Oct-06	1.414	0.132	1.286	2.832	0.943	0.088	0.857	8.092	432	7,728	16,252	175	306	166	174
Nov-06	1.408	0.135	1.284	2.827	1.100	0.105	1.003	8.094	434	7,728	16,256	174	311	166	174
Dec-06	1.429	0.138	1.275	2.842	1.296	0.126	1.156	8.099	436	7,728	16,263	176	317	165	175
Jan-07	1.419	0.128	1.282	2.829	1.205	0.109	1.089	8.100	441	7,728	16,269	175	290	166	174
Feb-07	1.425	0.129	1.277	2.831	1.284	0.116	1.150	8.106	443	7,728	16,277	176	291	165	174
Mar-07	1.421	0.118	1.285	2.824	1.014	0.085	0.917	8.112	444	7,728	16,284	175	266	165	173
Apr-07	1.386	0.122	1.267	2.775	0.868	0.076	0.794	8.115	447	7,728	16,290	171	273	164	170
May-07	1.411	0.106	1.281	2.798	0.763	0.058	0.693	8.116	448	7,728	16,292	174	237	166	172
Jun-07	1.438	0.104	1.304	2.846	0.897	0.051	0.832	8.119	450	7,728	16,297	180	242	177	180
Jul-07	1.461	0.109	1.364	2.934	0.657	0.049	0.613	8.120	450	7,728	16,298	178	242	177	180
Aug-07	1.442	0.110	1.365	2.917	0.571	0.044	0.541	8.124	452	7,728	16,303	174	237	164	171
Sep-07	1.440	0.107	1.270	2.787	0.596	0.046	0.537	8.124	452	7,728	16,303	164	213	158	163
Oct-07	1.335	0.096	1.222	2.653	0.777	0.056	0.712	8.124	452	7,728	16,303	164	213	158	163
Nov-07	1.430	0.113	1.235	2.778	1.122	0.088	0.969	8.138	453	7,728	16,318	176	250	160	170
Dec-07	1.443	0.143	1.225	2.811	1.380	0.143	1.171	8.144	453	7,728	16,324	177	316	159	172
Jan-08	1.491	0.144	1.268	2.903	1.488	0.144	1.266	8.146	454	7,728	16,327	183	318	164	178
Feb-08	1.620	0.162	1.355	3.137	1.499	0.150	1.254	8.150	456	7,728	16,334	199	356	175	192
Mar-08	1.569	0.149	1.365	3.083	1.261	0.119	1.097	8.151	456	7,728	16,335	192	326	177	189
Apr-08	1.493	0.125	1.318	2.936	1.154	0.097	1.019	8.151	456	7,728	16,335	183	274	171	180
May-08	1.487	0.136	1.339	2.962	0.755	0.069	0.680	8.153	456	7,728	16,337	182	299	173	181
Jun-08	1.649	0.131	1.270	3.050	0.647	0.052	0.498	8.161	456	7,728	16,345	202	288	164	187
Jul-08	1.713	0.131	1.324	3.168	0.722	0.055	0.558	8.163	456	7,728	16,347	210	288	171	194
Aug-08	1.562	0.125	1.483	3.170	0.608	0.048	0.577	8.165	457	7,728	16,350	191	274	192	194
Sep-08	1.547	0.121	1.378	3.046	0.813	0.064	0.724	8.167	459	7,728	16,354	189	264	178	186
Oct-08	1.478	0.111	1.319	2.908	0.671	0.051	0.599	8.170	460	7,728	16,358	181	242	171	178
Nov-08	1.511	0.118	1.329	2.958	1.080	0.084	0.950	8.171	462	7,728	16,358	185	256	172	181
Dec-08	1.598	0.156	1.362	3.098	1.446	0.143	1.246	8.172	462	7,728	16,362	193	338	176	189
Jan-09	1.522	0.141	1.354	3.017	1.256	0.116	1.117	8.177	462	7,728	16,367	186	306	163	174
Feb-09	1.599	0.145	1.330	3.074	1.408	0.128	1.171	8.179	462	7,728	16,369	196	314	172	188
Mar-09	1.510	0.124	1.307	2.941	1.030	0.085	0.892	8.180	463	7,728	16,371	185	268	169	180
Apr-09	1.463	0.116	1.262	2.841	0.731	0.058	0.630	8.183	463	7,728	16,374	179	251	163	174
May-09	1.465	0.117	1.247	2.829	0.712	0.057	0.606	8.185	464	7,728	16,377	179	252	161	173
Jun-09	1.479	0.115	1.319	2.913	0.712	0.056	0.635	8.185	465	7,728	16,378	181	248	171	178
Jul-09	1.437	0.109	1.376	2.922	0.599	0.045	0.573	8.186	467	7,728	16,381	176	234	178	178
Aug-09	1.431	0.113	1.419	2.963	0.603	0.047	0.598	8.186	467	7,728	16,381	175	242	184	181
Sep-09	1.404	0.108	1.346	2.858	0.690	0.053	0.661	8.187	468	7,728	16,383	171	231	174	174
Oct-09	1.375	0.108	1.332	2.815	0.744	0.058	0.721	8.187	468	7,728	16,383	168	231	172	172
Nov-09	1.366	0.111	1.323	2.800	0.843	0.069	0.816	8.189	468	7,728	16,386	167	231	171	171
Dec-09	1.401	0.127	1.322	2.850	1.149	0.104	1.084	8.189	469	7,728	16,390	171	237	171	174
Jan-10	1.532	0.155	1.372	3.059	1.271	0.128	1.138	8.196	472	7,728	16,396	187	329	178	187
Feb-10	1.467	0.148	1.382	3.017	1.371	0.136	1.274	8.197	474	7,728	16,399	181	313	179	184
Mar-10	1.455	0.145	1.398	2.998	1.108	0.110	1.064	8.198	474	7,728	16,400	177	306	181	183
Apr-10	1.451	0.137	1.391	2.979	1.058	0.100	1.014	8.198	474	7,728	16,400	177	289	180	182
May-10	1.379	0.128	1.385	2.892	0.672	0.063	0.675	8.201	474	7,728	16,403	168	270	179	176
Jun-10	1.437	0.122	1.453	3.012	0.650	0.055	0.657	8.202	474	7,728	16,404	175	258	188	184
Jul-10	1.375	0.119	1.466	2.960	0.694	0.061	0.721	8.204	475	7,728	16,407	168	251	190	180
Aug-10	1.366	0.125	1.451	2.942	0.585	0.053	0.621	8.205	475	7,728	16,408	166	263	188	179
Sep-10	1.346	0.114	1.342	2.802	0.627	0.053	0.626	8.207	475	7,728	16,410	164	240	174	171

TABLE 1

CSD: Cardiff Sanitary Division  
 RSF CSD: Ramon Santa Fe Community Service District  
 SB: Solana Beach  
 EDU: Equivalent Dwelling Unit

ASSUMPTIONS: SB average flow includes San Elijo Hills flow of .431 mgd  
 SB Connected EDUs includes 300 EDUs for the City of San Diego

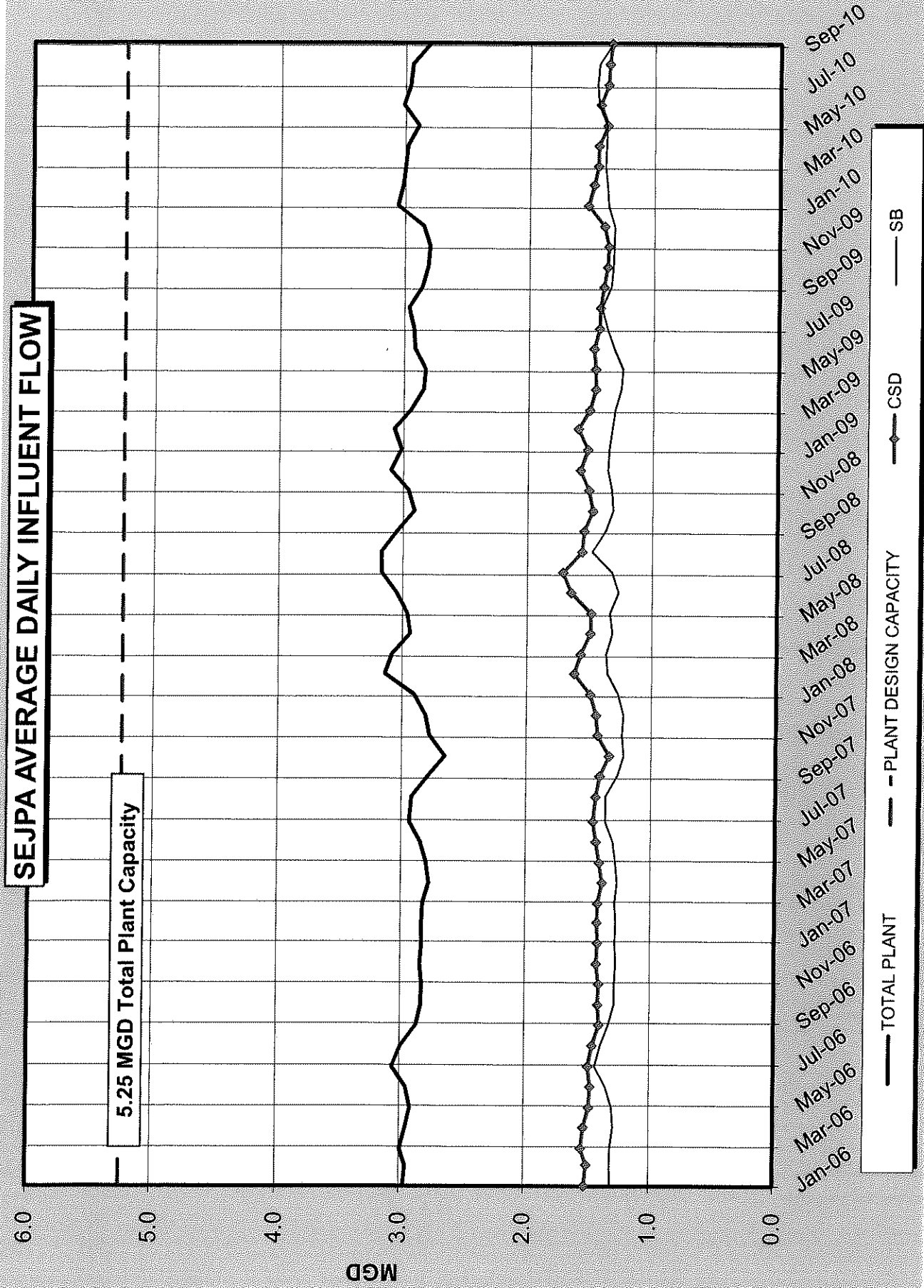


FIGURE 3

\*

AGENDA ITEM NO. 10

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

November 8, 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.

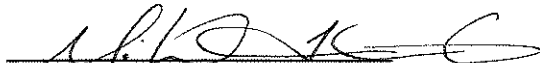
DISCUSSION

*Recycled Water Production*

For the month of September 2010, recycled water demand was 129.24 acre-feet (AF), which was met using 127.95 AF of recycled water and 1.29 AF of supplementation with potable water. This equates to a blend mix for September of 99.0 percent recycled water and 1.0 percent potable water supplementation.

Figure 1 (attached) provides monthly supply demands for recycled water over the last five years. Figure 2 (attached) provides a graphical view of annual recycled water demand spanning the last ten 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

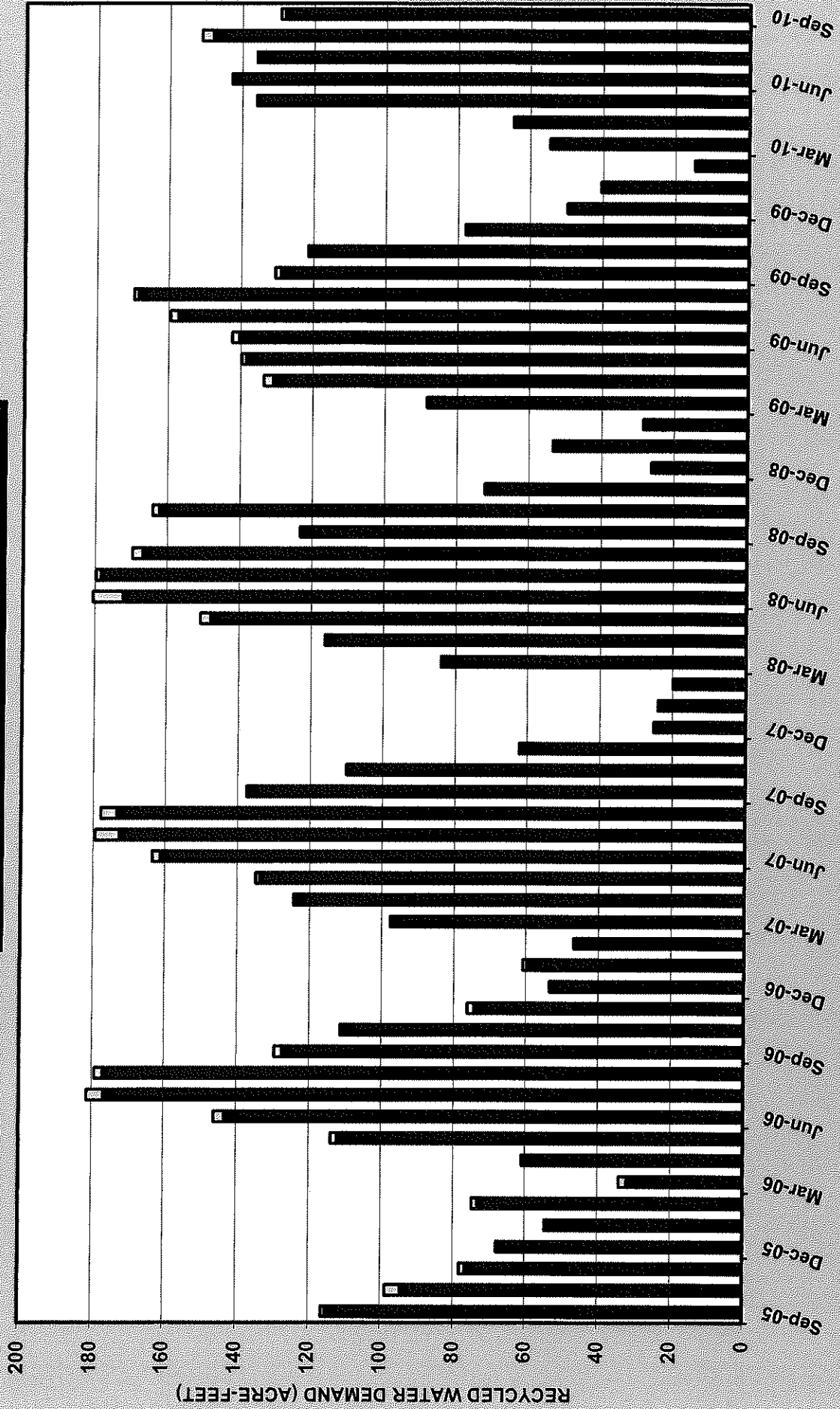


Figure 1

**ANNUAL RECYCLED WATER DEMAND**

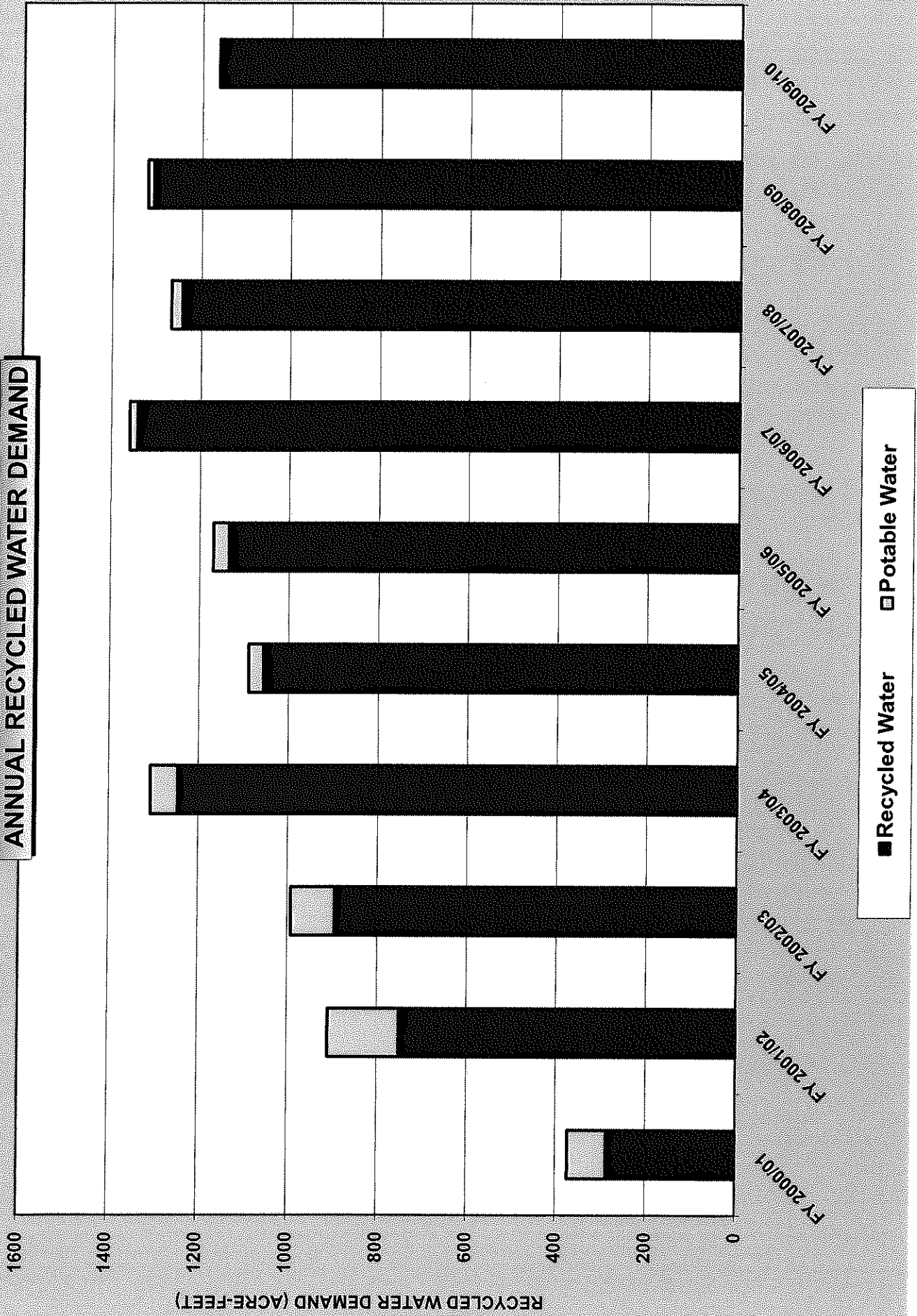


Figure 2

\*

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

November 8, 2010

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: RETROFIT LOAN PROGRAM UPDATE

