

**AGENDA**  
**SAN ELIJO JOINT POWERS AUTHORITY**  
**MONDAY JUNE 13, 2011 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 MAY 9, 2011 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. \* AWARD OF ANNUAL SUPPLIES AND SERVICES CONTRACTS FOR THE SAN ELIJO JOINT POWERS AUTHORITY
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. ADOPTION OF THE SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR 2011-12 BUDGET, INVESTMENT POLICY, AND APPOINTMENT OF SEJPA TREASURER

It is recommended that the Board of Directors:

1. Adopt Resolution No. 2011-07, Resolution Approving the San Elijo Joint Powers Authority Operating and Capital Improvement Budgets for Fiscal Year 2011-12;
2. Adopt Resolution No. 2011-08, Resolution Approving the San Elijo Joint Powers Authority Investment Policy and Guidelines and Appointment of SEJPA Treasurer; and
3. Discuss and take action as appropriate.

Staff Reference: Director of Finance/Administration Gregory Lewis

14. PRELIMINARY FINDINGS FOR CAPITAL FINANCING OF THE PROPOSED DEMINERALIZATION TREATMENT SYSTEM AT THE SAN ELIJO WATER RECLAMATION FACILITY

It is recommended that the Board of Directors:

1. Direct staff to negotiate a lease-purchase agreement with W.M. Lyles, LLC to be returned to the Board for consideration of approval;
2. If an acceptable lease-purchase agreement cannot be negotiated with W.M. Lyles, LLC, then negotiate an agreement with Brandis Tallman, LLC for board consideration; and
3. Discuss and take action as appropriate.

Staff Reference: General Manager Michael Thornton

15. UPDATE – RECYCLED WATER DISCUSSIONS BETWEEN THE SAN ELIJO JOINT POWERS AUTHORITY, SANTA FE IRRIGATION DISTRICT, SAN DIEGUITO WATER DISTRICT, AND CITY OF DEL MAR

Informational report only not requiring Board approval.

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

The Board will meet pursuant to Government Code Section 54957 with respect to Public Employee Performance Evaluation. Title: General Manager

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 regularly scheduled San Elijo Joint Powers Authority Board Meeting will be July 11, 2011 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: June 8, 2011



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

SAN ELIJO JOINT POWERS AUTHORITY  
MINUTES OF THE BOARD MEETING  
HELD ON MAY 9, 2011  
AT THE  
SAN ELIJO WATER RECLAMATION FACILITY

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Thomas M. Campbell, Chair

Teresa Barth, Vice Chair

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A Meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, May 9, 2011, at 9:00 a.m., at the San Elijo Water Reclamation Facility at 2695 Manchester Avenue, Cardiff by the Sea, California.

1. CALL TO ORDER

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

2. ROLL CALL

*Directors Present:*

Teresa Barth  
Maggie Houlihan  
Dave W. Roberts

*Directors Absent:*

Thomas M. Campbell

*Others Present:*

General Manager  
Director of Finance/Administration  
Administrative Assistant  
Safety/HR Administrator  
Electrical Instrumentation Technician

Michael Thornton  
Greg Lewis  
Monica Blake  
Marisa Buckles  
Casey Larsen

*SEJPA Counsel:*

Procopio, Cory, Hargreaves & Savitch

Greg Moser  
Greta Proctor

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

3. PLEDGE OF ALLEGIANCE

Board Member Roberts led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

General Manager Michael Thornton stated that Casey Larsen, SEJPA's Electrical Instrumentation Technician, was awarded the California Water Environment Association (CWEA) 2010 Electrical/Instrumentation Person of the Year at the state level.

The General Manager, Vice Chair Teresa Barth, and the Board thanked Casey Larsen for his outstanding work and service to the SEJPA.

6. CONSENT CALENDAR

Moved by Board Member Houlihan and seconded by Board Member Roberts 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 April 11, 2011 meeting                           |
| Agenda Item No. 8  | Approval for Payment of Warrants and Monthly Investment Report               |
| Agenda Item No. 9  | San Elijo Water Reclamation Facility Treated Effluent Flows – Monthly Report |
| Agenda Item No. 10 | San Elijo Joint Powers Authority Recycled Water Program – Monthly Report     |

11. ITEMS REMOVED FROM CONSENT CALENDAR

None

12. SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR 2011-12 RECOMMENDED BUDGET UPDATE

Director of Finance/Administration Gregory Lewis reported that the SEJPA recommended budget was reviewed by the Member Agencies and the Agencies had no comments or recommendations. The Fiscal Year 2011-12 Budget will be presented at the June Board of Directors meeting for adoption.

This was an informational report not requiring Board action.

13. AWARD OF CONSTRUCTION CONTRACT FOR THE ELECTRICAL UPGRADES PROJECT FOR THE SAN ELIJO WATER RECLAMATION FACILITY

General Manager Michael Thornton reported that the Electrical Upgrades Project was advertised for public bidding in March 2011, and a mandatory pre-bid conference was held at the SEJPA on March 17, 2011. Bids were received and opened on April 14, 2011. The apparent low bidder was Southern Contracting Company, with a bid amount of \$1,058,900.00. SEJPA staff recommended awarding the contract for construction to Southern Contracting Company, contingent upon verification that the apparent low bidder meets bid requirements, including bonding and insurance. Funds in the amount of \$497,000 will need to be appropriated in the Fiscal Year 2011-12 budget to complete this project.

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

1. Approve and authorize the General Manager to issue the Notice of Award to Southern Contracting Company and waive the listing of the equipment in the bid as an irregularity;
2. Approve and authorize the Chair of the Board to execute Agreement for Construction Services between San Elijo Joint Powers Authority and Southern Contracting Company, upon receipt and approval of all submittal requirements; and
3. Approve and authorize the General Manager to issue the Notice to Proceed to Southern Contracting Company, upon receipt and approval of all bid submittal requirements.

Motion carried with the following vote of approval:

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

14. SURPLUS RECYCLED WATER AGREEMENT BETWEEN THE SAN ELIJO JOINT POWERS AUTHORITY (SEJPA), THE SAN DIEGUITO WATER DISTRICT (SDWD), AND THE ENCINITAS RANCH GOLF AUTHORITY (ERGA)

General Manager Michael Thornton reported that water supply resources have dramatically changed since 1996, when the original recycled water sales agreements were signed between the SEJPA and the purveyors. SEJPA staff has been actively

working with each water purveyor to amend the agreements to reflect current conditions and the unique operating situation of each district. The goal is to develop agreements with a pricing structure and operating terms that provide full cost recovery for the SEJPA and the water districts at the lowest cost to the end customer.