RECOMMENDATION

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

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) began selling reclaimed water in October, 2000. In an effort to convert users of potable water to recycled water, the SEJPA began a retrofit loan program. By assisting customers with up front capital costs, they are able to convert without undue hardship. The SEJPA gets repaid by having the water purveyor charge the potable water rate and then submit the 15% differential to the SEJPA to pay down the loan. The loans have interest rate between 3.5% and 6.0%, based on market conditions at the time the loan is secured, with the majority of the loans at 4.5%.

DISCUSSION

Since the inception of the program, eight customers have taken advantage of the retrofit loan program. The table below identifies the entities and presents the outstanding balances, if any.

ENTITY	LOAN AMOUNT	INTEREST RATE	PERIOD	LOAN BALANCE
22 <sup>nd</sup> District Agricultural Assn.	\$150,000	3.5%	10/00 – present	\$118,540
National Golf Op. Part.	\$60,000	6%	5/01 – 6/10	\$0
La Colonia Park HOA	\$1,962	4.5%	8/01 – 6/04	\$0
St. Francis Court HOA	\$31,129	4.5%	4/02 – 10/07	\$0
Cardiff Cove HOA	\$32,000	4.5%	3/06 – present	\$19,540
City of Encinitas Parks 7 Rec.	\$10,000	4.5%	1/09 – present	\$8,440
Encinitas Union School Dist.	\$20,500	4.5%	1/10 – 7/10	\$0
Park Place HOA	\$60,000	4.5%	Decided to pay	\$0

Four of the entities have repaid their loans in full, one entity decided to pay for the entire project and not get reimbursed by the retrofit loan program. Three of the entities have outstanding balances.

### FINANCIAL IMPACT

The SEJPA has funds available in its reserves to assist customers in converting to recycled water. In addition to the benefits the community received by switching customers from potable water use to recycled water use, the SEJPA receives interest between 3.5% and 4.5% on the outstanding balances. Also, the SEJPA receives \$450 per acre-foot sold from the San Diego County Water Authority and Metropolitan Water District. This is in addition to the revenue received from the sale of recycled water, which is currently 85% of the potable water rate. This assistance is only for recycled water sold and would not be received if the SEJPA did not have these customers hooked up and using recycled water.

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

Respectfully submitted,



Michael T. Thornton, P.E.  
General Manager

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

November 8, 2010

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: Director of Finance/Administration

SUBJECT: SAN ELIJO JOINT POWERS AUTHORITY ANNUAL AUDIT

RECOMMENDATION

It is recommended that the Board of Directors:

1. Accept and file the 2009-10 Fiscal Year Audit for the San Elijo Joint Powers Authority;  
and
2. Discuss and take action as appropriate.

DISCUSSION

The audit of the San Elijo Joint Powers Authority (SEJPA) for Fiscal Year 2009-10 has been completed and is presented to the SEJPA Board of Directors. The SEJPA auditor, Mayer Hoffman McCann P.C., stated that the SEJPA's financial statements are in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

The first section of the audit is the management discussion and analysis. It presents financial highlights of SEJPA operations and budget variances for the year, as well as a description of capital improvements and long-term debt obligations. In addition, a brief discussion is included regarding Fiscal Year 2010-11 budget, rates, and capital commitments.

The second section includes the financial statements and footnotes prepared and audited by Mayer Hoffman McCann P.C.

The third section includes supplemental schedules to compare the current financial statements to the prior year. This information is not required but is included to allow the reader to make comparisons to the prior year's operations.

Mr. Ken Al-Imam CPA, engagement partner for the audit, will give a verbal presentation to the Board of Directors summarizing the audit and answer any questions.



It is therefore recommended that the Board of Directors:

1. Accept and file the 2009-10 Fiscal Year Audit for the San Elijo Joint Powers Authority;  
and
2. Discuss and take action as appropriate.

Respectfully submitted,



Gregory Lewis  
Director of Finance/Administration

Attachments: 2009-10 Fiscal Year Audit Management Letter  
2009-10 Report on Compliance and Other Matters and on Internal Controls  
2009-10 San Elijo Joint Powers Authority Financial Statements



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200  
Irvine, California 92612  
949-474-2020 ph  
949-263-5520 fx  
www.mhm-pc.com

October 11, 2010

Board of Directors  
San Elijo Joint Powers Authority

We have audited the financial statements of the San Elijo Joint Powers Authority (SEJPA) for the year ended June 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our e-mail to you dated July 14, 2010. Professional standards also require that we communicate to you the following information related to our audit.

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SEJPA are described in Note 1 to the financial statements. As described in Note 13 to the financial statements, SEJPA changed accounting policies related to other post employment benefits by implementing Statement of Governmental Accounting Standards (GASB Statement) No. 45 during the fiscal year ended June 30, 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. An example of the significant subjective judgments inherent in the financial reporting process is management's judgment concerning which projects should be expenses as ordinary maintenance activities necessary to keep an asset operational for its originally established useful life versus those significant improvement, replacement, and life extending projects that should be capitalized as additions to capital assets.

#### ***Significant Difficulties Encountered in Performing the Audit***

We encountered no difficulties in performing and completing our audit.

### ***Corrected and Uncorrected Adjustments***

Professional standards require us to accumulate all known and likely adjustments identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has reflected in its financial statements all such adjustments. These adjustments included routine revenue accruals and the implementation of GASB Statement No. 45, which relates to the reporting of postemployment benefits..

### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have obtained certain representations from management that are included in the management representation letter dated October 11, 2010.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of San Leijo Joint Powers Authority and is not intended to be and should not be used by anyone other than these specified parties.

*Manager Hoffman McGinn P.C.*

October 11, 2010  
Irvine, California



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200

Irvine, California 92612

949-474-2020 ph

949-263-5520 fx

www.mhm-pc.com

Board of Directors  
San Elijo Joint Powers Authority

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the San Elijo Joint Powers Authority (SEJPA), as of and for the year ended June 30, 2010 and have issued our report thereon dated October 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SEJPA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.**

Internal Control Over Financial Reporting

In planning and performing our audit, we considered SEJPA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SEJPA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the SEJPA's internal control over financial reporting.

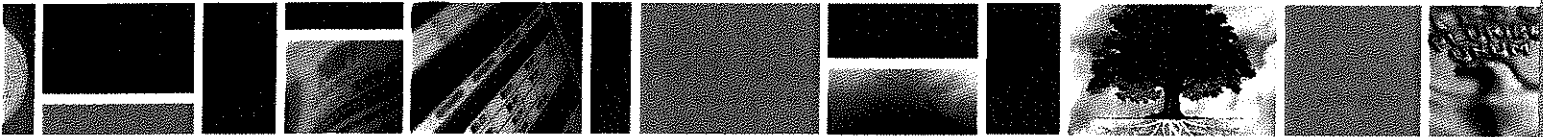
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all the deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. **We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.**

This report is intended solely for the information of the Board of Directors and management of SEJPA and is not intended to be and should not be used by anyone other than these specified parties.

*Raymond Hoffmann, CPA, P. C.*

Irvine, California  
October 11, 2010



**SAN ELIJO JOINT POWERS AUTHORITY**

**FINANCIAL STATEMENTS**

For the Year Ended June 30, 2010  
(with comparative data for 2009)



Mayer  
Hoffman  
McCann P.C.  
An Independent CPA Firm

**SAN ELIJO JOINT POWERS AUTHORITY  
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2010

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Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200  
Irvine, California 92612  
949-474-2020 ph  
949-263-5520 fx  
www.mhm-pc.com

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
San Elijo Joint Powers Authority

We have audited the accompanying balance sheets of San Elijo Joint Powers Authority as of June 30, 2010 and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the San Elijo Joint Powers Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative financial information has been derived from San Elijo Joint Power Authority's 2009 financial statements which were audited by other auditors, whose report dates September 29, 2009 expressed an unqualified opinion on the basic financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller of the United States as well as the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Elijo Joint Powers Authority as of June 30, 2010 and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

As described further in note 13 to the financial statements, San Elijo Joint Powers Authority changed its method of accounting for postemployment benefits for fiscal years ending on or after June 30, 2010.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



To the Board of Directors  
San Elijo Joint Powers Authority  
Page Two

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the San Elijo Joint Powers Authority's basic financial statements. The supplementary comparative schedules of net assets and the comparative schedules of revenues, expenses, and changes in net assets and the operating budget comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 11, 2010 on our consideration of SEJPA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Margaret Hoffman McLaughlin, P.C.*

Irvine, California  
October 11, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the San Elijo Joint Powers Authority's (SEJPA) financial performance provides an overview of the SEJPA's financial activities for the years ended June 30, 2010. Please read it in conjunction with the SEJPA's financial statements.

### **Financial Statements**

This discussion and analysis provides an introduction and a brief description of the SEJPA's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The SEJPA's financial statements include four components:

- Balance Sheet
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows
- Notes to the Financial Statements.

The balance sheet includes all of the SEJPA's assets and liabilities, with the difference between the two reported as net assets. Net assets are displayed in three categories:

- Invested in Capital Assets, Net of Related Debt
- Restricted Net Assets
- Unrestricted Net Assets

The balance sheet provides the basis for evaluating the capital structure of the SEJPA and assessing its liquidity and financial flexibility.

The statement of revenues, expenses and changes in net assets presents information which shows how the SEJPA's net assets changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net assets measures the success of the SEJPA's operations over the past year and determines whether the SEJPA has recovered its costs through operating revenues.

The statement of cash flows provides information regarding the SEJPA's cash receipts and cash disbursements during the year. This statement may report cash activity in four categories:

- Operating
- Investing
- Capital financing
- Noncapital financing

This statement differs from the statement of revenues, expenses and changes in net assets by only accounting for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Highlights

During the year ended June 30, 2010, the SEJPA's net assets increased by \$407,926 to \$35,577,839. The SEJPA's operating revenues increased \$97,400 to \$5,637,544 while operating expenses increased \$134,653 to \$5,867,025. For the year ended June 30, 2010, operating expenses exceeded operating revenues by \$229,481, nonoperating expenses of \$857,745 exceeded nonoperating revenues of \$801,427 by \$56,318. Member agency assessment's increased from \$669,142 in the prior year to \$693,725 in the current year.

### Financial Analysis of the SEJPA

Change in Net Assets . The SEJPA's net assets increased between fiscal years ending 2010 and 2009 from \$35,169,913 to \$35,577,839. Net assets invested in capital assets, net of related debt decreased \$245,455. While the SEJPA incurred capital costs related to the Cardiff Pump Station, these costs were more than off-set by current year depreciation expense. The following is a summary of the SEJPA's balance sheet.

#### San Elijo Joint Powers Authority (In Thousands of Dollars)

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Current assets	\$ 8,122	\$ 7,483	\$ 639
Other noncurrent assets	13,782	14,805	(1,023)
Capital assets	<u>37,884</u>	<u>38,871</u>	<u>(987)</u>
Total Assets	<u>59,788</u>	<u>61,159</u>	<u>(1,371)</u>
Current liabilities	2,598	2,695	(97)
Noncurrent liabilities	<u>21,612</u>	<u>23,295</u>	<u>(1,683)</u>
Total Liabilities	<u>24,210</u>	<u>25,990</u>	<u>(1,780)</u>
Net Assets:			
Invested in capital assets, net of related debt	28,632	28,878	(246)
Restricted	630	630	-
Unrestricted	<u>6,316</u>	<u>5,662</u>	<u>654</u>
Total Net Assets	<u>\$35,578</u>	<u>\$35,170</u>	<u>\$ 408</u>

Change in Net Assets . SEJPA's operating revenues increased as a result of increased operating revenues and a decrease in nonoperating expenditures. Approximately 54% of the SEJPA's operating revenues come from its member agencies and are billed according to actual expenditures incurred.

The SEJPA's actual operating expenses increased \$134,653 to \$5,867,025. Salaries and wages increased \$174,323 principally due to staffing level changes and annual wage and benefit increases. Additional increases include depreciation expense and utilities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Analysis of the SEJPA (Continued)

The SEJPA's investment income decreased \$115,937 due to lower returns offered by LAIF and the lower balance on loans receivable. The following is a summary of the SEJPA's "Statement of Revenues, Expenses, and Changes in Net Assets"

#### San Elijo Joint Powers Authority (In Thousands of Dollars)

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Revenues:			
Operating contributions from members\$	\$3,042	\$2,821	\$ 221
Charges to nonmember agencies	<u>2,595</u>	<u>2,719</u>	<u>(124)</u>
Total Operating Revenues	5,637	5,540	97
Investment income	661	777	(116)
Member agency assessments	694	669	25
Other nonoperating revenue	<u>140</u>	<u>24</u>	<u>116</u>
Total Revenues	<u>7,132</u>	<u>7,010</u>	<u>122</u>
Expenses:			
Operating expenses	5,867	5,732	135
Interest expense	855	893	(38)
Other nonoperating expense	<u>2</u>	<u>-</u>	<u>2</u>
Total Expenses	<u>6,724</u>	<u>6,625</u>	<u>99</u>
Increase (Decrease) in Net Assets	<u>\$ 408</u>	<u>\$ 385</u>	<u>\$ 23</u>

### Capital Assets

Capital assets include plant equipment, lab equipment, office equipment, vehicles and construction-in-progress. At June 30, 2010, the SEJPA had invested \$59,672,341 in capital assets net of \$21,787,844 of accumulated depreciation. This amount represents a net increase (including additions and deductions) of \$47,578 from the prior year. Significant additions include the Cardiff Pump Station. Depreciation expense for the year ended June 30, 2010 totaled \$1,516,230.

#### San Elijo Joint Powers Authority's Capital Assets (In Thousands of Dollars)

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Plant equipment	\$58,634	\$58,234	\$ 400
Lab equipment	106	139	(33)
Office equipment	105	104	1
Vehicles	274	274	-
Construction-in-progress	<u>553</u>	<u>466</u>	<u>87</u>
Total	<u>\$59,672</u>	<u>\$59,217</u>	<u>\$ 455</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Long-Term Debt

At June 30, 2010 the SEJPA had \$21,443,375 in long-term debt, a decrease of 8% from the prior year. The SEJPA anticipates a new program to improve the quality of recycled water. The cost of this program is estimated at \$4 to \$5 million. \$1 million for this program has been approved by the board. Additional long-term debt is anticipated for the remaining costs in fiscal year 2010/11. More detailed information about the SEJPA's long-term debt is presented in the notes to the financial statements.

### Economic Factors

Consistent with the prior year, SEJPA's fiscal year 2010-11 sanitary fund operations and maintenance budget is \$5.6 million. The water reclamation budget is \$1.81 million, up 5.8% from a year ago. Sales of reclaimed water are budgeted to be approximately 1,275 acre feet in the upcoming year, a 2.0% increase from a year ago. However, water rates are indexed to the potable water rate and are expected to increase as well.