The General Manager stated that SEJPA staff worked closely with SDWD and ERGA to develop an agreement for recycled water service that will benefit all parties. ERGA is the managing authority for the Encinitas Ranch Golf Course, a public golf course owned by the City of Encinitas. The golf course has historically been the largest user of recycled water for SDWD and has the ability to store large volumes of water onsite within their storage ponds. In this agreement, the SEJPA will get immediate and full access to 10 million gallons of storage in exchange for a fixed annual price for recycled water to the golf course. The golf course will receive access to surplus recycled water with the understanding that the water supply may be interrupted if demands in the system increase above production levels. The increased water use will help SDWD meet the purchase volume provisions of the current water purchase contract incentives. The agreement will deliver a minimum of 200 acre feet of water to the golf course on an annual basis for each of the next 6 years. The first year of the agreement provides a fixed fee of \$195,000 to the SEJPA, and each subsequent year includes a 5% annual cost increase. The total value of the 6 year contract is \$1.3 million.

The General Manager stated there are no downsides, only upsides to this joint agreement. Financially, the agreement is good for the SEJPA, the golf course, and the community. The key to this agreement is that the SEJPA has surplus water and the golf course has storage to accept it. The agreement is for 6 years and we can decide then if it is best for all parties to extend for another 6 years. Currently, the SEJPA is in discussions with multiple water districts to sell this surplus water, but because the infrastructure is so expensive, it takes many years to plan, design, permit, and finance new recycled water systems. Striking an agreement with one of these districts will likely result in a better selling price, but right now we have surplus water that is being discharged to the ocean. We have built in a 5% annual cost increase that should keep up with potential chemical and energy cost increases. Within 6 years, we should have clarity if the SEJPA can reach an agreement with another water district for use of this surplus water, or we have the option of entering into the second 6-year term of the agreement. There are other operational benefits that the golf course storage brings to the SEJPA, which just make this agreement more attractive. Also, if another golf course wanted the same agreement, we may be able to duplicate it as long as they have similar storage capacity.

Larry Watt, Director of Public Works with the City of Encinitas stated that this is a three-party agreement and he will be recommending approval at the San Dieguito Water District Board of Directors meeting to be held on May 25, 2011. Mr. Watt stated this agreement could be used as a template in the future for other golf courses served by SEJPA and thanked Mr. Thornton for his efforts in thinking outside of the box.

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

1. Approve the Surplus Recycled Water Agreement

Motion carried with following vote of approval:

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

15. GENERAL MANAGER'S REPORT

None

16. GENERAL COUNSEL'S REPORT

General Counsel Greg Moser introduced Greta Proctor, Attorney at Law, with Procopio, Cory, Hargreaves & Savitch LLP.

17. BOARD MEMBER COMMENTS

None

18. CLOSED SESSION

The Board of Directors went into closed session at 9:28 a.m. pursuant to Government Code Section 54957 with respect to Public Employee Performance Evaluation for the General Manager.

The Board of Directors came out of closed session at 9:37 a.m. with the following reportable action:

A subcommittee was established for the General Manager Performance Review. The subcommittee members are Vice Chair Teresa Barth and Board Member David W. Roberts.

19. ADJOURNMENT

The Board of Directors adjourned at 9:38 a.m. The next Board of Directors meeting will be held on June 13, 2011.

Respectfully submitted,



Michael T. Thornton, P.E.  
General Manager



PAYMENT OF WARRANTS

11-06

2-Jun-11

VENDOR	DESCRIPTION OF EXPENSE	AMOUNT
<b><u>11-06 Warrants</u></b>		
Abcana	Hydrochloric acid - plant	\$326.74
AG Tech, LLC	Biosolids hauling - April	\$6,691.20
Airgas West	Nitrogen cylinder - lab	\$70.95
Applied Industrial Technologies	Lip type seal small and single row ball bearings - plant	\$174.49
Applied Industrial Technologies	Angular contact ball, single row bearings, seals - plant	\$486.47
Arrowhead	Kitchen and lab supplies	\$233.56
AT&T	Alarm service - May	\$379.61
AT&T	Phone service - 03/12/11 - 04/12/11	\$356.36
AT&T	Phone service - 03/20/11 - 04/19/11 - Eden Gardens	\$73.01
Atlas Pumping Service	Grease and scum pumping - April	\$751.40
Atlas Pumping Service	Grease and scum pumping - May	\$751.40
Atlas Pumping Service	Grit and screening - April	\$742.35
Blake, Monica	Expense report - mileage and meeting	\$65.03
Blue Skies Landscape	Landscape service - April	\$1,200.00
Boot World, Inc.	Safety boots - J. Boyle	\$58.70
CDM, Inc.	Electrical improvements - plant	\$34,963.50
CDPH-OCF	Distribution certificate exam - M. Piper	\$80.00
Carl Warren & Co.	Legal services - Bradley Gessner	\$92.87
Coast Waste Management	Grit and screening- storm water	\$458.48
Complete Office	Office supplies - May	\$164.57
Corodata	Record storage - April	\$66.57
County of San Diego, DEH	Permit - general hazardous materials - plant	\$2,102.00
Crown Point Embroidery	Employee jacket, messenger bag and tote	\$128.87
CWEA - TCP	Certificate renewal - K. Regnier	\$76.00
Dennison McKey Co., Inc.	Fan - regulator structure - outfall	\$1,468.13
Dept. of Consumer Affairs	Professional engineer license renewal - M. Thornton	\$125.00
Dept. of Consumer Affairs	Professional engineer license renewal - A. Hoch	\$125.00
Dudek & Associates	Pump control valves - water reclamation	\$2,436.00
EDCO	Trash service - April	\$184.01
eMaint Enterprises, LLC	Online software renewal	\$480.00
Ferguson Waterworks	Gasket, valves, and hinges - Cardiff ,Solana Bch P.S.	\$619.20
Ferguson Waterworks	Pump - plant	\$605.14
Fleet Services	Fuel - April	\$1,119.20
Goates Consulting Group	SEJPA organization development	\$400.00
Golden State Overnight - GSO	Mailing compliance reports and lab samples	\$89.60
Grainger, Inc.	Pipe insulation - heat exchanger - plant	\$158.65
Hach Company	Dissolved oxygen probe - plant	\$885.20
Hach Company	Sensor cap assembly - plant	\$509.80
Hoch, Adam	Expense report - registration for environmental day	\$181.93
Horizon Health EAP	Employee Assistance Program - May	\$351.12
IPMA-HR	Membership - M. Buckles	\$145.00
Jani-King	Janitorial service - May	\$882.64
Jani-King	Janitorial supplies	\$445.97
Kennedy/Jenks Consultants	Recycled water demineralization	\$35,660.51
Konica	Monthly copier maintenance	\$89.60
Larsen, Casey	Expense report - VFD for RAS pump - plant	\$3,287.45
Lewis, Greg	Expense report - canopy for environmental day	\$134.71
Lewis, Greg	Expense report - employee cell phones	\$154.94
Lewis, Greg	Expense report - A.E.D. battery and event banner	\$443.72
Marine Taxonomic Services	Ocean outfall monitoring - outfall	\$740.00
McMaster-Carr Supply Co.	Gauges, wire rope, chain - plant, lab and Coast P.S.	\$591.11
McMaster-Carr Supply Co.	PVC sheet and air inflatable test plug - water rec.	\$263.64
McMaster-Carr Supply Co.	Wire rope clip - Encinitas U/V	\$149.38
MetLife SBC	Dental Insurance	\$1,679.97