Contingency funding for each program area has been reviewed and budgeted on the basis of the potential for unforeseen events within each activity area. For all programs, the amount in contingency funding is \$0.2 million and remains unchanged from last year's budget levels.

The capital project program will have a budget of \$670,000 during the upcoming year, with significant costs related to the Electrical Upgrade Project for the Water Reclamation Facility.

Costs of sanitary services are allocated on the basis of percentage of use, as indicated by measured flows, or level of effort, as appropriate. On the basis of connected equivalent dwelling units (EDU's) in December 2008, the services provided to the Member Agencies by the SEJPA for wastewater treatment is budgeted to cost approximately \$160 per EDU per year. Water reclamation fees are based on 85% of the local potable water rate charged for the SEJPA, and are supplemented by incentives from the Metropolitan Water District and the San Diego County Water Authority.

### Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the SEJPA's finances and to demonstrate the SEJPA's accountability for the financial resources it manages. If you have questions about this report or need additional financial information, contact the San Elijo Joint Powers Authority, 2695 Manchester Avenue, Cardiff By the Sea, California, 92007, call (760)753-6203, or visit the website at [www.sejpa.org](http://www.sejpa.org).

**SAN ELIJO POINT POWERS AUTHORITY**

**BALANCE SHEETS**

June 30, 2010

(with comparative totals presented for the year ended June 30, 2009)

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (note 3)	\$ 6,677,689	\$ 6,117,646
Due from other government agencies (note 4)	233,581	169,188
Accrued interest receivable	205,515	231,623
Current portion of loans receivable	<u>1,005,000</u>	<u>965,000</u>
<b>TOTAL CURRENT ASSETS</b>	<u>8,121,785</u>	<u>7,483,457</u>
<b>NONCURRENT ASSETS:</b>		
<b>Restricted assets: (note 5)</b>		
Cash and cash equivalents	647,174	646,042
Investments (note 3)	<u>1,596,993</u>	<u>1,611,678</u>
<b>TOTAL RESTRICTED ASSETS</b>	<u>2,244,167</u>	<u>2,257,720</u>
<b>Loans receivable (note 7)</b>	12,365,000	13,330,000
Less: Current portion above	<u>(1,005,000)</u>	<u>(965,000)</u>
<b>TOTAL LOANS RECEIVABLE</b>	<u>11,360,000</u>	<u>12,365,000</u>
<b>Other noncurrent assets:</b>		
Retrofit loans (note 8)	177,564	182,576
Capital assets, net of accumulated depreciation (note 6)	<u>37,884,497</u>	<u>38,871,267</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>51,666,228</u>	<u>53,676,563</u>
<b>TOTAL ASSETS</b>	<u>\$ 59,788,013</u>	<u>\$ 61,160,020</u>

(Continued)

**SAN ELIJO POINT POWERS AUTHORITY**

**BALANCE SHEETS**

June 30, 2010

(with comparative totals presented for the year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 323,724	\$ 373,490
Accrued liabilities	128,082	81,251
Accrued interest payable	369,315	425,417
Due to other government agencies	51,521	29,520
Due to member agencies	-	124,712
Retentions payable	-	21,054
Current portion of refunding revenue bonds	1,005,000	965,000
Current portion of state loan payable	636,143	620,628
Current portion of California Energy Commission note payable	<u>84,000</u>	<u>54,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,597,785</u>	<u>2,695,072</u>
<b>NONCURRENT LIABILITIES:</b>		
Due to member agencies payable from restricted assets (note 5)	<u>1,614,173</u>	<u>1,627,720</u>
<b>Long-term debt:</b>		
Refunding revenue bonds, net of current portion (note 9)	11,360,000	12,365,000
State loan payable, net of current portion (note 10)	7,305,131	7,941,274
California Energy Commission note payable (note 11)	<u>1,053,101</u>	<u>1,139,500</u>
<b>TOTAL LONG-TERM DEBT</b>	<u>19,718,232</u>	<u>21,445,774</u>
<b>Other Noncurrent Liabilities:</b>		
Other post employment benefits	15,730	-
Accrued vacation and sick leave (note 13)	<u>264,254</u>	<u>221,541</u>
<b>Total other noncurrent liabilities</b>	<u>279,984</u>	<u>221,541</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>21,612,389</u>	<u>23,295,035</u>
<b>TOTAL LIABILITIES</b>	<u>24,210,174</u>	<u>25,990,107</u>
<b>NET ASSETS:</b>		
Net assets invested in capital assets, net of related debt	28,632,407	28,877,862
Restricted net assets	630,000	630,000
Unrestricted net assets	<u>6,315,432</u>	<u>5,662,051</u>
<b>TOTAL NET ASSETS</b>	<u>35,577,839</u>	<u>35,169,913</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 59,788,013</u>	<u>\$ 61,160,020</u>

See Notes to Financial Statements

**SAN ELIJO POWERS AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
For The Year Ended June 30, 2010  
(with comparative totals presented for the year ended June 30, 2009)

	<b>2010</b>	<b>2009</b>
<b>OPERATING REVENUES:</b>		
Charges of services or other government agencies	\$ 2,594,870	\$ 2,719,445
Contributions from City of Encinitas	1,666,882	1,548,525
Contributions from City of Solana Beach	<u>1,375,792</u>	<u>1,272,174</u>
<b>TOTAL OPERATING REVENUES</b>	<u>5,637,544</u>	<u>5,540,144</u>
<b>OPERATING EXPENSES:</b>		
Salaries and wages	2,515,977	2,341,655
Depreciation	1,516,231	1,478,488
Utilities	612,877	731,524
Contracted services	299,092	405,592
Miscellaneous	85,556	107,885
Supplies	234,001	214,791
Repair parts expense	223,641	160,065
Insurance	83,916	83,230
Permit/surveyor fees	76,528	32,592
Disposal services	180,869	176,550
Capital outlay	<u>38,337</u>	<u>-</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>5,867,025</u>	<u>5,732,372</u>
<b>OPERATING (LOSS)</b>	<u>(229,481)</u>	<u>(192,228)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
State grants	117,477	-
Investment income	661,215	777,152
Rental income	21,642	21,012
Loss on disposal of capital assets	(2,324)	1,820
Other	1,093	580
Interest expense	<u>(855,421)</u>	<u>(892,832)</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(56,318)</u>	<u>(92,268)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<u>(285,799)</u>	<u>(284,496)</u>
<b>CAPITAL CONTRIBUTIONS:</b>		
Member agency assessments	<u>693,725</u>	<u>669,142</u>
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<u>693,725</u>	<u>669,142</u>
<b>NET INCOME (LOSS)</b>	407,926	384,646
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>35,169,913</u>	<u>34,785,267</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 35,577,839</u>	<u>\$ 35,169,913</u>

See Notes to Financial Statements



**SAN ELIJO JOINT POWERS AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
For The Year Ended June 30, 2010  
(with comparative totals presented for the year ended June 30, 2009)

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 5,573,151	\$ 5,800,974
Payments to suppliers	(1,940,463)	(1,955,173)
Payments to employees	<u>(2,473,264)</u>	<u>(2,329,963)</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,159,424</u>	<u>1,515,838</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Proceeds of state grant	117,477	-
Rental and other non-operating income	<u>21,642</u>	<u>21,592</u>
<b>NET CASH PROVIDED BY (USED IN)</b>	<u>139,119</u>	<u>21,592</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(533,604)	(1,530,915)
Proceeds from sale of capital assets	4,144	1,820
Proceeds from long-term debt	-	1,193,500
Principal paid on long-term debt	(1,642,027)	(1,545,490)
Interest paid on long-term debt	(911,523)	(887,385)
Member agency assessments	<u>693,725</u>	<u>669,142</u>
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(2,389,285)</u>	<u>(2,099,328)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(7,982,173)	(4,837,413)
Proceeds from maturity of investments	7,996,858	4,823,365
Investment income received	680,767	808,031
Proceeds from loans receivable	965,000	940,000
Proceeds of retrofit loans	5,012	20,111
Funding of retrofit loans receivable	-	(10,000)
Increase in due to member agencies payable from restricted assets	<u>(13,547)</u>	<u>11,584</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>1,651,917</u>	<u>1,755,678</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	561,175	1,193,780
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>6,763,688</u>	<u>5,569,908</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>7,324,863</u>	<u>6,763,688</u>
<b>FINANCIAL STATEMENT CLASSIFICATION:</b>		
Cash and cash equivalents	6,677,689	6,117,646
Cash and cash equivalents - restricted	<u>647,174</u>	<u>646,042</u>
	<u>7,324,863</u>	<u>6,763,688</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO</b>		
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	(229,481)	(192,228)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,516,231	1,478,488
Change in assets and liabilities:		
Due from other government agencies	(64,393)	217,493
Accounts payable	(49,766)	(42,944)
Accrued liabilities	46,831	12,863
Due to other government agencies	22,001	(3,529)
Due to member agencies	(124,712)	46,866
Accrued vacation and sick leave	<u>42,713</u>	<u>(1,171)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 1,159,424</u>	<u>\$ 1,515,838</u>

Noncash capital related financing and investing activities transactions

There were no significant noncash capital and related financing and investing activities during the year ended June 30, 2010.

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2010 and Comparative Data for June 30, 2009

(1) **Organization and Significant Accounting Policies:**

Organization

The San Elijo Joint Powers Authority (SEJPA) was established on June 17, 1987 with the power to own, operate, maintain and upgrade the San Elijo Water Reclamation Facility (WRF) through an agreement between the Cardiff Sanitation District (Cardiff) and the Solana Beach Sanitation District (Solana Beach) (the member agencies). The SEJPA which is governed by a board consisting of four members, two from each member agency; serves as a wastewater treatment facility for the member agencies as well as portions of Rancho Santa Fe Community Services District, Improvement Areas 2 and 3, and portions of the City of San Diego. On July 1, 1990, the City of Solana Beach succeeded to the powers and responsibilities of the Solana Beach Sanitation District; and on October 18, 2001, the City of Encinitas succeeded to the powers and responsibilities of the Cardiff Sanitation District.

Under the agreement establishing the SEJPA, Cardiff retained its right to 56% of the available treatment capacity of the plant, and Solana Beach retained its right to the remaining 44%. In May 1989 through an agreement between the SEJPA and the member agencies to upgrade and expand the WRF; Solana Beach paid Cardiff \$750,680 to increase its ownership percentage and capacity rights to 50%.

To finance the upgrade of the WRF from primary to secondary treatment, the SEJPA issued the San Elijo Joint Powers Authority 1990 Revenue Bonds. These bonds were refinanced in 1993 and again in 2003 through issuance of the San Elijo Joint Powers Authority 2003 Refunding Revenue Bonds in the amount of \$18,640,000. The portion of these bonds attributable to each member agency differs from the 50% ownership share due to the refunding of prior indebtedness as well as different equity contributions at the time of the issuance of the prior bonds.

In 1998 the SEJPA began construction of tertiary treatment, reclamation storage facilities, and a reclaimed water distribution system. This project was supported by \$12,633,522 from the State Revolving Fund loan program and \$4,214,788 in Bureau of Reclamation grant funding.

The SEJPA and the City of Escondido are joint owners and users, 21% and 79% respectively, of the San Elijo Ocean Outfall which is generally comprised of a regulator station and piping extending from an on-shore location out into the ocean.

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2010 and Comparative Data for June 30, 2009

**(1) Organization and Significant Accounting Policies, (Continued)**

The criteria used in determining the scope of the reporting entity are based on the provisions of the Governmental Accounting Standards Board (GASB) Statement 14. The SEJPA is the primary governmental unit. Component units are those entities which are financially accountable to the primary government, either because the SEJPA appoints a voting majority of the component units board, or because the component unit will provide a financial benefit or imposed a financial burden on the SEJPA. The SEJPA has no component units.

Basis of Accounting

The SEJPA utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly the balance sheet and the statement of revenues, expenses, and changes in net assets have been prepared using the economic resources measurement focus and the accrual basis of accounting.

Use of Estimates

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and, accordingly include amounts that are based on management's best estimates and judgment. Actual results could differ from those estimates.

Risks and Uncertainties

The SEJPA invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the balance sheets.

Revenue Recognition

The SEJPA recognizes revenue from charges to its members and other government agencies as it is earned. Operating activities generally result from providing services and producing and delivering goods. As such, the SEJPA considers amounts received from reclaimed water sales and wastewater treatment to be operating revenues.

Investments

Investments are stated at their fair value which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based upon the stated fair value represented by the external pool. Changes in the fair value of investments are recognized as investment income in the statement of revenues, expenses, and changes in net assets.

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2010 and Comparative Data for June 30, 2009

**(1) Organization and Significant Accounting Policies, (Continued)**

Capital Assets

The SEJPA records at cost the acquisition of capital assets and additions, improvements, and other capital outlays that significantly extend the life of an asset. Contributed assets are recorded at their fair value at the date of donation except for those donated by the member agencies, which are stated at the original cost to the member agency. Self constructed assets are recorded in the amount of direct labor, material, certain overhead, and capitalized interest where appropriate. Items with a cost of less than \$5,000 are expensed in the year of acquisition.

Depreciation is charged to expense for all capital assets (including assets contributed to the SEJPA) and is computed using the straight-line method over the following estimated useful lives:

Plant equipment	5 - 50 years
Lab equipment	5 - 40 years
Office equipment	5 - 20 years
Vehicles	5 years

Depreciation expense totaled \$1,516,231 and \$1,478,488 for the years ended June 30, 2010 and 2009, respectively.

Accrued Vacation and Sick Leave

Accumulated and unpaid vacation and sick-time totaling \$264,254 and \$221,541 is accrued when incurred and included in noncurrent liabilities at June 30, 2010 and 2009, respectively.

Pronouncements of the GASB and FASB

The SEJPA has not elected to apply the option allowed in paragraph 7 of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Activities" and will continue to apply GASB statements and interpretations.

Risk Management

The SEJPA has obtained insurance through the San Diego Pooled Insurance Program Authority (SANDPIPA), an intergovernmental agency, risk sharing, joint powers authority duly formed pursuant to California Government Code Sections 6500-6512 and other provisions of law. Each insured agency pays for its proportionate share of its individually contracted insurance coverage and consulting services. At June 30, 2010, the SEJPA participated in the programs of SANDPIPA as follows:

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2010 and Comparative Data for June 30, 2009

(1) **Organization and Significant Accounting Policies. (Continued)**

**Municipal Liability Including Personal Injury, Property Damage, Public Officials Errors and Omissions, Automobile Liability and Employment Practices Liability -**

The liability shared risk program provides up to \$47 million per occurrence and in aggregate. SANDPIPA is self-insured up to \$2 million and excess insurance coverage has been purchased with a \$100,000 member self-insurance retention.

**Property Damage** - \$1,000,000,000 shared loss limit per occurrence with a \$25,000 deductible. Coverage includes: all risk property coverage, mobile equipment, auto physical damage and boiler and machinery. The SEJPA has elected a \$10,000 to \$350,000 deductible for boiler and machinery coverage depending on the size of the machinery.

**Faithful Performance/Employee Dishonesty Bond** - Insured up to \$10 million with a \$25,000 deductible. Coverage includes: employee dishonesty, faithful performance, forgery or alteration, computer fraud, money and securities theft, disappearance and destruction.

The SEJPA participates in the worker's compensation program of the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool, which provides coverage up to \$750,000 with no deductible.

**Economic Dependence**

The SEJPA received approximately 54% and 51%, respectively, of its operating revenues from its member agencies for the years ended June 30, 2010 and 2009.

**Reclassification**

The SEJPA has reclassified certain prior year information to conform with the current year presentation.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows the SEJPA considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2010 and Comparative Data for June 30, 2009

**(2) Cash and Cash Equivalents**

Investments Authorized by the California Government Code and the SEJIPA's Investment Policy

The table below identifies the investment types that are authorized for the SEJPA by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the SEJPA, rather than the general provision of the California Government Code or the SEJPA's investment policy:

<u>Investment Types Authorized by State Law</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Open Ended Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
LAIF	N/A	None	None

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2010 and Comparative Data for June 30, 2009

**(3) Cash and Investments**

Cash and investments held by the SEJPA were comprised of the following at June 30:

	<b>Maturity in Years</b>	
	<b>1 Year or Less</b>	<b>2009 Total</b>
Cash on hand	\$ 200	\$ 200
Cash in the California Local Agency Investment Fund LAIF	7,183,573	6,532,884
Open ended money market mutual funds	17,174	16,042
Deposits with financial institutions	123,916	214,562
Investments:		
U.S. Agency Securities	1,596,993	1,611,678
Total Cash and Investments	<b>\$8,921,856</b>	<b>\$8,375,366</b>
Financial Statement Classification:		
Current:		
Cash and cash equivalents	\$6,677,689	\$6,117,646
Restricted:		
Cash and cash equivalents	647,174	646,042
Investments	1,596,993	1,611,678
Total cash and investments	<b>\$8,921,856</b>	<b>\$8,375,366</b>

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the SEJPA manages its exposure to interest rate risk is by purchasing shorter term investments so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of the SEJPA's investments (including investments held by the bond trustee) to market interest rate fluctuations is provided in the previous table that shows the distribution of the SEJPA's investments by maturity as of June 30, 2010.