PAYMENT OF WARRANTS

11-06

2-Jun-11

VENDOR	DESCRIPTION OF EXPENSE	AMOUNT
Mission Janitorial Supplies	Safety glass for sand blast unit - plant	\$28.37
Mutual of Omaha	Life and disability insurance	\$1,684.92
Napa Auto Parts	Vehicle maintenance parts	\$86.92
Napa Auto Parts	Vehicle maintenance - air filter	\$19.02
OMWD	Manchester - 03/08/11 - 04/11/11	\$35.62
Olin Corp - Chlor Alkali	Sodium hypochlorite - water reclamation and plant	\$3,310.14
Olivenhain Municipal Water Dist.	Payment for the Furman Group	\$8,000.00
One Source Distributors	Controller SCADA improvement - outfall	\$4,027.50
One Tripp Tree Service	Tree maintenance and disposal fee - plant	\$5,422.00
PERS - Health	Health - June	\$16,739.26
PERS - Retirement	Retirement premium - 05/06/2011	\$13,989.18
PERS - Retirement	Retirement premium - 05/20/2011	\$13,780.85
Polydyne Inc.	Clarifloc R C-378 - water reclamation	\$1,210.61
Preferred Benefit Insurance	Vision insurance - May	\$274.54
Probuild	Repairs, shop and field supplies - May	\$181.80
Procopio, Cory, Hargreaves	Legal services - general - April	\$3,320.25
RSF Security Systems	Security service - 06/01/11 - 08/31/11	\$1,482.00
RTC	Nitrite - WP - lab	\$88.50
San Diego Gas and Electric	Gas and electric - 03/09/11 - 04/07/11	\$34,127.14
San Diego Gas and Electric	Gas and electric-Valley - 04/08/11 - 05/09/11	\$2,099.98
San Dieguito Water District	Manchester - 03/30/11 - 04/28/11	\$3,951.61
San Dieguito Water District	Manchester - 03/30/11 - 04/28/11	\$131.81
San Dieguito Water District	Manchester - 03/30/11 - 04/28/11	\$360.46
San Dieguito Water District	Manchester - 03/30/11 - 04/28/11	\$110.29
San Dieguito Water District	Manchester - 03/30/11 - 04/28/11	\$817.76
San Elijo Payroll Account	Payroll - 05/06/11	\$74,384.85
San Elijo Payroll Account	Payroll - 05/20/11	\$73,013.37
Santa Fe Irrigation District	Highland Dr. - 02/16/11 - 04/19/11	\$169.30
Santa Fe Irrigation District	Valley - 03/31/11 - 04/28/11	\$89.84
Smart & Final	Office and kitchen supplies	\$127.66
Specialty Seals & Accessories	Refurbish grit pump mechanical seal - plant	\$555.77
Sprint	Cellular phone service	\$751.53
State Water Resources Control	Operator certificate renewal - M. Piper	\$130.00
State Water Resources Control	Operator certificate renewal - K. Regnier	\$190.00
Terra Renewal/Fleet	Biosolids hauling - April	\$3,124.75
Test America	Lab testing	\$438.00
Test America	Lab testing	\$152.25
Thatcher Company of California	Aluminum sulfate - water reclamation	\$3,048.62
Trussell Technologies, Inc.	Demineralization design support	\$3,104.00
Trussell Technologies, Inc.	Operations plan	\$17,854.00
Trussell Technologies, Inc.	Phase II recycled water improvement	\$2,152.00
Underground Service Alert	Dig alert - April	\$118.50
Unifirst Corporation	Uniform service - April	\$74.08
Unifirst Corporation	Uniform service/replacement uniforms - May	\$252.29
Union Bank of CA	2003 refunding revenue bonds service fee	\$3,013.00
Union-Tribune Publishing	Subscription	\$274.52
UPS	Shipping parts - plant	\$22.00
VWR International, Inc.	Sulfuric acid and bdh potassium iodide - plant and lab	\$592.24
VWR International, Inc.	Gloves and sodium bicarbonate - plant and lab	\$344.96
VWR International, Inc.	Buffer, tubes, reagent, cap membrane, filters - lab	\$615.38

**Total 11-06 Warrants**

**\$404,774.19**

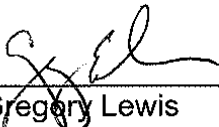
SAN ELIJO JOINT POWERS AUTHORITY

PAYMENT OF WARRANTS SUMMARY

2-Jun-11

PAYMENT OF WARRANTS		\$404,774.19
Reference Number	11-06	

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

2-Jun-11

<u>FUNDS ON DEPOSIT WITH</u>	<u>AMOUNT</u>
<b>LOCAL AGENCY INVESTMENT FUND</b> <i>(MARCH 2011 YIELD 0.50%)</i>	
SELF INSURANCE RESERVE	\$ 300,000.00
RESTRICTED SRF RESERVE	\$ 630,000.00
UNRESTRICTED DEPOSITS	\$ 6,289,569.74
<b>CALIFORNIA BANK AND TRUST</b> <i>(MARCH 2011 YIELD 0.01%)</i>	
REGULAR CHECKING	\$ 6,279.33
PAYROLL CHECKING	\$ 5,000.00
<b>TOTAL RESOURCES</b>	<b>\$ 7,230,849.07</b>

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SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

June 13, 2011

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 April 2011. 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 94.9 percent and 97.0 percent, respectively, for April (as shown in Figure 1 and Figure 2).

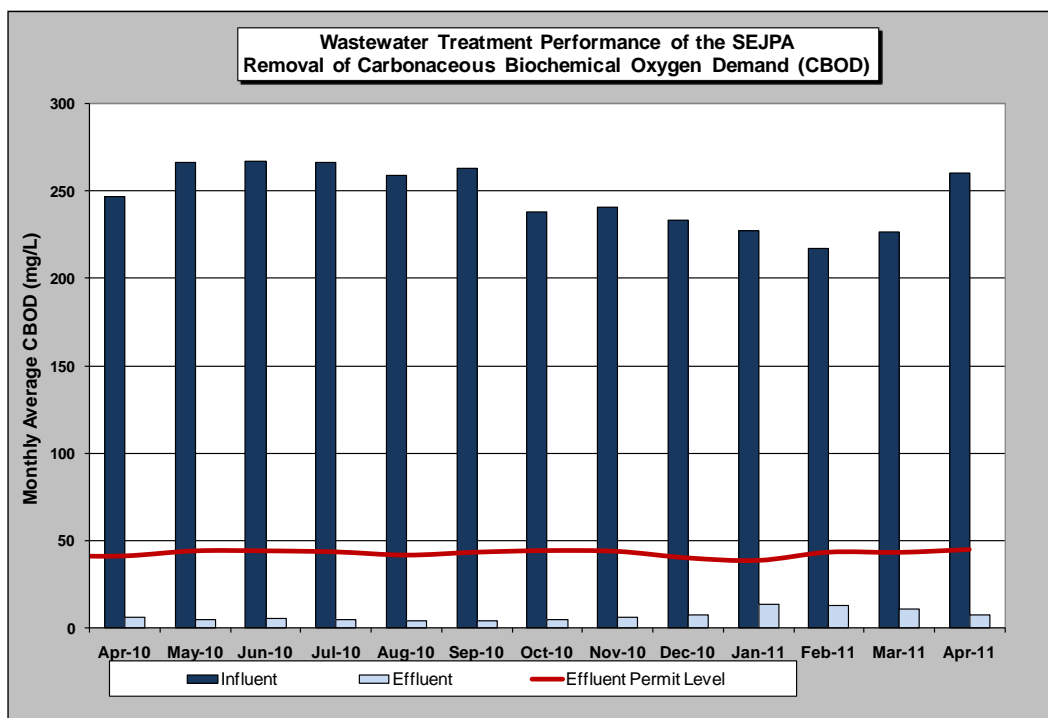


FIGURE 1

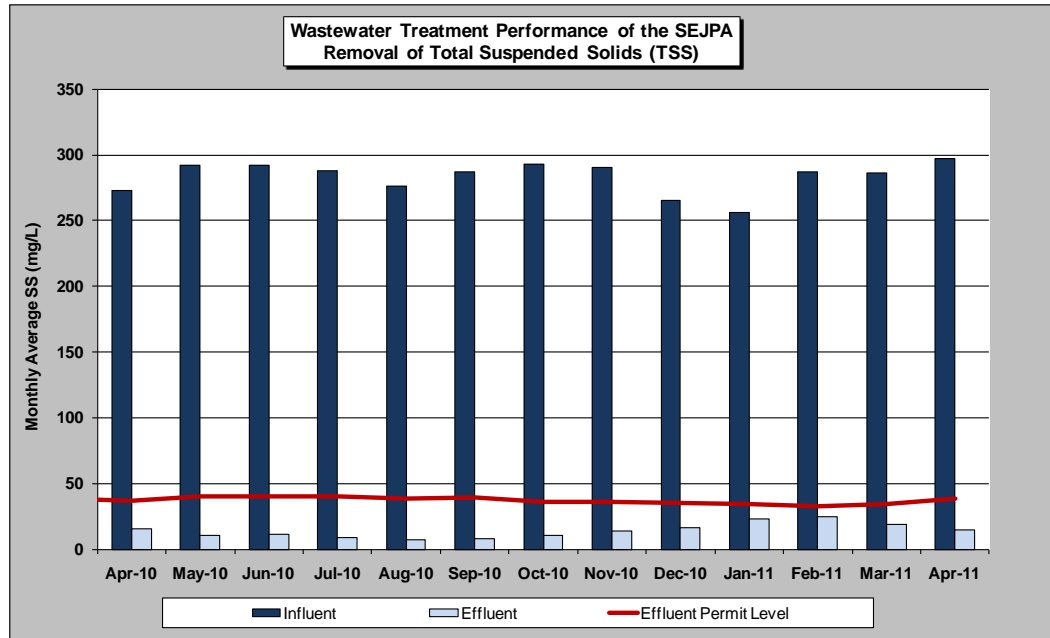


FIGURE 2

### Member Agency Flows

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

April		
	<u>Influent (mgd)</u>	<u>Effluent (mgd)*</u>
Cardiff Sanitary Division	1.320	0.867
City of Solana Beach	1.323	0.869
Rancho Santa Fe SID	<u>0.181</u>	<u>0.118</u>
<b>Total San Elijo WRF Flow</b>	<b>2.824</b>	<b>1.854</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.

**SAN ELIJO WATER RECLAMATION FACILITY MONTHLY REPORT - FLOWS AND EDUS**

MONTH	AVERAGE DAILY INFLUENT FLOW RATE (MGD)				AVERAGE DAILY EFFLUENT FLOW RATE (MGD)				CONNECTED EDUs				AVERAGE UNIT INFLUENT FLOW RATE (GAL/EDU/DAY)			
	CSD	RSF CSD	SB	TOTAL PLANT	CSD	RSF CSD	SB	TOTAL PLANT	CSD EDUS	RSF CSD EDUS	SB EDUS	TOTAL EDUS	CSD	RSF	SB	TOTAL PLANT
Jan-08	1.491	0.144	1.268	2.903	1.488	0.144	1.266	2.898	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	2.903	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	2.477	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	2.270	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	1.504	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	1.197	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	1.335	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	1.233	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	1.601	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	1.321	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	2.114	8,171	462	7,728	16,361	185	256	172	181
Dec-08	1.580	0.156	1.362	3.098	1.446	0.143	1.246	2.835	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	2.489	8,177	462	7,728	16,367	186	306	175	184
Feb-09	1.599	0.145	1.330	3.074	1.408	0.128	1.171	2.707	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	2.007	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	1.419	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	1.375	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	1.403	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	1.217	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	1.248	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	1.404	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	1.523	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	1.728	8,189	469	7,728	16,386	167	237	171	171
Dec-09	1.401	0.127	1.322	2.850	1.149	0.104	1.084	2.337	8,193	469	7,728	16,390	171	271	171	174
Jan-10	1.532	0.155	1.372	3.059	1.271	0.128	1.138	2.537	8,196	472	7,728	16,396	187	329	178	187
Feb-10	1.487	0.148	1.382	3.017	1.371	0.136	1.274	2.781	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	2.282	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	2.172	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	1.410	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	1.362	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	0.740	1.495	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	1.259	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	1.306	8,207	475	7,728	16,410	164	240	174	171
Oct-10	1.413	0.123	1.311	2.847	1.177	0.102	1.092	2.371	8,207	477	7,728	16,412	172	258	170	173
Nov-10	1.399	0.117	1.297	2.813	1.090	0.091	1.011	2.192	8,209	478	7,728	16,415	170	245	168	171
Dec-10	1.605	0.215	1.375	3.195	1.417	0.189	1.214	2.820	8,212	478	7,728	16,418	195	450	178	195
Jan-11	1.452	0.158	1.338	2.948	1.272	0.139	1.172	2.583	8,227	478	7,728	16,433	176	331	173	179
Feb-11	1.413	0.156	1.339	2.908	1.176	0.130	1.114	2.420	8,228	480	7,728	16,436	172	325	173	177
Mar-11	1.387	0.208	1.343	2.938	1.186	0.178	1.148	2.512	8,229	480	7,728	16,437	169	434	174	179
Apr-11	1.320	0.181	1.323	2.824	0.867	0.118	0.869	1.854	8,248	482	7,728	16,458	160	376	171	172