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NOTES TO FINANCIAL STATEMENTS**

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**(3) Cash and Investments, (Continued)**

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of the year end for each investment type.

	<b>Rating as of Year end Standard &amp; <u>Poor's</u></b>
Open ended money market mutual funds	Not rated
LAIF	Not required
U.S. Agency Securities	AAA

Concentration of Credit Risk

Concentration of credit is the risk of loss attributed to the magnitude to the SEJPA's investment in a single issue.

The investment policy of the SEJPA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total SEJPA investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>2010</u>	<u>2009</u>
Federal National Mortgage Association	U.S. Agency Security	\$1,596,993	\$1,611,678



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(3) **Cash and Investments, (Continued)**

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the SEJPA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) the SEJPA will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the SEJPA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure SEJPA deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2010, none of the SEJPA's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2010, none of the SEJPA's investments were held by the same broker-dealer (counterparty) that was used by the SEJPA to buy the securities.

**Investment in State Investment Pool**

The SEJPA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of the SEJPA's investment in this pool is reported in the accompanying financial statements at amounts based upon the SEJPA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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**(4) Due From Other Government Agencies:**

The SEJPA provides wastewater treatment and water reclamation services to a variety of governmental agencies within the San Diego County. The following is a detail of amounts owed to/from the SEJPA by these agencies as of June 30:

	<u>2010</u>	<u>2009</u>
Santa Fe Irrigation District	\$ 89,850	\$ 66,647
San Diego County Water Authority	63,855	63,180
City of Del Mar	22,736	18,577
City of Encinitas	21,642	-
City of Solana Beach	27,128	-
Due from Others	8,370	20,784
County of San Diego	(69)	(5,439)
Due to Others	(4,769)	(7,440)
City of Escondido	<u>(46,683)</u>	<u>(16,641)</u>
Total	\$ <u>182,060</u>	\$ <u>139,668</u>

Financial Statement Classification:

Due from other government agencies	\$ 233,581	\$ 169,188
Due to other government agencies	<u>(51,521)</u>	<u>(29,520)</u>
Total	\$ <u>182,060</u>	\$ <u>139,668</u>

**(5) Restricted Assets:**

The SEJPA is holding funds to be used for debt service on the 2003 refunding revenue bonds (See Note 9) in the amount of \$6 and a reserve fund for the same issuance in the amount of \$1,614,167. These funds are being held for the benefit of the member agencies as they are committed to provide the SEJPA with sufficient funds to service the debt on the 2003 refunding revenue bonds. As such, the SEJPA has recorded a liability due to member agencies payable from restricted funds in the amount of \$1,614,173 and \$1,627,720 at June 30, 2010 and 2009, respectively. The following is a detail of the source and restricted use of restricted assets at June 30:

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June 30, 2010 and Comparative Data for June 30, 2009

(5) **Restricted Assets, (Continued)**

<u>Funding Source</u>	<u>Use</u>	<u>2010</u>	<u>2009</u>
Debt proceeds, and interest earned	Debt service - Encinitas	\$ 2	\$ 1
Debt proceeds, and interest earned	Debt service - Solana Beach	4	1
Debt proceeds, and interest earned	Debt reserves	1,614,167	1,627,718
Receipts from customers	State loan reserve requirement	<u>630,000</u>	<u>630,000</u>
		<b><u>\$2,244,173</u></b>	<b><u>\$2,257,720</u></b>

When both restricted and unrestricted resources are available for use, it is the SEJPA's policy to use restricted resources first, and then unrestricted resources as necessary.

(6) **Capital Assets**

A summary of capital assets at June 30, 2010 is as follows:

	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>
Capital assets not being depreciated:				
Construction in progress	\$ 465,931	437,490	(350,217)	\$ 553,204
Capital assets being depreciated:				
Plant equipment	58,234,879	418,543	(19,894)	58,633,528
Lab equipment	138,678	7,398	(39,794)	106,282
Office equipment	103,981	20,390	(18,807)	105,564
Vehicles	<u>273,763</u>	<u>-</u>	<u>-</u>	<u>273,763</u>
Total capital assets being depreciated	\$ 58,751,301	446,331	(78,495)	\$59,119,137
Less: Accumulated depreciation	<u>(20,345,965)</u>	<u>(1,516,230)</u>	<u>74,351</u>	<u>(21,787,844)</u>
Net capital assets being depreciated	<u>38,405,336</u>	<u>(1,069,899)</u>	<u>(4,144)</u>	<u>37,331,293</u>
Net capital assets	<b><u>\$ 38,871,267</u></b>	<b><u>(632,409)</u></b>	<b><u>(364,361)</u></b>	<b><u>\$37,884,497</u></b>

For the year ended June 30, 2010, depreciation expense in the amount of \$1,516,230 was recognized by SEJPA.

**SAN ELIJO JOINT POWERS AUTHORITY  
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**(7) Loans Receivable**

On April 1, 2003 the City of Encinitas and the City of Solana Beach entered into the second amendment and restated loan agreements with the SEJPA. The loan agreements amended and restated the loan agreements dated March 1, 1990 and restated March 15, 1993. The loans bear interest from 2% - 5%. Principal and interest are payable semi-annually four days prior to each September 1 and March 1 each year, along with interest earnings on the reserve funds in order to provide the SEJPA with sufficient funds to service the debt on the 2003 Refunding Revenue Bonds. (See Note 9). At June 30, 2010 and 2009, the following amounts were due from the member agencies:

<u>Loan Receivable</u>	<u>2010</u>	<u>2009</u>
City of Solana Beach	\$ 6,595,000	\$ 7,110,000
City of Encinitas	<u>5,770,000</u>	<u>6,220,000</u>
Total	<u>\$12,365,000</u>	<u>\$13,330,000</u>

**(8) Retrofit Loans**

The SEJPA has entered into agreements with certain reclaimed water users whereby the SEJPA reimbursed the reclaimed water users for reasonable costs incurred for the retrofitting of the water user's facilities in order for them to accept and use reclaimed water for nonpotable purposes. The water users agreed to repay the SEJPA the aggregate amount of the retrofit work together with interest ranging from 3.5% to 6%. Reclaimed water is purchased at the potable water rate with the difference between the two rates being considered repayment of the reimbursed costs with the payment first applied to interest. At June 30, 2010 and 2009, the following amounts were outstanding:

<u>Loan Receivable</u>	<u>2010</u>	<u>2009</u>
22 <sup>nd</sup> District agricultural association	\$ 125,800	\$134,331
Cardiff Cove Homeowners Association	22,007	24,668
Ocean Knoll Elementary School	20,568	-
National Golf Operating Partnership L.P.	-	13,757
Oak Crest Park	<u>9,189</u>	<u>9,820</u>
Total	<u>\$ 177,564</u>	<u>\$182,576</u>

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2010 and Comparative Data for June 30, 2009

**(9) 2003 Refunding Revenue Bonds**

In April 2003, the SEJPA issued the 2003 Revenue Refunding Bonds in the amount of \$18,640,000 for the purpose of refunding its \$22,565,000 1993 Refunding Revenue Bonds, the proceeds of which had been loaned to its two member agencies to finance the upgrade and expansion of the water pollution control facility (see Note 6).

The 2003 Refunding Revenue Bonds are payable in annual principal installments ranging from \$845,000 to \$1,515,000 through March 1, 2020. Interest payments are due semiannually on September 1, and March 1. Interest rates on the bonds range from 2% to 5%. At June 30, 2010 and 2009, the 2003 Refunding Revenue Bonds outstanding total \$12,365,000 and \$13,330,000, respectively. The member agencies have covenanted to make payments of loan installments in each year from net revenues derived from the operation of each Agency's respective wastewater collection system. The following is a detail:

	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>	<u>Current Portion</u>
2003 Refunding Revenue Bonds	\$13,330,000	-	(965,000)	\$12,365,000	\$1,005,000

Future debt service requirements of the 2003 Refunding Revenue Bonds are as follows:

	<u>Principal</u>	<u>Interest</u>
2010-11	\$ 1,005,000	\$ 586,800
2011-12	1,050,000	546,600
2012-13	1,090,000	504,600
2013-14	1,135,000	461,000
2014-15	1,190,000	404,250
2016-20	<u>6,895,000</u>	<u>1,068,000</u>
	<u>\$12,365,000</u>	<u>\$3,571,250</u>

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NOTES TO FINANCIAL STATEMENTS**

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**(10) State Loan Payable**

In March 1988, the SEJPA entered into an agreement with the State Water Resources Control Board for funding of the San Elijo Water Reclamation System. The loan was funded through the State Revolving Fund loan program administered by the State of California in the amount of \$12,633,522. The State Revolving Fund loan program provides funding for water reclamation projects at a reduced interest rate of 2.5%. The San Elijo Water Reclamation Project represented the construction of tertiary treatment, operational storage facilities, effluent pump stations and a reclaimed water distribution system. Annual loan repayments are made by the SEJPA in the amount of \$834,675 and continue through August 2020. The following is a detail of the State Loan Payable:

	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>	<u>Current Portion</u>
State loan payable	\$8,561,902	-	(620,628)	\$7,941,274	\$636,143

The terms of the state loan payable require the SEJPA to place \$63,000 into a reserve fund each year for ten (10) years, beginning with the issuance of the loan. As of June 30, 2010 and 2009 the reserve fund balance was \$630,000 and \$630,000, respectively.

Future debt service requirements of the State Loan Payable are as follows:

	<u>Principal</u>	<u>Interest</u>
2010-11	\$ 636,143	\$ 198,532
2011-12	652,047	182,628
2012-13	668,348	166,327
2013-14	685,057	149,618
2014-15	702,183	132,492
2015-16 to 2019-20	3,783,178	390,198
2020-21	<u>814,318</u>	<u>20,358</u>
	<u>\$7,941,274</u>	<u>\$1,240,153</u>

**(11) California Energy Commission Note Payable:**

In December 2007, the SEPJA entered into a promissory note with the California Energy Resources Conservation and Development Commission (California Energy Commission) in the maximum amount of \$1,193,500. Interest accrues at 3.95% on the unpaid principal balance and is payable in 24 semi-annual payments of principal and interest beginning on or before December 22nd of the fiscal year following the year in which the Project is completed. For the year ended June 30, 2010, all loan proceeds have been disbursed. The following is a detail:

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(11) **California Energy Commission Note Payable, (Continued)**

	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>	<u>Current Portion</u>
California Energy Commission Note payable	\$1,193,500	-	(54,000)	\$1,139,500	\$84,000

Future maturities of the California Energy Commission note payable are as follows:

	<u>Principal</u>	<u>Interest</u>
2010-11	\$ 84,000	\$ 44,500
2011-12	88,000	41,150
2012-13	91,000	37,600
2013-14	95,000	33,950
2014-15	103,000	25,900
2015-16 to 2019-20	616,000	60,900
2020-21	<u>62,500</u>	<u>2,500</u>
	<u>\$ 1,139,500</u>	<u>\$246,500</u>

(12) **Defined Benefit Pension Plan**

Plan Description

The SEJPA's defined benefit pension plan, (the "Plan"), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The Plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through SEJPA resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, California 95814.

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**(12) Defined Benefit Pension Plan, (Continued)**

Funding Policy

Active plan members in the Plan are required to contribute 8% of annual covered salary. SEJPA pays 4.8% on behalf of its employees through June 30, 2010, but contributes 3.8% as of July 1, 2010. The SEJPA is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2010 was 12.187%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Costs

For the fiscal year ended June 30, 2010, the SEJPA's annual pension cost and actual contribution was \$276,849. The required contribution for the fiscal year ended June 30, 2010 was determined as part of the June 30, 2007 actuarial valuation.

The following is a summary of the actuarial assumptions and methods:

Valuation Date	June 30, 2007
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	16 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on age, service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of Employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%

The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. Funding requirements are determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payrolls. All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20-year period. In addition, all gains or losses are tracked and amortized over a rolling 30-year period. Finally, if a pool's accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30-year amortization of the unfunded liability.



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NOTES TO FINANCIAL STATEMENTS**

June 30, 2010 and Comparative Data for June 30, 2009

**(12) Defined Benefit Pension Plan, (Continued)**

Risk pooling was implemented in June 2003. At the time of joining a risk pool, a side fund was created to account for the difference between the funded status of the pool and the funded status of the SEJPA's plan. The side fund is credited, on an annual basis, with the actuarial investment return assumption, currently 7.75%. A positive side fund will cause the required employer contribution rate to be reduced. A negative side fund will cause the required employer contribution rate to be increased by the amortization of the side fund. The SEJPA's side fund at June 30, 2006 had a valuation of \$(258,062) which is being amortized over a 13-year period.

Three-Year Trend Information for PERS

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
2008	247,799	100%	-
2009	270,616	100%	-
2010	276,849	100%	-

Schedule of Funding Progress for PERS

<u>Actuarial Valuation Date June 30,</u>	<u>Actuarial Value of Assets (A)</u>	<u>Liability (AAL) Entry Age (B)</u>	<u>Unfunded AAL (UAAL) (B- A)</u>	<u>Funded Status (A/B)</u>	<u>Annual Covered Payroll (C)</u>	<u>UAAL as a % of Covered Payroll [(B-A)/C]</u>
2006	787,758,909	912,988,585	125,229,676	86.3%	200,320,145	62.5%
2007	1,149,247,298	1,315,454,361	166,207,063	87.4%	289,090,187	57.5%
2008	1,337,707,835	1,537,909,933	200,202,098	87.0%	333,307,600	60.1%

**(13) Other Postemployment Benefits**

*Plan Description:* SEJPA administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. The JPA pays up to the entire cost of health benefits for eligible retirees and their spouses until age 55 subject to the SEJPA's vesting schedule. After age 655 the JPA pays up to \$97 per month for any health coverage, also subject to the vesting schedule.

*SEJPA's Funding Policy:* The contribution requirements of plan members and the SEJPA are established and may be amended by the Board of Directors. The contribution is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2009-10, SEJPA contributed \$2,600 to the plan in the form of medical insurance premiums paid on behalf of retirees, including \$2,600 for current premiums (100% of total premiums).

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**(13) Other Postemployment Benefits, (Continued)**

SEJPA has not established a trust that is administered by SEJPA for the purpose of holding assets accumulated for plan benefits.

*Annual OPEB Cost and Net OPEB Obligation.* SEJPA's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed twenty years. The following table shows the components of SEJPA's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the SEJPA's net OPEB obligation for these benefits:

Annual required contribution	\$18,330
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	18,330
Contributions made (including premiums paid)	(2,600)
Increase in net OPEB obligation	15,730
Net OPEB obligation—beginning of year	-
Net OPEB obligation—end of year	\$15,730

The SEJPA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>OPEB Obligation</u>
6/30/08	N / A	N / A	N / A
6/30/09	N / A	N / A	N / A
6/30/10	\$18,330	\$2,600	\$15,730

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NOTES TO FINANCIAL STATEMENTS**

June 30, 2010 and Comparative Data for June 30, 2009

**(13) Other Postemployment Benefits, (Continued)**

*Funded Status and Funding Progress.* The funded status of the plan as of June 30, 2010, was as follows:

Actuarial accrued liability (AAL)	\$ 98,075
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 98,075</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$1,506,130
UAAL as a percentage of covered payroll	6.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 7.75 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5 percent. The UAAL is being amortized as a level percentage of projected payroll over 20 years.

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NOTES TO FINANCIAL STATEMENTS**

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**(13) Other Postemployment Benefits, (Continued)**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage c Covered Payroll (b-a)/c
6/30/06	N/A	N/A	N/A	N/A	N/A	N/A
6/30/07	N/A	N/A	N/A	N/A	N/A	N/A
6/30/08	0	98,075	98,075	0%	1,506,130	6.5%

**(14) Operating Leases**

Under an agreement dated April 11, 1991 the SEJPA leases a maintenance facility to the City of Encinitas for \$1 per year for an initial term of 30 years. The lease may be renewed or extended at the expiration of the initial term at a rate mutually agreed upon. In addition to the annual payment of \$1, the City agreed to reimburse the SEJPA within 30 days for all engineering and inspection costs incurred as a result of the engineering and construction of the maintenance facility. The City also agreed to reimburse the SEJPA for all construction costs incurred by the SEJPA as a result of the construction of the maintenance facility in 30 equal annual installments at an interest rate equal to the interest rate on the bonds issued for construction of the upgrade and expansion of the Water Pollution Control Facility. The lease payments collected are then remitted directly to the member agencies.