CSD: Cardiff Sanitary Division

RSF CSD: Ranch Santa Fe Community Service District

SB: Solana Beach

EDU: Equivalent Dwelling Unit

ASSUMPTIONS: SB average flow includes San Elijo Hills flow of 0.131 mgd

SB Connected EDUs includes 300 EDUs for the City of San Diego

**TABLE 1**

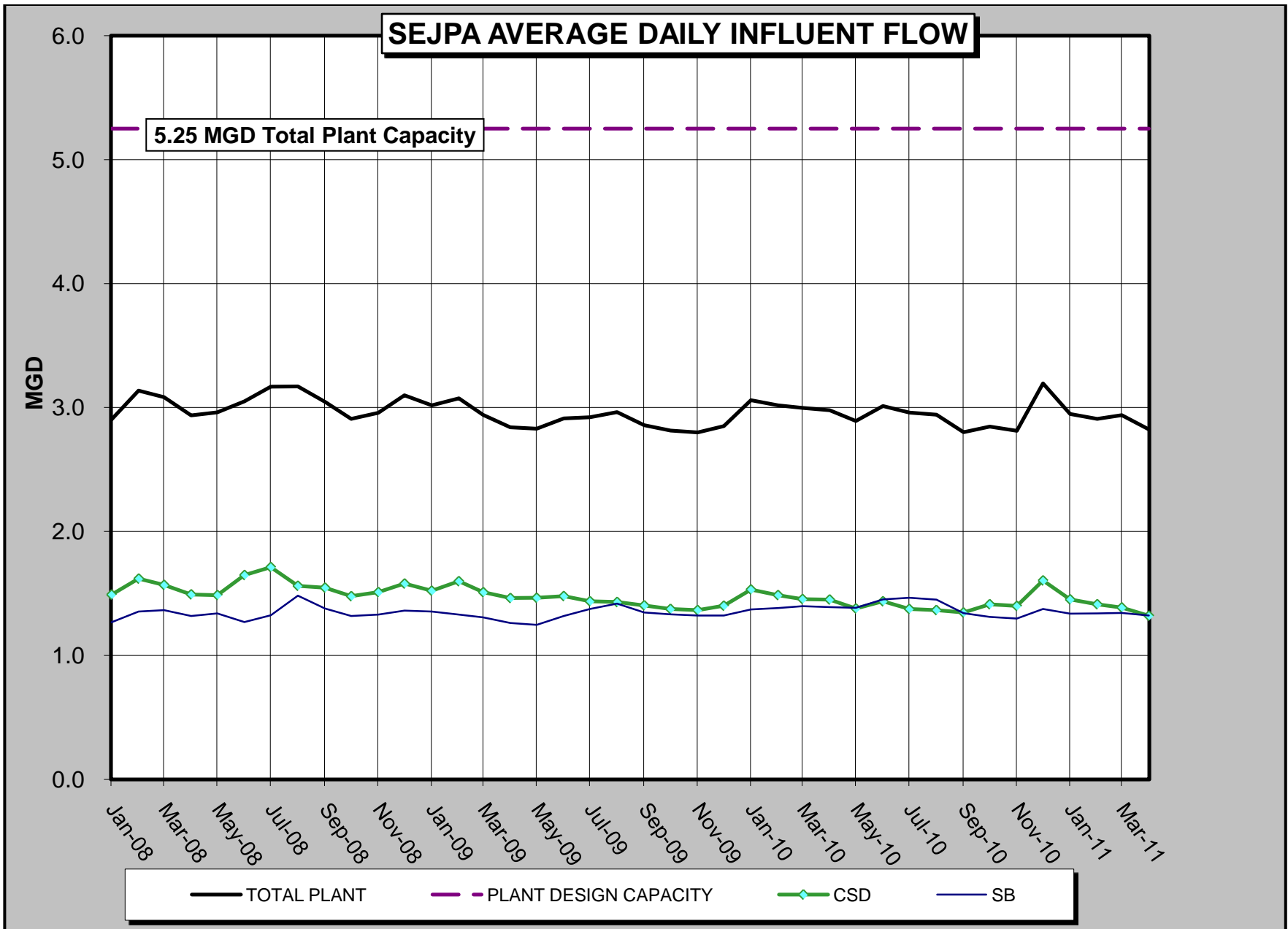


Figure 3



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 average flow rate and peak flow rate is reported by the City of Escondido for the month of April.

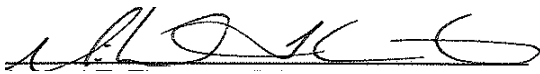
	<b>April (mgd)</b>
Escondido (Average flow rate)	11.7
Escondido (Peak flow rate)	18.8

Connected Equivalent Dwelling Units

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

	<b>April (EDU)</b>
Cardiff Sanitary Division	8,248
Rancho Santa Fe SID	482
City of Solana Beach	7,428
San Diego (to Solana Beach)	300
<b>Total EDUs to System</b>	<b>16,458</b>

Respectfully submitted,



Michael T. Thornton, P.E.  
General Manager

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

\*

AGENDA ITEM NO. 10

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

June 13, 2011

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO WATER RECLAMATION PROGRAM – MONTHLY REPORT

RECOMMENDATION

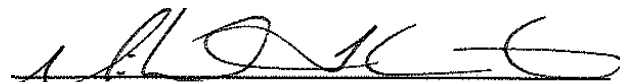
No action required. This memorandum is submitted for information only.