In January 2007 the SEJPA entered into a Communications Site License Agreement as lessor with Omnipoint Communications, Inc. The initial term of the agreement, which calls for an annual payment of \$20,400 and increasing 3% annually, is for 5 years commencing the earlier of the date the licensees intend to commence construction or October 1, 2007. The SEJPA recognized rental income in the amount of \$21,642 and \$21,012 for the years ended June 30, 2010 and 2009, respectively. Future lease payments to be received are as follows:

<b>Years Ended <u>June 30,</u></b>	
2011	22,292
2012	<u>22,960</u>
Total	<u>\$45,252</u>

**SAN ELIJO JOINT POWERS AUTHORITY  
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**(15) New Governmental Accounting Standards**

GASB No.45

In June 2004, the Governmental Accounting Standards Board issued Statement No. 45 "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension". This pronouncement is effective for the first fiscal year beginning after December 15, 2008 for Phase 3 governments, like the SEJPA, as defined in GASB Statement No. 34 Basic Financial Statements and Discussion and Analysis for State and Local Governments. This pronouncement requires significant changes to the accounting and disclosures associated with postemployment benefits (OPEB).

GASB No.49

In November 2006, the Governmental Accounting Standards Board issued Statement No. 49 "Accounting and Financial Reporting for Pollution Remediation Obligations." This pronouncement is effective for periods beginning after December 15, 2007. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. This pronouncement did not have a material effect on the financial statements of the SEJPA for the year ended June 30, 2010.

GASB No.52

In November 2007, the Governmental Accounting Standards Board issued Statement No. 52 "Land and Other Real Estate Held as Investments by Endowments". This pronouncement is effective for periods beginning after June 15, 2008, with earlier application encouraged. The Statement requires endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The SEJPA has no endowments at June 30, 2010 and 2009.

GASB No.53

In June 2008, the Governmental Accounting Standards Board issued Statement No. 53 "Accounting and Financial Reporting for Derivative Investments". This pronouncement is effective for periods beginning after June 15, 2009 with earlier application encouraged. The Statement requires governments to measure most derivative instruments at fair value in their financial statements that are prepared on the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements. The SEJPA held no derivative instruments at June 30, 2010 and 2009.

**SAN ELIJO JOINT POWERS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2010 and Comparative Data for June 30, 2009

**(15) New Governmental Accounting Standards, (Continued)**

GASB No.54

In March 2009, the Government Accounting Standards Board issued Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This pronouncement is effective for periods beginning after June 15, 2010 with early implementation encouraged. This pronouncement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made in reporting information in reporting fund balance information is identifying amounts that are considered non-spendable, such as fund balance associated with inventories. This statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific accounts can be spent. Fund balance reclassifications made to conform to the provisions of this statement should be applied retroactively by restating fund balance for all periods presented. The SEJPA has no governmental funds at June 30, 2010.

GASB No.55

In March 2009, the Government Accounting Standards Board issued Statement No. 55 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". The requirements of this statement were effective upon its issuance. This pronouncement incorporated the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. This pronouncement had no effect on the financial statements of the SEJPA for the year ended June 30, 2010.

GASB No.56

In March 2009, the Government Accounting Standards Board issued Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards". The requirements of this statement were effective upon its issuance. This statement does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards. This pronouncement addresses three issues not included in the authoritative literature that establishes accounting principles - related party transactions, going concern considerations, and subsequent events. This pronouncement had no effect on the financial statements of the SEJPA for the year ended June 30, 2010.

## **Supplementary Information**

**SAN ELIJO JOINT POWERS AUTHORITY**  
**COMPARATIVE SCHEDULE OF NET ASSETS - WASTEWATER**  
 June 30, 2010  
 (with comparative totals presented for the year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>	<u>Difference</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 3,418,987	\$ 3,185,167	\$ 233,820
Due from other government agencies	57,141	4,977	52,164
Accrued interest receivable	200,161	220,296	(20,135)
Current portion of loan receivable	<u>1,005,000</u>	<u>965,000</u>	<u>40,000</u>
<b>TOTAL CURRENT ASSETS</b>	<u>4,681,289</u>	<u>4,375,440</u>	<u>305,849</u>
<b>NONCURRENT ASSETS:</b>			
Restricted assets:			
Cash and cash equivalents	17,174	16,042	1,132
Investments	<u>1,596,993</u>	<u>1,611,678</u>	<u>(14,685)</u>
<b>TOTAL RESTRICTED ASSETS</b>	<u>1,614,167</u>	<u>1,627,720</u>	<u>(13,553)</u>
Loans receivable	12,365,000	13,330,000	(965,000)
Less: Current portion above	<u>(1,005,000)</u>	<u>(965,000)</u>	<u>(40,000)</u>
	<u>11,360,000</u>	<u>12,365,000</u>	<u>(1,005,000)</u>
Capital assets, net of accumulated depreciation	<u>25,326,988</u>	<u>25,884,352</u>	<u>(557,364)</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>38,301,155</u>	<u>39,877,072</u>	<u>(1,575,917)</u>
<b>TOTAL ASSETS</b>	<u>\$ 42,982,444</u>	<u>\$ 44,252,512</u>	<u>\$ (1,270,068)</u>

(Continued)



**SAN ELIJO JOINT POWERS AUTHORITY**  
**COMPARATIVE SCHEDULE OF NET ASSETS - WASTEWATER (Continued)**  
June 30, 2010  
(with comparative totals presented for the year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>	<u>Difference</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 261,903	\$ 336,014	\$ (74,111)
Accrued liabilities	89,720	66,933	22,787
Accrued interest payable	195,600	238,125	(42,525)
Due to other government agencies	51,521	29,520	22,001
Due to member agencies	-	124,712	(124,712)
Retentions payable	-	21,054	(21,054)
Current portion of refunding revenue bonds	1,005,000	965,000	40,000
Current portion of California Energy Commission note payable	<u>84,000</u>	<u>54,000</u>	<u>30,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,687,744</u>	<u>1,835,358</u>	<u>(147,614)</u>
<b>NONCURRENT LIABILITIES:</b>			
<b>Payable from restricted assets:</b>			
Due to member agencies payable from restricted assets	<u>1,614,173</u>	<u>1,627,720</u>	<u>(13,547)</u>
<b>Long-term debt:</b>			
Refunding revenue bonds, net of current portion	11,360,000	12,365,000	(1,005,000)
California Energy commission note payable	<u>1,053,101</u>	<u>1,139,500</u>	<u>(86,399)</u>
<b>TOTAL LONG-TERM DEBT</b>	<u>12,413,101</u>	<u>13,504,500</u>	<u>(1,091,399)</u>
<b>Other Noncurrent liabilities:</b>			
Other post employment benefits	12,942	-	12,942
Accrued vacation and sick leave	<u>228,509</u>	<u>191,775</u>	<u>36,734</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>14,268,725</u>	<u>15,323,995</u>	<u>(1,055,270)</u>
<b>TOTAL LIABILITIES</b>	<u>15,956,469</u>	<u>17,159,353</u>	<u>(1,202,884)</u>
<b>NET ASSETS</b>			
<b>NET ASSETS</b>			
Net assets invested in capital assets, net of related debt	24,189,887	24,640,141	(450,254)
Unrestricted net assets	<u>2,836,088</u>	<u>2,453,018</u>	<u>383,070</u>
<b>TOTAL NET ASSETS</b>	<u>27,025,975</u>	<u>27,093,159</u>	<u>(67,184)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 42,982,444</u>	<u>\$ 44,252,512</u>	<u>\$ (1,270,068)</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN NET ASSETS - WASTEWATER**

For The Year Ended June 30, 2010

(with comparative totals presented for the year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>	<u>Difference</u>
<b>OPERATING REVENUES:</b>			
Contributions from City of Encinitas	\$ 1,666,882	\$ 1,548,525	\$ 118,357
Contributions from City of Solana Beach	1,375,792	1,272,174	103,618
Charges of services or other government agencies	<u>651,275</u>	<u>734,689</u>	<u>(83,414)</u>
<b>TOTAL OPERATING REVENUES</b>	<u>3,693,949</u>	<u>3,555,388</u>	<u>138,561</u>
<b>OPERATING EXPENSES:</b>			
Salaries and Wages	2,070,111	1,975,810	94,301
Depreciation	1,087,035	1,052,695	34,340
Utilities	462,430	576,527	(114,097)
Contracted services	225,181	325,710	(100,529)
Miscellaneous	61,796	83,117	(21,321)
Supplies	195,917	183,484	12,433
Repair parts expense	162,966	122,749	40,217
Insurance	56,031	57,114	(1,083)
Permit/purveyor fees	32,720	32,580	140
Disposal services	180,869	176,550	4,319
Capital outlay	<u>38,337</u>	<u>-</u>	<u>38,337</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>4,573,393</u>	<u>4,586,336</u>	<u>(12,943)</u>
<b>OPERATING (LOSS)</b>	<u>(879,444)</u>	<u>(1,030,948)</u>	<u>151,504</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
State grants	117,477	-	117,477
Investment income	635,386	704,459	(69,073)
Rental income	21,642	21,012	630
Other	1,093	580	513
Gain (loss) on disposal of capital assets	(2,113)	-	(2,113)
Interest expense	<u>(654,950)</u>	<u>(676,892)</u>	<u>21,942</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>118,535</u>	<u>49,159</u>	<u>69,376</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<u>(760,909)</u>	<u>(981,789)</u>	<u>220,880</u>
<b>CAPITAL CONTRIBUTIONS:</b>			
Member agency assessments	<u>693,725</u>	<u>669,142</u>	<u>24,583</u>
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<u>693,725</u>	<u>669,142</u>	<u>24,583</u>
<b>NET INCOME (LOSS)</b>	<u>(67,184)</u>	<u>(312,647)</u>	<u>245,463</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>27,093,159</u>	<u>27,405,806</u>	<u>(312,647)</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 27,025,975</u>	<u>\$ 27,093,159</u>	<u>\$ (67,184)</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**COMPARATIVE SCHEDULE OF NET ASSETS - RECLAMATION**  
For The Year Ended June 30, 2010  
(with comparative totals presented for the year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>	<u>Difference</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 3,258,702	\$ 2,932,479	\$ 326,223
Due from other government agencies	176,440	164,211	12,229
Accrued interest receivable	5,354	11,327	(5,973)
	<u>3,440,496</u>	<u>3,108,017</u>	<u>332,479</u>
<b>NONCURRENT ASSETS:</b>			
Restricted assets:			
Cash and cash equivalents	<u>630,000</u>	<u>630,000</u>	<u>-</u>
Total Restricted Assets	<u>630,000</u>	<u>630,000</u>	<u>-</u>
Other noncurrent assets:			
Retrofit loans	177,564	182,576	(5,012)
Capital assets	<u>12,557,509</u>	<u>12,986,915</u>	<u>(429,406)</u>
Total Noncurrent assets	<u>13,365,073</u>	<u>13,799,491</u>	<u>(434,418)</u>
<b>TOTAL ASSETS</b>	<u>\$ 16,805,569</u>	<u>\$ 16,907,508</u>	<u>\$ (101,939)</u>

(Continued)

**SAN ELIJO JOINT POWERS AUTHORITY**  
**COMPARATIVE SCHEDULE OF NET ASSETS - RECLAMATION (Continued)**  
For The Year Ended June 30, 2010  
(with comparative totals presented for the year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>	<u>Difference</u>
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 61,821	\$ 37,476	\$ 24,345
Accrued liabilities	38,362	14,318	24,044
Accrued interest payable	173,715	187,292	(13,577)
Current portion of state loan payable	<u>636,143</u>	<u>620,628</u>	<u>15,515</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>910,041</u>	<u>859,714</u>	<u>50,327</u>
<b>NONCURRENT LIABILITIES:</b>			
<b>Long-Term Debt:</b>			
State loan payable, less current portion	<u>7,305,131</u>	<u>7,941,274</u>	<u>(636,143)</u>
<b>TOTAL LONG-TERM DEBT</b>	<u>7,305,131</u>	<u>7,941,274</u>	<u>(636,143)</u>
<b>Other noncurrent liabilities:</b>			
Other post employment benefits	2,788	-	2,788
Accrued vacation and sick leave	<u>35,745</u>	<u>29,766</u>	<u>5,979</u>
Total Other Noncurrent Liabilities	<u>38,533</u>	<u>29,766</u>	<u>8,767</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>7,343,664</u>	<u>7,971,040</u>	<u>(627,376)</u>
<b>TOTAL LIABILITIES</b>	<u>8,253,705</u>	<u>8,830,754</u>	<u>(577,049)</u>
<b>NET ASSETS</b>			
Net assets invested in capital assets, net of related debt	4,442,520	4,237,721	204,799
Restricted net assets	630,000	630,000	-
Unrestricted net assets	<u>3,479,344</u>	<u>3,209,033</u>	<u>270,311</u>
Total Net Assets	<u>8,551,864</u>	<u>8,076,754</u>	<u>475,110</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 16,805,569</u>	<u>\$ 16,907,508</u>	<u>\$ (101,939)</u>

**SAN ELIJO JOINT POWERS AUTHORITY  
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS - RECLAMATION**

For The Year Ended June 30, 2010

(with comparative totals presented for the year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>	<u>Difference</u>
<b>OPERATING REVENUES:</b>			
Charges of services or other government agencies	\$ 1,943,595	\$ 1,984,756	\$ (41,161)
<b>TOTAL OPERATING REVENUES</b>	<u>1,943,595</u>	<u>1,984,756</u>	<u>(41,161)</u>
<b>OPERATING EXPENSES:</b>			
Salaries and wages	445,866	365,845	80,021
Depreciation	429,196	425,793	3,403
Utilities	150,447	154,997	(4,550)
Supplies	73,911	79,882	(5,971)
Repair parts expense	23,760	24,768	(1,008)
Miscellaneous	38,084	31,307	6,777
Contracted services	60,675	37,316	23,359
Insurance	27,885	26,116	1,769
Permit/purveyor fees	43,808	12	43,796
<b>TOTAL OPERATING EXPENSES</b>	<u>1,293,632</u>	<u>1,146,036</u>	<u>147,596</u>
<b>OPERATING (INCOME)</b>	<u>649,963</u>	<u>838,720</u>	<u>(188,757)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Investment income	25,829	72,693	(46,864)
Gain (loss) on disposal of capital assets	(211)	1,820	(2,031)
Interest expense	(200,471)	(215,940)	15,469
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(174,853)</u>	<u>(141,427)</u>	<u>(33,426)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<u>475,110</u>	<u>697,293</u>	<u>(222,183)</u>
<b>NET INCOME (LOSS)</b>	475,110	697,293	(222,183)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>8,076,754</u>	<u>7,379,461</u>	<u>697,293</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 8,551,864</u>	<u>\$ 8,076,754</u>	<u>\$ 475,110</u>

**SAN ELIJO JOINT POWERS AUTHORITY  
OPERATING BUDGET COMPARISON SCHEDULE - WASTEWATER**

For The Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating Expenses:</b>			
Salaries and wages	\$ 2,031,320	\$ 2,070,111	\$ 38,791
Depreciation	-	1,087,035	1,087,035
Utilities	579,822	462,430	(117,392)
Contracted services	386,737	225,181	(161,556)
Miscellaneous	112,266	61,796	(50,470)
Supplies	235,566	195,917	(39,649)
Repair parts expense	151,300	162,966	11,666
Insurance	65,545	56,031	(9,514)
Permit/purveyor fees	43,500	32,720	(10,780)
Disposal services	220,014	180,869	(39,145)
Capital outlay	43,000	38,337	(4,663)
Contingency	155,400	-	(155,400)
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	<u>\$ 4,024,470</u>	<u>\$ 4,573,393</u>	<u>\$ 548,923</u>

**SAN ELIJO JOINT POWERS AUTHORITY  
OPERATING BUDGET COMPARISON SCHEDULE - RECLAMATION**

For The Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating Expenses:</b>			
Salaries and wages	\$ 420,130	\$ 445,866	\$ 25,736
Depreciation	-	429,196	429,196
Utilities	189,678	150,447	(39,231)
Contracted services	90,549	60,675	(29,874)
Miscellaneous	69,674	38,084	(31,590)
Supplies	83,434	73,911	(9,523)
Repairs parts expense	30,000	23,760	(6,240)
Insurance	30,255	27,885	(2,370)
Permit/purveyor fees	28,500	43,808	15,308
Contingency	42,040	-	(42,040)
	<u>          </u>	<u>          </u>	<u>          </u>
Total Operating Expenses	<u>\$ 984,260</u>	<u>\$ 1,293,632</u>	<u>\$ 309,372</u>

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

November 8, 2010

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: UPDATE ON WHOLESALE PRICING OF RECYCLED WATER BY THE SAN  
ELIJO JOINT POWERS AUTHORITY

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the proposed amendment adjusting the wholesale price of recycled water and minimum purchase volume in the "Agreement for Sale of Reclaimed Water to the Santa Fe Irrigation District by the San Elijo Joint Powers Authority;" and
2. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) operates a recycled water utility that wholesales recycled water to three water purveyors; Santa Fe Irrigation District (SFID), San Dieguito Water District (SDWD), and the City of Del Mar. These purveyors in turn retail the recycled water to customers within the cities of Encinitas, Del Mar and the SFID service area. The SEJPA owns the entire recycled water infrastructure system including treatment, storage and distribution facilities, and pipelines. The water districts own the recycled water meter that measures the customer's usage, provides customer billing, and other administrative services.