DISCUSSION

*Recycled Water Production*

For the month of April 2011, recycled water demand was 87.97 acre-feet (AF), which was met using 87.94 AF of recycled water and 0.03 AF of supplementation with potable water. This equates to a blend mix for April of 99.9 percent recycled water and 0.1 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

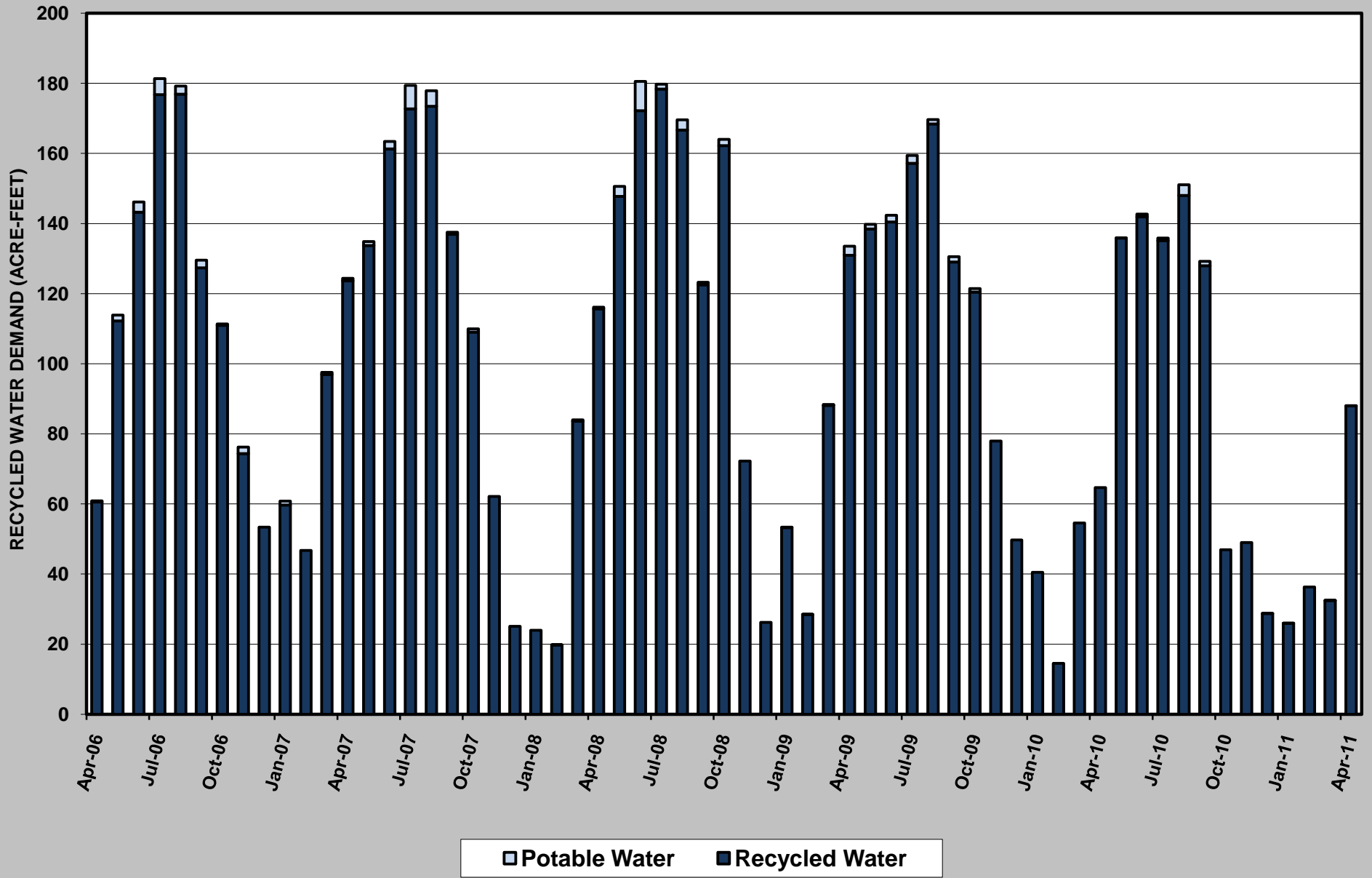


Figure 1

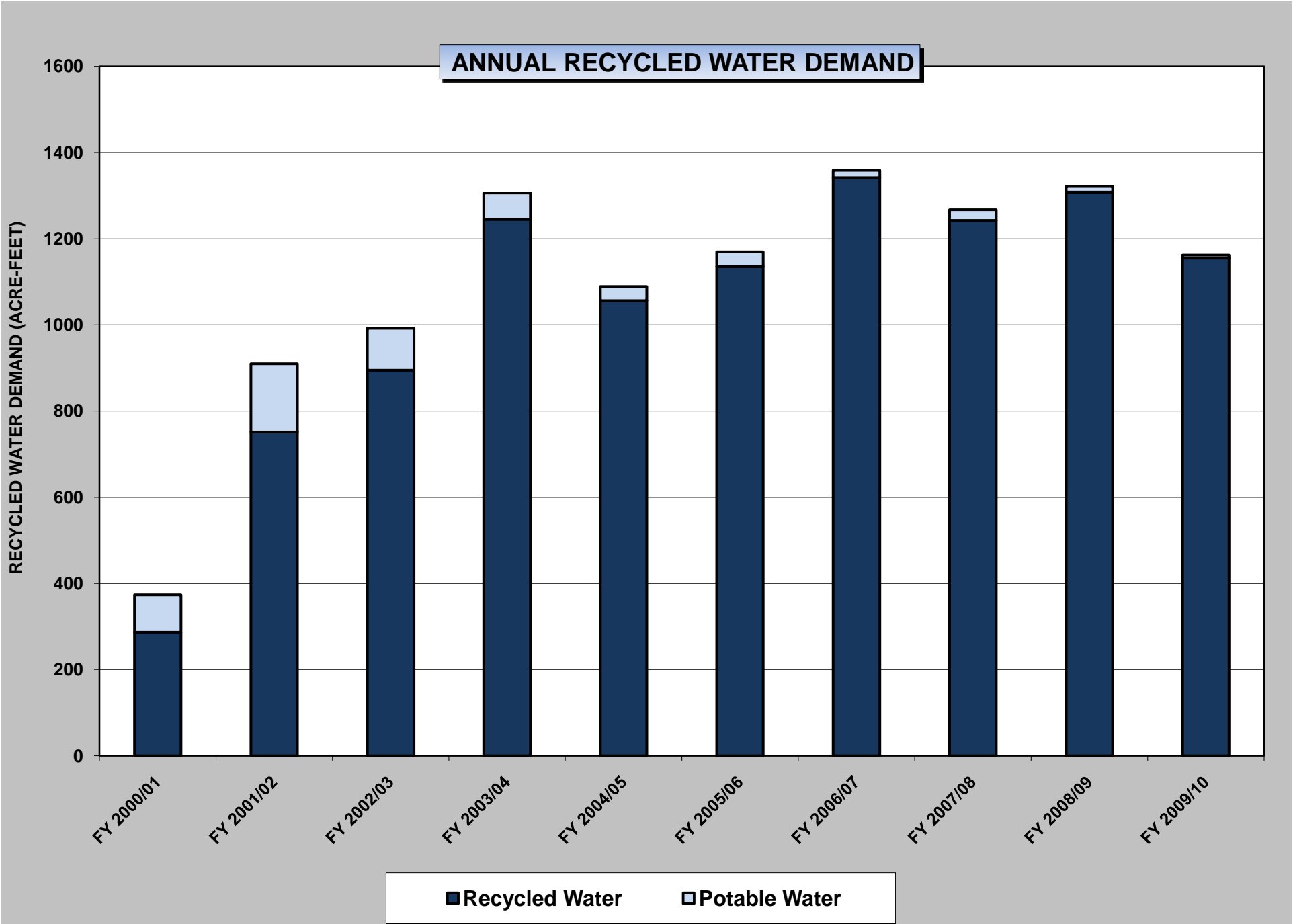


Figure 2

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

June 13, 2011

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: Director of Finance/Administration

SUBJECT: AWARD OF ANNUAL SUPPLIES AND SERVICES CONTRACTS FOR THE SAN ELIJO JOINT POWERS AUTHORITY

RECOMMENDATION

It is recommended that the Board of Directors:

- 1. Approve the recommendations of the Director of Finance/Administration regarding award of supplies and services contracts for ferric chloride and for sodium hypochlorite;
- 2. Authorize the Chair to execute the contracts with the lowest responsive bidder; and
- 3. Discuss and take action as appropriate.

DISCUSSION

The SEJPA uses various chemicals in the treatment process to enhance settling, disinfect the recycled water, control filament growth, and control odors. Ferric chloride is used to enhance settling in the primary settling tanks and to decrease sulfide generation in the primary treatment and anaerobic digestion processes. Uncontrolled sulfide generation can lead to significant odor nuisances, accelerated corrosion, and hazardous confined space conditions. Sodium hypochlorite is used to disinfect the tertiary treatment water prior to distribution and to control filament growth in the return activated sludge.

SEJPA purchasing policy requires that all purchase contracts in excess of \$35,000 be formally bid as outlined in the SEJPA purchasing policy. Each year formal bids are solicited for supplies and services contracts that may have an annual cost in excess of \$35,000. For the Fiscal Year 2011-12, bids were advertised on May 5, 2011, and bid openings were held on June 2, 2011 for the provision of ferric chloride and for sodium hypochlorite.

The results of the formal bids are as follows:

<u>Contractor</u>	<u>Ferric Chloride</u> <u>Unit Cost</u>	<u>Estimated</u> <u>Annual Amount</u>
* California Water Technologies	\$649.24 per dry ton	\$ 58,431.60
Kemira Water Solutions, Inc.	\$687.30 per dry ton	\$ 61,857.00
Thatcher Company of CA	No bid	

\* *Low Bidder*

It is SEJPA policy to solicit three or more bids for supply and service contracts. However, ferric chloride has a very limited supply chain and only three suppliers have been identified for Southern California, of which only two elected to provide a contract bid.

**Sodium Hypochlorite**

<b><u>Contractor</u></b>	<b><u>Unit Cost</u></b>	<b><u>Estimated Annual Amount</u></b>
Abcana Industries	\$1.15 per gallon	\$ 92,000.00
* Jones Chemical	\$0.662 per gallon	\$ 52,960.00
Olin Corp.	\$0.706 per gallon	\$ 56,480.00
Thatcher Company of CA	No Bid	
Univar USA, Inc.	\$1.0013 per gallon	\$ 80,104.00

\* *Low Bidder*

It is recommended that the annual supplies and services contracts for provision of ferric chloride and sodium hypochlorite be awarded to the lowest bidders as noted above. Both chemical providers have had contracts with the SEJPA in the past and were completed successfully. Contract award is contingent upon the verification that the apparent low bidders meet all bid requirements, including bonding and insurance.

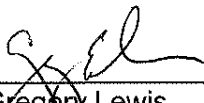
**FINANCIAL IMPACT**

Funds to support these contracts have been incorporated into the Fiscal Year 2011-12 Recommended Budget. An annual cost of \$60,000 was budgeted for the provision of ferric chloride and the apparent low bid is for \$58,431.60. An annual cost of \$66,000 was budgeted for the provision of sodium hypochlorite and the apparent low bid is for \$52,960.

It is therefore recommended that the Board of Directors:

1. Approve the recommendations of the Director of Finance/Administration regarding award of supplies and services contracts for the provision of ferric chloride and for sodium hypochlorite;
2. Authorize the Chair to execute the contracts with the lowest responsive bidder; and
3. Discuss and take action as appropriate.

Respectfully submitted,

  
 \_\_\_\_\_  
 Gregory Lewis  
 Director of Finance/Administration

Attachment 1:           AGREEMENT: California Water Technologies for Ferric Chloride

Attachment 2:           AGREEMENT: Jones Chemical for Sodium Hypochlorite

**AGREEMENT**

THIS AGREEMENT is made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 2011, by and between the San Elijo Joint Powers Authority, a municipal corporation, hereinafter referred to as AUTHORITY, and the California Water Technologies, LLC, hereinafter referred to as CONTRACTOR.

WITNESSETH:

WHEREAS, on May 5, 2011, AUTHORITY invited bids for the provision of Ferric Chloride per Specifications No. SE 2012-FC.

WHEREAS, pursuant to said invitation, CONTRACTOR submitted a bid which was accepted by AUTHORITY for said services.

NOW THEREFORE, in consideration of their mutual promises, obligations and covenants hereinafter contained, the parties hereto agree as follows:

1. TERM. The term of this Agreement shall be from the date this Agreement is made and entered, as first written above, until June 30, 2012. (Service shall be provided from July 1, 2011 to June 30, 2012.)
2. INCORPORATION BY REFERENCE. The Notice Inviting Bids, the General Bid Terms and Conditions, the Special Bid Terms and Conditions, Bid Submission Form(s), and the Bid Specifications, are hereby incorporated in and made a part of this Agreement.
3. AUTHORITY'S OBLIGATIONS. For furnishing services or supplies as specified in the Agreement, AUTHORITY will pay and CONTRACTOR shall receive compensation for Ferric Chloride at the unit price of \$ 649.24 per dry ton. The total amount of Ferric Chloride to be purchased under this Agreement has been estimated to be 90 dry tons per year, but actual usage may be considerably less. In no case will total compensation exceed \$ 58,431.60. The unit cost and total cost shall include all delivery, tax and shipping charges.

Payments to the CONTRACTOR shall be made within forty-five (45) days after receipt of an original invoice from the CONTRACTOR and provision of said services to AUTHORITY. CONTRACTOR shall invoice no more frequently than monthly for services or supplies provided.

4. CONTRACTOR'S OBLIGATIONS. For and in consideration of the payments and agreements hereinbefore mentioned to be made and performed by AUTHORITY, CONTRACTOR agrees with AUTHORITY to furnish the said services and to do everything required by this Agreement and the said specifications. Without limiting the generality of the foregoing, CONTRACTOR warrants on behalf of itself and all subcontractors engaged for the performance of this Agreement that only persons authorized to work in the United States pursuant to the Immigration Reform and Control Act of 1986 and other applicable laws shall be employed in the performance of the work hereunder.