The SEJPA has wholesale water agreements with SFID, SDWD, and the City of Del Mar. These agreements establish the basis of cost for the recycled water and include a minimum water volume that each water district agrees to purchase. For SDWD, the minimum water volume is 700 acre-feet per year (AFY); SFID's minimum is 393 AFY; and the City of Del Mar's minimum is 150 AFY. These types of agreements are commonly known as "take or pay" agreements. Of these agreements, only SFID has been able to consistently meet or exceed its contract volume. The agreements set the wholesale price of recycled water purchased from SEJPA at 85% of the potable water rate, which is set by each District. The agreements all have a twenty-year term with an expiration date of 2016.

At the September 2010 SEJPA Board meeting, two of SFID's largest recycled water customers



addressed the SEJPA Board of Directors regarding the cost of recycled water and SFID's proposed three-year, 12% annual rate increase. Since the recycled water wholesale agreement is indexed to the potable water rate, by default, the cost of recycled water will also increase at this same rate. The SFID customers asked the SEJPA Board of Directors to consider a lower increase that could be passed on to the customers.

SEJPA staff reviewed this request to assess the advantages and disadvantages of decoupling the recycled water wholesale rate from potable water rates. Based on a review of current and historical operating costs, debt service obligations, and planned capital improvements, staff concluded that a 5% rate increase appears adequate to meet the expected cost increases of the program.

At the October 2010 SEJPA Board meeting, staff recommended not to increase recycled water rates 12%, instead, staff supported increasing the wholesale recycled water rate to SFID at an annual increase of 5% for the next two years. The Board of Directors supported staff's recommendation and directed staff to continue working with SFID to finalize the details of this recommendation and to prepare the necessary contract amendment to formally memorialize this rate change. The Board of Directors also recommended that staff engage the San Dieguito Water District and the City of Del Mar about similar agreement changes.

#### DISCUSSION

Staff has finalized discussions with SFID in regards to wholesale cost changes for calendar years 2011 and 2012. The SEJPA and SFID have reached mutual agreement that the cost of recycled water shall increase 5% annually for both 2011 and 2012, beginning January 1 of each year. Furthermore, SFID has agreed to increase its minimum purchase volume to 450 AFY from 393 AFY.

Working with SEJPA legal counsel, staff has prepared an addendum to the recycle water wholesale agreement between the SEJPA and SFID. If approved by the SEJPA Board, the addendum will be presented to the SFID Board of Directors for consideration.

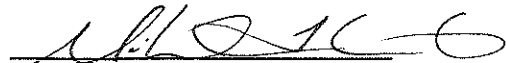
#### FINANCIAL IMPACT

Staff has reviewed this proposed wholesale pricing restructure and concludes that accepting a 5% rate increase for calendar year 2011 and 2012 will provide adequate revenues necessary to meet operating expenditures and debt service obligations. In the unforeseen event that revenues are not sufficient to meet program expenditures, the recycled water program has adequate reserves necessary to meet its financial commitments.

It is therefore recommended that the Board of Directors:

1. Approve the proposed amendment adjusting the wholesale price of recycled water and minimum purchase volume in the "Agreement for Sale of Reclaimed Water to the Santa Fe Irrigation District by the San Elijo Joint Powers Authority;" and
2. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.  
General Manager

Attachments: Proposed amendment to adjust the wholesale price of recycled water and minimum purchase volume in the "Agreement for Sale of Reclaimed Water to the Santa Fe Irrigation District by the San Elijo Joint Powers Authority"

First Amendment to Agreement for the Sale of Reclaimed Water to the Santa Fe Irrigation District by the San Elijo Joint Powers Authority

Agreement for Sale of Reclaimed Water to the Santa Fe Irrigation District by the San Elijo Joint Powers Authority, Dated October 10, 1996.

**SECOND AMENDMENT TO AGREEMENT FOR SALE OF RECLAIMED  
WATER TO THE SANTA FE IRRIGATION DISTRICT  
BY THE SAN ELIJO JOINT POWERS AUTHORITY**

This Second Amendment to Agreement for Sale of Reclaimed Water, hereinafter referred to as the "Second Amendment," is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2010, by and between the San Elijo Joint Powers Authority, a joint powers authority, hereinafter referred to as the "San Elijo JPA," and the Santa Fe Irrigation District, an irrigation district, hereinafter referred to as the "Reclaimed Water Purveyor."

**RECITALS**

WHEREAS, the San Elijo JPA and the Reclaimed Water Purveyor have entered into an agreement dated October 10, 1996, and first amendment dated August 14, 2000, for the sale of reclaimed water by the San Elijo JPA to the Reclaimed Water Purveyor, hereinafter referred to as the "Purveyor Agreement"; and

WHEREAS, Section 11 of the Purveyor Agreement provides that the cost of reclaimed water to the Reclaimed Water Purveyor in subsequent years may be adjusted by agreement of both parties no later than February 1<sup>st</sup> each year; and

WHEREAS, the parties desire to establish the cost of reclaimed water to the Reclaimed Water Purveyor pursuant to Section 11 of the Purveyor Agreement and minimum quantity requirements for a two-year period commencing January 1, 2011, as set forth herein;

NOW, THEREFORE, in consideration of these recitals and the mutual covenants contained herein, and notwithstanding anything to the contrary in the Purveyor Agreement, the San Elijo JPA and Reclaimed Water Purveyor agree as follows:

1. For the term of this Second Amendment, the provisions of Section 11 of the Purveyor Agreement are suspended and San Elijo JPA and the Reclaimed Water Purveyor agree that the cost of reclaimed water charged by the San Elijo JPA to Reclaimed Water Purveyor shall increase five percent (5%) annually for both 2011 and 2012, commencing January 1 of each year from the cost of reclaimed water in effect for 2010.
2. For the term of this Second Amendment, the Reclaimed Water Purveyor agrees to purchase no less than four hundred fifty (450) acre-feet ("AF") of reclaimed water per calendar year from the San Elijo JPA. In the event Reclaimed Water Purveyor fails to accept the minimum 450 AF per year, Reclaimed Water Purveyor agrees to pay for the difference between the AF accepted by the Reclaimed Water Purveyor during the calendar year and the minimum 450 AF at the applicable reclaimed water rate stated in this Second Amendment.

3. The provisions of this Second Amendment shall apply to the sale of reclaimed water by the San Elijo JPA to the Reclaimed Water Purveyor for two years commencing January 1, 2011, through December 31, 2012. The expiration of the provisions of this Second Amendment shall not affect the term of the Purveyor Agreement. Upon expiration of the provisions of this Second Amendment, and unless the parties execute a written agreement otherwise, the terms of the Purveyor Agreement, including any other duly executed amendment thereto and excluding this Second Amendment, shall apply.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed and be effective on the date first mentioned above.

**SAN ELIJO JOINT POWERS  
AUTHORITY**

**SANTA FE IRRIGATION DISTRICT**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

FIRST AMENDMENT TO AGREEMENT FOR SALE OF RECLAIMED WATER  
TO THE SANTA FE IRRIGATION DISTRICT  
BY THE SAN ELIJO JOINT POWERS AUTHORITY

This AMENDMENT is made and entered into this 14<sup>th</sup> day of August , 2000, by and between the SAN ELIJO JOINT POWERS AUTHORITY, a joint powers authority created by the City of Solana Beach and the Cardiff Sanitation District (hereinafter called the "JPA"), and the SANTA FE IRRIGATION DISTRICT, a water district (hereinafter called the "Reclaimed Water Purveyor".

RECITALS

WHEREAS, the JPA and the Reclaimed Water Purveyor have entered into an agreement dated October 10, 1996, hereinafter referred to as the "Purveyor Agreement" for sale of reclaimed water by the JPA to the Reclaimed Water Purveyor; and

WHEREAS, the original agreement outlined the responsibilities of each of the parties; and

WHEREAS, the Water Purveyor desires and the JPA is willing to accept additional duties related to customer service and compliance monitoring.

COVENANTS

NOW, THEREFORE, in consideration of these recitals and the mutual covenants contained herein, the JPA and Reclaimed Water Purveyor agree as follows:

1. That said Purveyor Agreement remain in effect with the following revisions to clarify JPA and Reclaimed Water Purveyor responsibilities in regard to compliance monitoring and customer relations.
2. That Section 1, DEFINITIONS, part (e), be revised as follows (shading indicates new language, strikeout indicates language to delete):

"Administration Costs" means the Reclaimed Water Purveyor's in-house costs for reclaimed water meter installation, calibration, maintenance, repair, replacement, and flow readings, including costs for calibration, maintenance, repair, replacement of appurtenant backflow prevention and flow control devices if required and installed by the JPA or others at the site of the reclaimed water meter. ~~These costs do not include the costs of invoicing and collecting revenues from customers, but may include costs for processing use permits.~~ These costs include all direct costs for provision of recycled water services. Since the Reclaimed Water Purveyor chooses to authorize the JPA to perform compliance inspections and cross-connection control testing, then these costs shall not be included within the administrative costs paid to the Purveyor.

3. That in Section 5, METERS, be revised as follows:

The Reclaimed Water Purveyor shall be responsible for ~~installing a~~ ensuring installation of its reclaimed water flow meter, and ~~associated~~ customer-owned backflow prevention

and flow control devices, if required, in a meter box pre-installed by the San Elijo JPA at the point of delivery, if an existing meter is not already available for such use, at a location at or near each reclaimed water customer's property boundary, to measure the quantity of reclaimed water supplied to the customer by the San Elijo JPA. The Reclaimed Water Purveyor shall also be responsible for maintaining, calibrating, and reading the reclaimed water flow meter (~~and an associated backflow prevention device, a three-way flow control device, or a reduced pressure principle assembly if necessary for that customer~~) on a regular basis, and reporting the reclaimed water flow usage by each customer to the San Elijo JPA at each billing period. The San Elijo JPA shall credit the Reclaimed Water Purveyor its costs for ~~reclaimed water customer meter installation, calibration, maintenance, and flow reading, and for the calibration and maintenance of appurtenant backflow prevention and flow control devices, together~~ known as "administration costs," by subtracting the Reclaimed Water Purveyor's administration costs from the value of reclaimed water purchased during the same period. For the San Elijo JPA to credit the Reclaimed Water Purveyor for its administration costs, the San Elijo JPA shall deduct said administration costs from the price of reclaimed water sold to the customer for that concurrent billing period.

The San Elijo JPA agrees to credit the Reclaimed Water Purveyor an administration cost of thirty-four dollars (\$34.00) per acre-foot used based on the total volume of reclaimed water flow recorded by the Reclaimed Water Purveyor at each reclaimed water customer's meter located within the Reclaimed Water Purveyor's service area. The Reclaimed Water Purveyor agrees to prepare and submit justification for its administration costs no later than January 1st of each year. The administration costs may be adjusted by agreement of both parties no later than March 1st of each year. Adjustment of administration costs will not be unreasonably withheld.

4. That in Section 6, OWNERSHIP, OPERATION, AND MAINTENANCE be revised as follows:

#### SECTION 6. OWNERSHIP, OPERATION, AND MAINTENANCE

The San Elijo JPA shall own and be responsible for the operation and maintenance of the reclaimed water treatment and distribution system up to the point of delivery but not including the customers' reclaimed water flow meter and any necessary backflow prevention and flow control devices. The San Elijo JPA shall also provide customer relation services, such as responding to telephone and written inquiries about reclaimed water. The Reclaimed Water Purveyor shall own and be responsible for the maintenance of the customer's reclaimed water meter, ~~and its appurtenant backflow prevention and flow control devices~~, as discussed in SECTION 5 above. The San Elijo JPA and Reclaimed Water Purveyor shall not own nor be responsible for the operation and maintenance of the customer's irrigation system downstream from the point of delivery or for the reclaimed water meter and its associated backflow prevention and flow control device.

5. That in Section 7, CUSTOMER USE PERMITS, AND RULES AND REGULATIONS be revised as follows:

SECTION 7. CUSTOMER USE PERMITS, AND RULES AND REGULATIONS, AND COMPLIANCE

Prior to the use of any reclaimed water, each customer shall have been issued a "Reclaimed Water Use Permit" by the Reclaimed Water Purveyor stating the quantity and quality of reclaimed water to be served to that customer, and incorporating a set of "Rules and Regulations for Reclaimed Water Use." The Reclaimed Water Use Permit and Rules and Regulations for Reclaimed Water Use documents, among other required procedures, shall include the times when reclaimed water can be used for irrigation, procedures to monitor for and prevent surface runoff of irrigation water, strict cross-connections prevention measures, and regulatory agency mandated measures for ensuring the health and safety of workers handling reclaimed water.

The San Elijo JPA will provide the Reclaimed Water Purveyor typical Reclaimed Water Use Permit and Rules and Regulations for Reclaimed Water Use documents for approval and adoption by its (Board of Directors/Council) which incorporates all the recommended and required provisions for such documents by the California Regional Water Quality Control Board, California and County Departments of Health Services, and the San Diego County Water Authority.

The San Elijo JPA agrees that the Reclaimed Water Purveyor may need to modify and amend these example documents to incorporate specific technical measures unique to the Reclaimed Water Purveyor's manner of serving its customers, but that the mandated regulatory and public health sections of these documents will not be altered or relaxed in any manner prior to adoption.

On behalf of the Reclaimed Water Purveyor, and in accordance with the Rules and Regulations, the JPA will provide compliance monitoring services including: conducting scheduled and random inspections, conducting interviews with recycled water site supervisors, recycled water backflow assembly testing notifications and performance of annual cross connection testing.

SAN ELIJO JOINT POWERS AUTHORITY

SANTA FE IRRIGATION DISTRICT

Thomas M. Campbell 8/23/00  
Thomas M. Campbell, Chair Date

James O. King 1/8/01  
Date

Attest:

Kellene M. Burn-Lucht 8-23-00  
Kellene M. Burn-Lucht, JPA Manager

TC King RW/E



# Santa Fe Irrigation District

POST OFFICE BOX 409  
RANCHO SANTA FE, CALIFORNIA 92067-0409

(858) 756-2424  
FAX (858) 756-0450

February 15, 2007

Michael Thornton  
General Manager  
San Elijo Joint Powers Authority  
P.O. Box 1077  
Cardiff by the Sea, CA 92007-7077

Dear Mike,

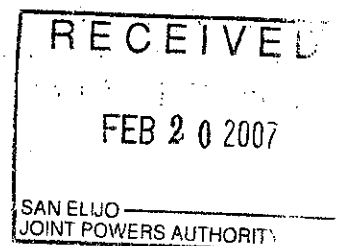
Annually we have been assembling the hours spent by meter services staff to calculate the charge for reading and maintaining the meters for our recycled water customers. According to our agreement, Santa Fe Irrigation District was permitted to charge \$34 per acre foot, accompanied by appropriate justification, to cover administrative costs. Since we have implemented the meter services fee for all recycled water customers, there is no longer a need to charge SEJPA for these costs. Therefore, we will not be sending you an invoice this year or in any future year, as long as the current agreement is in effect.

If you have questions, please contact me at 858-756-5970.

Sincerely,

Jeanne Deaver  
Administrative Manager

c: Michael J. Bardin, General Manager  
David Eddleman, Senior Accountant





C: Kelli  
John M.  
Leland  
files

**AGREEMENT FOR  
SALE OF RECLAIMED WATER  
TO THE  
SANTA FE IRRIGATION DISTRICT  
BY THE  
SAN ELIJO JOINT POWERS AUTHORITY**

This RECLAIMED WATER SALES AGREEMENT (AGREEMENT) is made and entered into this 10<sup>th</sup> day of October, 1994, by and between the SAN ELIJO JOINT POWERS AUTHORITY, a joint powers authority comprised of the Cardiff Sanitation District and the City of Solana Beach, hereinafter referred to as the "San Elijo JPA," and the SANTA FE IRRIGATION DISTRICT, an irrigation district, hereinafter referred to as the "Reclaimed Water Purveyor."

**RECITALS:**

**WHEREAS**, the San Elijo JPA treats sewage and wastewater and is upgrading its facilities to produce reclaimed water therefrom at its San Elijo Water Pollution Control Facility (WPCF) from wastewater received from, (1) the San Elijo JPA members, and (2) the Rancho Santa Fe Community Services District which transmits its raw wastewater to the San Elijo JPA by contract; and

**WHEREAS**, the Reclaimed Water Purveyor is interested in purchasing reclaimed water from the San Elijo WPCF for purveyance to its ultimate users for the purpose set forth on Exhibit A attached hereto; and

**WHEREAS**, the San Elijo JPA and the Reclaimed Water Purveyor recognize and acknowledge that the use of reclaimed water is an important supplemental water source to meet the growing water demands of Southern California; and

**WHEREAS**, the San Elijo WPCF will, upon completion of the upgrade currently underway, be able to produce an average daily flow of 1.38 million gallons per day (mgd) and an average day peak demand flow of 2.48 mgd of reclaimed water, all in conformance with (1) *Order No. 93-71, WASTE DISCHARGE REQUIREMENTS FOR THE SAN ELIJO JOINT POWERS AUTHORITY, AND SAN ELIJO WATER POLLUTION CONTROL FACILITY, SAN DIEGO COUNTY*, issued by the California Regional Water Quality Control Board, San Diego Region on June 21, 1993, and (2) *Title 22, Division 4, Chapter 3, Wastewater Reclamation Criteria of the California Administrative Code*; and

**WHEREAS**, the San Elijo JPA is interested in distributing reclaimed water produced at its WPCF in conformance with the above-referenced standards to the Reclaimed Water Purveyor for ultimate distribution by the Reclaimed Water Purveyor to its non-potable water customers, and the Reclaimed Water Purveyor is interested in acquiring such reclaimed water from the San Elijo JPA for distribution to its non-potable water customers within its service area; and

WHEREAS, it is the mutual desire of the parties hereto to set forth herein an agreement for the delivery of reclaimed water.

NOW, THEREFORE, in consideration of these recitals and the mutual covenants contained herein, the San Elijo JPA and the Reclaimed Water Purveyor agree as follows:

**SECTION 1.            DEFINITIONS**

Unless the context otherwise requires, the terms defined in this SECTION shall for all purposes of this AGREEMENT have the meanings hereafter specified:

- (a) "Board" means the Board of Directors of the San Elijo JPA.
- (b) "Reclaimed Water" means treated wastewater produced at the San Elijo WPCF pursuant to the Water Reclamation Law, Water Code section 13500, et. seq., and section 13521 setting statewide standards, and in conformance with the California Regional Water Quality Control Board, San Diego Region, Order No. 93-71 referenced above, and *Title 22, California Code of Regulations, Division 4., Environmental Health, Chapter 3., Reclamation Criteria*, referenced above, and amendments thereto.
- (c) "California Title 22 Regulations" means those reclaimed water treatment regulations as required by the California Department of Health Services as promulgated by *Title 22, California Code of Regulations, Division 4., Environmental Health, Chapter 3., Reclamation Criteria*, and any amendments thereto.
- (d) "Domestic Water" means municipal and industrial water supply served by the regional water purveyor for residential, commercial, and industrial uses. Domestic water is equivalent to and also termed potable or drinking water.
- (e) "Administration Costs" means the Reclaimed Water Purveyor's in-house costs for reclaimed water meter installation, calibration, maintenance, repair, replacement, and flow readings, including the costs for calibration, maintenance, repair, replacement of appurtenant backflow prevention and flow control devices if required and installed by the San Elijo JPA or others at the site of the reclaimed water meter. These costs do not include the costs of invoicing and collecting revenues from the reclaimed water customer, but may include costs for use permits and including mandatory cross-connection control inspections.
- (f) "Reclaimed Water Customer" means any private, public, or institutional entity that purchases reclaimed water from the Reclaimed Water Purveyor for non-potable water uses.
- (g) "Reclaimed Water Distribution System" means the pumps, storage reservoirs, pipelines, and appurtenant valves, metering and pressure controlling devices necessary to convey the reclaimed water from the San Elijo WPCF to the on-site reclaimed water meter serving the reclaimed water customer.

(h) "Customer's Irrigation System" means the pumps, pipelines, pressure and backflow control devices, storage reservoirs, and irrigation application equipment owned by the customer, located on the customer's property, downstream from the Reclaimed Water Purveyor's reclaimed water meter.

(I) "Point of Delivery" means the location where the San Elijo JPA's reclaimed water distribution system delivers reclaimed water to the Reclaimed Water Purveyor customer reclaimed water meter, and shall be the point at which ownership of the reclaimed water transfers from the San Elijo JPA to the Reclaimed Water Purveyor.

## **SECTION 2. DELIVERY AND ACCEPTANCE**

The San Elijo JPA agrees to deliver and the Reclaimed Water Purveyor agrees to accept reclaimed water in the quantities and at the quality and pressure determined by the terms and conditions of this AGREEMENT. The San Elijo JPA will only deliver reclaimed water to the Reclaimed Water Purveyor within the Reclaimed Water Purveyor's boundaries, unless given written permission to do otherwise.

## **SECTION 3. TREATMENT STANDARDS**

Treatment Standards. The San Elijo JPA shall treat the wastewater to be delivered to the Reclaimed Water Purveyor in conformance with the criteria specified in Exhibit A, *Order No. 93-71, WASTE DISCHARGE REQUIREMENTS FOR THE SAN ELIJO JOINT POWERS AUTHORITY, AND SAN ELIJO WATER POLLUTION CONTROL FACILITY, SAN DIEGO COUNTY*, attached hereto and incorporated herein by this reference. The San Elijo JPA shall at all times operate its WPCF and distribution system in order that the system and delivered water are in conformance with the requirements of the Water Reclamation Law, Water Code section 13500, et. seq., including those minimum standards for statewide criteria contained in section 13521 of the Water Code and the requirements of San Diego Regional Water Quality Control Board permit and the requirements of California's Title 22 Regulations and this AGREEMENT.

Upgraded Treatment Standards. If applicable regulatory requirements are made more stringent by the San Diego Regional Water Quality Control Board, the California Water Resources Control Board, the California Department of Health Services, or other government agencies with jurisdiction, such that upgraded treatment is required, the San Elijo JPA shall have the following options:

(1) To terminate its obligations under this AGREEMENT on one-hundred eighty (180) days written notice to the Reclaimed Water Purveyor, or

(2) To undertake necessary modifications to the WPCF or other portions of its treatment system necessary to meet the upgraded treatment requirements. The cost of any such modifications shall be included in the computation of the price under SECTION 11 hereof. Before determining to undertake its right under this second option, the San Elijo JPA shall give the Reclaimed Water Purveyor thirty (30) days written notice of its intent to exercise this second option. Within ninety (90) days thereafter, the San Elijo JPA shall provide the Reclaimed Water Purveyor

with a written cost estimate of the costs necessary to provide the upgraded treatment, the proposed method of financing and recovery period for the additional expenditures, and of the impact on the price of reclaimed water, and an estimated date of completion, to the Reclaimed Water Purveyor under SECTION 11. The Reclaimed Water Purveyor shall have ninety (90) days thereafter to deliver to the San Elijo JPA written approval or disapproval of the cost and price change estimates. Failure to deliver a written disapproval with the ninety (90) day time limit shall be deemed an approval. In the event that the Reclaimed Water Purveyor submits a written, timely, disapproval of the adjusted cost or price estimates of reclaimed water, this AGREEMENT shall be deemed terminated forthwith in accordance with SECTION 3, (1).

#### **SECTION 4.           QUANTITY TO BE DELIVERED**

The San Elijo JPA shall provide the Reclaimed Water Purveyor up to 0.94 million gallons per day of treated reclaimed water in accordance with SECTION 3. The Reclaimed Water Purveyor understands that the volume of reclaimed water that can be delivered to the Reclaimed Water Purveyor will be at least 0.48 million gallons per day during the peak irrigation periods of May through October, and will total about 393 acre-feet per year, but that the actual total volume per year will vary according to seasonal needs for irrigation water. The Reclaimed Water Purveyor agrees to accept no less than 393 acre-feet per contract year of reclaimed water for its permitted customers.

During the first contract year of delivery, the water purveyor is only required to purchase 80% (314 AF) of the total amount above. During the second contract year of delivery, the water purveyor is only required to purchase 90% (354 AF) of the total amount above. During the third and subsequent contract years the water purveyor must purchase the agreed total (393 AF).

In the event that reclaimed water is not available in the quantity set forth above, the Reclaimed Water Purveyor shall not be obligated to pay for that proportion of water in the affected contract year. In the event that the San Elijo JPA meets its overall annual projected water production and deliveries, the Reclaimed Water Purveyor shall not be responsible or penalized for not purchasing its minimum amount of reclaimed water during that contract year. The Reclaimed Water Purveyor is not required to purchase the reclaimed water if the quality of the reclaimed water is not in conformance with the criteria specified in Exhibit A, and the reclaimed water purveyor shall not be obligated to pay for that proportion of water in the affected contract year.

Both parties hereto further understand and accept the fact with no liability to either party that there may be interruptions in reclaimed water service. During such interruptions, the Reclaimed Water Purveyor shall take reasonable measures to provide supplemental domestic water to the reclaimed water customers until sufficient reclaimed water is available, as further detailed in SECTION 9 of this AGREEMENT.

The San Elijo JPA and the Reclaimed Water Purveyor agree to meet at mutually convenient times during the year to establish a reasonable schedule for delivering reclaimed water to the Reclaimed Water Purveyor's customers. The San Elijo JPA and the Reclaimed Water Purveyor shall make every reasonable effort to comply with such delivery schedules once mutually accepted. All reports which are submitted as a part of the water reclamation requirements shall be made available, at cost, to the reclaimed water purveyor, upon request. The parties hereto agree to cooperate as necessary

to supply reclaimed water and if necessary supplemental domestic water to reclaimed water customers during times of peak demand and/or emergencies.

## **SECTION 5. METERS**

The Reclaimed Water Purveyor shall be responsible for installing a reclaimed water flow meter and associated backflow prevention and flow control devices if required in a meter box pre-installed by the San Elijo JPA at the point of delivery, if an existing meter is not already available for such use, at a location at or near each reclaimed water customer's property boundary, to measure the quantity of reclaimed water supplied to the customer by the San Elijo JPA. The Reclaimed Water Purveyor shall also be responsible for maintaining, calibrating, and reading the reclaimed water flow meter (and an associated backflow prevention device, a three-way flow control device, or a reduced pressure principle assembly if necessary for that customer) on a regular basis, and reporting the reclaimed water flow usage by each customer to the San Elijo JPA at each billing period. The San Elijo JPA shall credit the Reclaimed Water Purveyor its costs for reclaimed water customer meter installation, calibration, maintenance, and flow reading, and for the calibration and maintenance of appurtenant backflow prevention and flow control devices, together known as "administration costs," by subtracting the Reclaimed Water Purveyor's administration costs from the value of reclaimed water purchased during the same period. For the San Elijo JPA to credit the Reclaimed Water Purveyor for its administration costs, the San Elijo JPA shall deduct said administration costs from the price of reclaimed water sold to the customer for that concurrent billing period.

The San Elijo JPA agrees to credit the Reclaimed Water Purveyor an administration cost of thirty-four dollars (\$34.00) per acre-foot used based on the total volume of reclaimed water flow recorded by the Reclaimed Water Purveyor at each reclaimed water customer's meter located within the Reclaimed Water Purveyor's service area. The Reclaimed Water Purveyor agrees to prepare and submit justification for its administration costs no later than January 1st of each year. The administration costs may be adjusted by agreement of both parties no later than March 1st of each year. Adjustment of administration costs will not be unreasonably withheld.

## **SECTION 6. OWNERSHIP, OPERATION, AND MAINTENANCE**

The San Elijo JPA shall own and be responsible for the operation and maintenance of the reclaimed water treatment and distribution system up to the point of delivery but not including the customers' reclaimed water flow meter and any necessary backflow prevention and flow control devices. The San Elijo JPA shall also provide customer relation services, such as responding to telephone and written inquiries about reclaimed water. The Reclaimed Water Purveyor shall own and be responsible for the maintenance of the customer's reclaimed water meter and its appurtenant backflow prevention and flow control devices, as discussed in SECTION 5 above. The San Elijo JPA shall not own nor be responsible for the operation and maintenance of the customer's irrigation system downstream from the point of delivery or for the reclaimed water meter and its associated backflow prevention and flow control device.

## **SECTION 7.            CUSTOMER USE PERMITS AND RULES AND REGULATIONS**

Prior to the use of any reclaimed water, each customer shall have been issued a "Reclaimed Water Use Permit" by the Reclaimed Water Purveyor stating the quantity and quality of reclaimed water to be served to that customer, and incorporating a set of "Rules and Regulations for Reclaimed Water Use." The Reclaimed Water Use Permit and Rules and Regulations for Reclaimed Water Use documents, among other required procedures, shall include the times when reclaimed water can be used for irrigation, procedures to monitor for and prevent surface runoff of irrigation water, strict cross-connections prevention measures, and regulatory agency mandated measures for ensuring the health and safety of workers handling reclaimed water.

The San Elijo JPA will provide the Reclaimed Water Purveyor typical Reclaimed Water Use Permit and Rules and Regulations for Reclaimed Water Use documents for approval and adoption by its (Board of Directors/Council) which incorporates all the recommended and required provisions for such documents by the California Regional Water Quality Control Board, California and County Departments of Health Services, and the San Diego County Water Authority.

The San Elijo JPA agrees that the Reclaimed Water Purveyor may need to modify and amend these example documents to incorporate specific technical measures unique to the Reclaimed Water Purveyor's manner of serving its customers, but that the mandated regulatory and public health sections of these documents will not be altered or relaxed in any manner prior to adoption.

## **SECTION 8.            RECLAIMED WATER QUALITY**

The San Elijo JPA will only deliver reclaimed water that meets the requirements of the Water Reclamation Law, Water Code section 13500, et. seq., including section 13521 of the Water Code regarding statewide standards, and of *Order No. 93-71, WASTE DISCHARGE REQUIREMENTS FOR THE SAN ELIJO JOINT POWERS AUTHORITY, SAN ELIJO WATER POLLUTION CONTROL FACILITY, SAN DIEGO COUNTY*, adopted by the California Regional Water Quality Control Board, San Diego Region on June 21, 1993, which incorporate California's Title 22 Regulations, and amendments thereto, per Exhibit A. The Reclaimed Water Purveyor is not required to purchase the reclaimed water if the quality of the reclaimed water is not in conformance with the criteria specified in Exhibit A.

It is the goal of the San Elijo JPA and the Reclaimed Water Purveyor to provide water of suitable quality for customer use. Toward that end, the San Elijo JPA, and the Reclaimed Water Purveyor, will work in concert with the customer to provide reclaimed water of such quality through methods such as blending, treatment, and over irrigation. However, in no case shall the cost of these additional measures be borne by the San Elijo JPA.

The San Elijo JPA agrees to cooperate with the Reclaimed Water Purveyor and any other participating agency to implement stringent efforts to minimize the amount of dissolved minerals entering the San Elijo WPCF. The San Elijo JPA does not plan to and is not obligated by this AGREEMENT to provide any type of demineralization equipment or mineral removal processes for the reclaimed water it supplies to the Reclaimed Water Purveyor and its customers. The San Elijo

JPA shall conduct tests of the water being produced in accordance with Exhibit A. The costs of any additional testing will be borne by the Reclaimed Water Purveyor.

From April 1 through September 30 of each year, the JPA will provide reclaimed water with a 30-day average of 1,000 parts per million of total dissolved solids (TDS) or less, and from October 1 through March 31 of each year, the JPA will provide reclaimed water with a 30-day average of 1,100 parts per million of TDS or less. The JPA may add domestic water to the reclaimed water, or use other methods, if necessary, to bring the TDS of the reclaimed water within the above limits. Should domestic water be added for water quality purposes, the quantity of domestic water added to meet these TDS limits shall be included in the total quantity of reclaimed water per contract year specified in SECTION 4.

*Revised  
1/15/20*

The San Elijo JPA and its purveyors, including the Reclaimed Water Purveyor agree to participate in public information/education efforts to minimize the use of devices that increase the level of salts and mineral compounds in the influent water flowing to the San Elijo plant.

**SECTION 9. SUPPLEMENTAL WATER**

The Reclaimed Water Purveyor agrees to provide domestic water, if available, to supplement the reclaimed water supply during times of peak usage and during times of interruptions of service. Supplemental water is the domestic potable water supplied to meet demand during emergency outages and interruptions of service, to meet peak day demands, and to enhance the quality of reclaimed water.

When the San Elijo JPA owns and operates a reclaimed water storage reservoir within the service area of the Reclaimed Water Purveyor, both parties will meet periodically, as described in SECTION 4 above, to schedule supplemental domestic water deliveries to the San Elijo JPA's reclaimed water storage reservoir to meet peak flow and emergency situations. Any supplemental domestic potable water provided by the Reclaimed Water Purveyor to the San Elijo JPA shall be provided at the Reclaimed Water Purveyor's domestic potable water rate.

When the Reclaimed Water Purveyor is able to directly provide supplemental domestic water to its reclaimed water customer, at the request of the San Elijo JPA and in accordance with SECTION 4 of this AGREEMENT, the Reclaimed Water Purveyor shall invoice the customer directly for the amount of domestic water supplied. The cost of supplemental potable water may exceed the cost of reclaimed water. The quantity of supplemental water shall be included in the total quantity of reclaimed water per contract year specified in SECTION 4.

The Reclaimed Water Purveyor recognizes and acknowledges that the San Elijo JPA may have other reclaimed water customers, that the San Elijo JPA does not control the amount of raw wastewater received at the WPCF, and that the availability of reclaimed water cannot be guaranteed above the amount provided in this AGREEMENT. However, the San Elijo JPA shall make every reasonable effort to meet delivery schedules in SECTION 4.

**SECTION 10.            RECLAIMED WATER DELIVERY PRESSURE**

Reclaimed water delivered by the San Elijo JPA to the reclaimed water customer's meter shall be provided at the following pressures: 85 psi minimum pressure, and 140 psi maximum pressure.

**SECTION 11.            PRICE OF RECLAIMED WATER**

The Reclaimed Water Purveyor agrees to pay the San Elijo JPA 85% of the total domestic water rate per acre-foot used (including service availability and demand charges) based on the total volume of reclaimed water flow recorded by the Reclaimed Water Purveyor at each reclaimed water customer's meter located within the Reclaimed Water Purveyor's service area. The cost of the reclaimed water to the Reclaimed Water Purveyor in subsequent years may be adjusted by agreement of both parties no later than on February 1st each year. Both parties agree that the Reclaimed Water Purveyor's price of reclaimed water to the reclaimed water customer shall never exceed the price of domestic water at time of service. The San Elijo JPA shall provide the Reclaimed Water Purveyor the basic calculations of determining reclaimed water costs including the applications of any incentives, rebates, grants and/or loans. It is agreed that if the San Elijo JPA acquires funding in excess of presently calculated amounts in its State Revolving Fund (SRF) program, it shall advise the Reclaimed Water Purveyor and enter into negotiations to consider appropriate adjustments to the cost of purchasing reclaimed water. The Reclaimed Water Purveyor shall provide the JPA the basic calculation of determining the total domestic water rate. The negotiations will be conducted such that the adjustment that is agreed upon by the Reclaimed Water Purveyor and the San Elijo JPA will be determined before February 1. Nothing in this AGREEMENT shall prevent the Reclaimed Water Purveyor from adjusting the rate for domestic water.

**SECTION 12.            TERMS OF PAYMENT**

The San Elijo JPA will invoice the Reclaimed Water Purveyor bi-monthly for reclaimed water delivered to the reclaimed water customers' meters at the price agreed to as described in SECTION 11 of this AGREEMENT. Concurrently, the San Elijo JPA will credit the Reclaimed Water Purveyor for the same service period for any administration costs, as described in SECTION 5 of this AGREEMENT, and for any supplemental water provided to the San Elijo JPA's reclaimed water storage reservoirs, as further described in SECTION 9 of this AGREEMENT, which will be considered together as credits against the San Elijo JPA's invoice amount for reclaimed water sales. The adjusted balance of the San Elijo JPA's invoice for that period will be calculated and paid by the Reclaimed Water Purveyor to the San Elijo JPA within thirty (30) days after receipt of the bi-monthly invoice.

**SECTION 13.            INCENTIVES AND REBATES**

Both parties agree that any incentives, rebates, grants and/or loans obtained to build and operate the San Elijo JPA's reclaimed water treatment and distribution system from the San Diego County Water Authority (CWA), Metropolitan Water District of Southern California, California Water Resources Control Board, et al., shall be solely used by the San Elijo JPA to construct, operate, and maintain said system, and to reduce the cost of reclaimed water to the Reclaimed Water





b. SANTA FE IRRIGATION  
DISTRICT

GENERAL MANAGER  
Santa Fe Irrigation District  
Post Office Box 409  
Rancho Santa Fe, CA 92067

It shall be the sole responsibility of each party to this AGREEMENT to promptly notify the other of any change of title and/or address as long as this AGREEMENT remains in effect.

**SECTION 17. ASSIGNMENT**

This AGREEMENT or any interest therein or any monies due or to become due thereunder shall not be assigned, hypothecated or otherwise disposed of without the prior written consent of both parties to this AGREEMENT, which consent shall not be unreasonably withheld.

**SECTION 18. EFFECTIVE DATE**

This AGREEMENT shall become effective upon the date at which it is executed by both parties to this AGREEMENT.

**SECTION 19. TERMINATION OF AGREEMENT**

The term of this AGREEMENT shall be twenty (20) years, subject to the rights of the parties to an earlier termination as provided in SECTION 20 hereof. This AGREEMENT shall continue in force from year to year after the initial twenty (20) year term of the AGREEMENT until either party gives one (1) year written notice to the other of its intention to terminate or renegotiate the AGREEMENT. The AGREEMENT shall terminate one (1) year from the date upon which such written notice is received unless the parties agree otherwise, in writing.

In the event that the San Elijo JPA and the Reclaimed Water Purveyor shall at any time agree in writing that the San Elijo JPA shall undertake upgrades or expansions of the WPCF in order to meet the Reclaimed Water Purveyor's reclaimed water needs or to meet amended treatment quality standards, and the San Elijo JPA shall either (1) incur indebtedness to finance such upgrade or expansion or (2) enter into other contractual commitments to expand its own funds to undertake such upgrades and/or expansions, then in that event, the Reclaimed Water Purveyor shall not have the right to terminate this AGREEMENT prior to the time that such agreed upon additional expenditures on the part of the San Elijo JPA are recovered.

**SECTION 20. EARLY TERMINATION**

If at any time during the term of this AGREEMENT, and subject to the provisions of SECTIONS 3 and 24, reclaimed water in compliance with the standards referenced in this AGREEMENT cannot lawfully be used by the Reclaimed Water Purveyor for the purposes intended by this AGREEMENT, because of government regulations now in effect or hereinafter imposed, or, if the Reclaimed Water Purveyors should for any reason breach its obligations under this AGREEMENT in any material respect, including, but not limited to, failure to pay for reclaimed water as required, failure to accept reclaimed water as required, failure to maintain necessary

facilities, or other substantial failure, San Elijo JPA may terminate this AGREEMENT with no further obligation by giving one-hundred eighty (180) days written notice thereof to the Reclaimed Water Purveyor.

Also, and subject to the provisions of SECTIONS 3 and 24, if the San Elijo JPA should refuse upon demand to deliver reclaimed water to the Reclaimed Water Purveyor in conformance with this AGREEMENT for any reason, the Reclaimed Water Purveyor may terminate this AGREEMENT with no further obligation, upon one-hundred eighty (180) days written notice thereof to the San Elijo JPA. Early termination may also occur as specified in SECTION 3. The San Elijo JPA will endeavor to complete routine maintenance and repairs within 72 hours of any service interruption. Construction of the water reclamation project is expected to be completed no later than June 1999.

#### **SECTION 21.            ENTIRE AGREEMENT**

This AGREEMENT constitutes the entire understanding between the parties hereto with respect to the subject matter hereof superseding all negotiations, prior discussions and preliminary agreements and understandings, written or oral. This AGREEMENT shall not be amended, except by written consent of the parties hereto, and no waiver or any rights under this AGREEMENT shall be binding unless it is in writing signed by the party waiving such rights. In the event any provision of this AGREEMENT shall be held to be invalid and unenforceable, the other provisions of this AGREEMENT shall be held to be valid and binding on the parties hereto.

#### **SECTION 22.            BINDING EFFECT**

This AGREEMENT shall be binding upon the parties hereto and their respective successors in interest, permitted assigns, executors, administrators, and personal representatives.

#### **SECTION 23.            INDEMNIFICATION**

The San Elijo JPA expressly agrees to indemnify, defend, and hold the Reclaimed Water Purveyor, its Directors (Council Members), officers, agents, employees, and agents free and harmless from and against any and all loss, liability, expense, claims, costs, suits and damages including attorney fees arising from San Elijo JPA's negligence or intentional failure to perform, errors and/or omissions associated with the operation and maintenance of the San Elijo WPCF and the reclaimed water distribution facilities up to the point of delivery (not including any meter or backflow device) within the Reclaimed Water Purveyor's boundary, excepting any such loss, liability, expense, claims, suits and damages associated with the Reclaimed Water Purveyor's negligence or intentional failure to perform, errors and/or omissions associated with the Reclaimed Water Purveyor's obligations under this AGREEMENT.

The Reclaimed Water Purveyor expressly agrees to indemnify, defend, and hold free and harmless the San Elijo JPA, its members, directors, officers, consultants, agents, and employees from and against any and all loss, liability, expense, claims, costs, suits, and damages, including attorneys fees, arising from the Reclaimed Water Purveyor's negligence or intentional failure to perform, errors and/or omissions associated with the Reclaimed Water Purveyor's operation and maintenance of its facilities for distribution of the reclaimed water, and any negligence or intentional failure by the

Reclaimed Water Purveyor to ensure that its ultimate customers only use the reclaimed water in conformance with the terms of this AGREEMENT and for authorized uses, and in an appropriate manner, excepting any such loss, liability, expense, claims, suits, and damages associated with the San Elijo JPA's negligence or intentional failure to perform, errors and/or omissions associated with the San Elijo JPA's obligation under this AGREEMENT.

**SECTION 24.           EXCUSE FROM PERFORMANCE BY GOVERNMENTAL ACTS OR CATASTROPHE**

If during the term of this AGREEMENT any agency of the federal, state, or local government shall prohibit the acceptance for use by the Reclaimed Water Purveyor of reclaimed water hereunder not caused by a change in governmental standards, performance of the parties shall be excused during the period the San Elijo JPA proceeds to correct the problem. However, the San Elijo JPA shall commence work to correct the problem no later than sixty (60) days following action by the governmental agency to prohibit use of reclaimed water from the San Elijo WPCF and shall diligently prosecute this work to completion. The failure of the San Elijo JPA to commence this work within the 60-day period or to diligently complete this work shall entitle the Reclaimed Water Purveyor to terminate this AGREEMENT in accordance with SECTION 20.

In addition, in the event of natural catastrophe or act of God such as flood or earthquake which prevents either party from performing under this AGREEMENT, such party shall be excused from performance upon delivery of notice to the other party until such situation can be remedied. The excused party shall have a good faith obligation to take reasonable action to remedy the situation, and if the situation cannot be remedied, such party shall have the termination rights provided above in SECTIONS 3, 19 and 20.

**SECTION 25.           RESERVATION OF RIGHTS: NO VESTED RIGHTS**

It is hereby expressly understood and agreed that the Reclaimed Water Purveyor by execution of this AGREEMENT and the exercise of the rights granted to it by this AGREEMENT, shall not acquire any vested right to reclaimed water, and shall not acquire any vested right, title, or interest in or to the San Elijo JPA's sewer system, or other San Elijo JPA facilities. The San Elijo JPA expressly reserves all of its rights except as expressly provided otherwise herein.

**SECTION 26.           ATTORNEY'S FEES**

If any arbitration proceeding or action at law is brought to enforce or interpret the provisions of this AGREEMENT, the prevailing party shall be entitled to a reasonable attorney's fee and expert witnesses' fees, which may be set by the Court in the same action brought for that purpose, in addition to any other relief to which he may be entitled.

**SECTION 27.           VENUE**

In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this AGREEMENT, the parties agree that venue shall lie only in the courts in or nearest to the North County Judicial District, County of San Diego, State of California.

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed and be effective on the date first above mentioned.

SAN ELIJO JPA:

[Signature]

By: \_\_\_\_\_

By: \_\_\_\_\_

Chair

ATTEST:

[Signature]  
General Manager

Date: 10 / 10 / 96

SANTA FE IRRIGATION DISTRICT

[Signature]

ATTEST:

[Signature]

Date: 10-3-96

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SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

November 8, 2010

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN DIEGO INTEGRATED REGIONAL WATER MANAGEMENT (IRWM) PLAN  
ADOPTION

RECOMMENDATION

It is recommended that the Board of Directors:

1. Adopt Resolution No. 2011-05 A Resolution Of Adoption For The San Diego Integrated Regional Water Management Plan; and
2. Discuss and take action as appropriate.

DISCUSSION

Integrated Regional Water Management (IRWM) planning was derived from Proposition 50 which was passed by California voters in November 2002, authorizing \$3.4 billion general obligation bonds to fund a variety of specified water and wetlands projects. It set aside \$380 million for IRWM related grants. Proposition 50 is jointly administered by the California Department of Water Resources and the State Water Resources Control Board.

The San Diego Integrated Regional Water Management Plan was finalized in 2007 to coordinate water resource management efforts and to enable the San Diego Region to apply and compete for grants tied to IRWM Planning. The San Diego IRWM Plan can be viewed at the following link: <http://www.rmcwater.com/clients/sdirwmp/plan.html>. The SEJPA has been an integral part of the planning process as an active member of the Regional Advisory Committee (RAC) since 2006 and appointed Board Member Houlihan as an alternate member of the RAC in 2009.

In an effort to maximize the regional impact of the SEJPA's planned recycled water demineralization project, the SEJPA has partnered with the Olivenhain Municipal Water District (OMWD) and the San Elijo Lagoon Conservancy to create the North San Diego County Cooperative Demineralization Project. This project includes planning and feasibility study of potential brackish groundwater demineralization by OMWD for increasing local potable water supplies; water quality and quantity monitoring in the San Elijo Lagoon by the San Elijo Lagoon Conservancy; and the construction of recycled water demineralization and urban runoff collection and treatment by the SEJPA.

## FINANCIAL IMPACT

The planning level cost estimate for the North San Diego County Cooperative Demineralization Project is \$5.6 to 7.5 million, for which each project partner is responsible for their share. The majority of the project cost is for the design and construction of the SEJPA Advanced Water Treatment System, estimated at approximately \$5 million. The SEJPA has submitted the North San Diego County Cooperative Demineralization Project for grant consideration through the San Diego Integrated Regional Water Management (IRWM) program for Proposition 84 funding. The project has been accepted and rated as one of the highest ranked projects for the region. The San Diego IRWM program is recommending a grant of \$1.05 million for this project. If the project is ultimately awarded grant monies by the California Department of Water Resources, the SEJPA can expect approximately \$700,000 in grant monies towards the Advanced Water Treatment System, with the remaining grant monies to be spread among the remaining project elements.

As a condition for receiving grant funding through this program, the SEJPA is required to adopt a resolution stating its endorsement of the San Diego IRWM Plan.

It is therefore recommended that the Board of Directors:

1. Adopt Resolution No. 2011-05 A Resolution Of Adoption For The San Diego Integrated Regional Water Management Plan; and
2. Discuss and take action as appropriate.

Respectfully submitted,

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Michael T. Thornton, P.E.  
General Manager

Attachment: A Resolution Of Adoption For The San Diego Integrated Regional Water Management Plan

**RESOLUTION NO. 2011-05**

**BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY**

**A RESOLUTION OF ADOPTION FOR THE SAN DIEGO INTEGRATED REGIONAL WATER MANAGEMENT PLAN**

**WHEREAS** the San Diego Regional Water Management Group (RWMG), comprised of the San Diego County Water Authority, City of San Diego, and County of San Diego, has collaborated with the Regional Advisory Committee (RAC), comprised of water management stakeholders from throughout the San Diego region, to draft the 2007 San Diego Integrated Regional Water Management (IRWM) Plan;

**WHEREAS** the 2007 San Diego IRWM Plan seeks to optimize water supply reliability, protect and enhance water quality, provide stewardship of natural resources, and coordinate and integrate water resource management within the region;

**WHEREAS** the San Diego IRWM Plan forms the foundation of long-term IRWM planning in the region, fostering coordination, collaboration, and communication among governmental and non-governmental water management stakeholders; and

**WHEREAS** the State of California encourages integrated water resource planning on a regional basis through IRWM Plans and by conditioning certain existing and possibly future grant funding programs – including Proposition 84, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Public Resources Code section 75001 *et seq.*) – to activities contained in IRWM Plans;

**NOW THEREFORE BE IT RESOLVED** that the San Elijo Joint Powers Authority adopts the 2007 San Diego Integrated Regional Water Management Plan and is committed to continued development and implementation of the Plan to support water resources management in the San Diego region, and

**BE IT FURTHER RESOLVED** that we encourage the California Department of Water Resources to fully fund the grant applications that are prepared as a result of this Plan.

**PASSED AND ADOPTED** this 8<sup>TH</sup> day of November 2010.

AYES:

NOES:

ABSENT:

ABSTAIN:

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Maggie Houlihan, Chairperson  
SEJPA Board of Directors

Attest:

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Michael T. Thornton, P.E.  
Secretary of the Board