5. HOLD HARMLESS AND INDEMNIFICATION. CONTRACTOR agrees to defend, indemnify, and hold harmless AUTHORITY, its officials, officers, employees, representatives, and agents, from and against all claims, lawsuits, liabilities or damages of whatsoever nature arising out of or in connection with, or relating in any manner to any act or omission of CONTRACTOR, its agents, employees, and subcontractors of any tier and employees thereof in connection with the performance or non-performance of this Agreement. The CONTRACTOR shall thoroughly investigate any and all claims and indemnify the AUTHORITY and do whatever is necessary to protect the AUTHORITY, its officials, officers, employees, agents, and representatives as to any such claims lawsuits, liabilities, expenses, or damages.

6. INSURANCE. During the course of the Agreement, CONTRACTOR shall pay for and maintain, in full force and effect, all insurance required by any governmental agency having jurisdiction to require particular insurance of CONTRACTOR in connection with or related to the work covered hereby. CONTRACTOR SHALL FURTHER TAKE OUT AND SHALL FURNISH SATISFACTORY PROOF BY CERTIFICATE OR OTHERWISE AS MAY BE REQUIRED, THAT HE HAS TAKEN OUT COMPREHENSIVE GENERAL LIABILITY INSURANCE WITH AUTHORITY NAMED HEREIN AS AN ADDITIONAL INSURED. Insurance carrier shall be satisfactory to AUTHORITY, and insurance shall be in such form approved by AUTHORITY so as to protect AUTHORITY and its employees against loss from liability imposed by law from damages on account of bodily injury, including death resulting there from, suffered or alleged to have been suffered by any person or persons, other than employees, resulting directly or indirectly from the negligent performance or execution of this Agreement by CONTRACTOR or any subcontract with CONTRACTOR there under, and also to protect AUTHORITY and its employees against loss from liability imposed by law for damage to any property, caused directly or indirectly by the negligent performance or execution or the Agreement by CONTRACTOR; which insurance shall also cover accidents arising out of the use and operation of automobiles, trucks, and/or other mobile equipment. All said comprehensive liability and property damage insurance shall be for the period of performance under this Agreement. The amounts of coverage of said insurance shall not be less than the following:

Public Liability	\$1,000,000 single limit
Property Damage	\$1,000,000 single limit

Said policies shall have a non-cancellation clause providing that thirty (30) days written notice shall be given to AUTHORITY prior to any material modification or cancellation, and a certificate of such insurance shall be furnished to AUTHORITY by direct mail from CONTRACTOR's insurance carrier and shall specifically cover any contractual liability incurred hereunder. CONTRACTOR shall further maintain adequate Worker's Compensation Insurance, including occupational disease provisions, under the laws of the State of California and employer's general liability insurance for the benefit of its employees, and shall require similar insurance to be provided by its subcontractors. A certificate shall be furnished to AUTHORITY showing compliance with above.

7. AMENDMENTS. Any amendment, modification, or variation from the terms of this Agreement shall be in writing and shall be effective only upon approval by the Manager of the AUTHORITY.



8. TERMINATION. If, during the term of this contract, AUTHORITY determines that CONTRACTOR is not faithfully abiding by any term or condition contained herein, AUTHORITY may notify CONTRACTOR in writing of such defect or failure to perform; which notice must give CONTRACTOR five (5) working days thereafter in which to preaffirm said work or cure the deficiency. If CONTRACTOR has not performed the work or cured the deficiency within five (5) days specified in the notice, such shall constitute a breach of this contract and AUTHORITY may terminate this contract immediately by written notice to CONTRACTOR to said effect. In said event, CONTRACTOR shall be entitled to the reasonable value of its services performed from the beginning of the period in which the breach occurs up to the day it received AUTHORITY's notice of termination, minus any offset from such payment representing AUTHORITY's damages from such breach. AUTHORITY reserves the right to delay any such payment, to allow for a full and complete accounting of costs. In no event, however, shall CONTRACTOR be entitled to receive in excess of the compensation quoted in its bid.
  
9. COMPLETE AGREEMENT. This written Agreement, including all writings specifically incorporated herein by reference, shall constitute the complete agreement between the parties hereto. No oral agreement, understanding, or representation not reduced to writing and specifically incorporated herein shall be of any force or effect, nor shall any such oral agreement, understanding, or representation be binding upon the parties hereto.
  
10. PROHIBITED EMPLOYMENT DISCRIMINATION. In the performance of the terms of this Agreement, CONTRACTOR agrees that it will not engage in, nor permit such subcontractors as it may employ to engage in, discrimination in employment of persons in violation of Labor Code Sections 1735, which reads as follows:
 

A contractor shall not discriminate in the employment of persons upon public works on any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, except as otherwise provided in Section 12940 of the Government Code. Every Contractor for public works who violates this section is subject to all penalties imposed for a violation of this chapter.

Violation of this provision may result in the imposition of penalties referred to in Labor Code Section 1735.
  
11. AUDIT. AUTHORITY shall have the option of inspecting and/or auditing all records and other written materials used by CONTRACTOR in preparing its statements to AUTHORITY as a condition precedent to any payment to CONTRACTOR.
  
12. NOTICE. All written notices to the parties hereto shall be sent by United States mail, postage prepaid by registered or certified mail addressed as follows:

AUTHORITY

General Manager  
 San Elijo Joint Powers Authority  
 2695 Manchester Avenue  
 Cardiff, CA 92007

CONTRACTOR

California Water Technologies, LLC  
8851 Dice Road  
Santa Fe Springs, CA 90670

13. PROTECTION OF EXISTING FACILITIES AND NON-INTERFERENCE WITH PLANT OPERATIONS. Contractor shall perform his duties in such a way that there will be no damage done to existing facilities and all facilities shall be left in the condition they were in prior to the beginning of the contract. CONTRACTOR will also perform all work in such a way that there is no interference with plant operations.
14. AUTHORITY TO EXECUTE AGREEMENT. Both AUTHORITY and CONTRACTOR do covenant that each individual executing this agreement on behalf of each party is a person duly authorized and empowered to execute Agreements for such party.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first above written.

ATTEST:

SAN ELIJO JOINT POWERS AUTHORITY

By: \_\_\_\_\_  
Michael T. Thornton, P.E., General Manager

SAN ELIJO JOINT POWERS AUTHORITY

By: \_\_\_\_\_  
Thomas M. Campbell, Chair of the Board

CONTRACTOR

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_  
(Print)

Title: \_\_\_\_\_

SAN ELIJO JOINT POWERS AUTHORITY  
PUBLIC NOTICE  
INVITING BIDS

NOTICE IS HEREBY GIVEN that sealed bids will be received for the provision of the following supplies under annual contract for the San Elijo Water Reclamation Facility.

SE 2012-SH  
PROVISION OF SODIUM HYPOCHLORITE  
SE 2012-FC  
PROVISION OF FERRIC CHLORIDE

Bidding documents may be obtained from the San Elijo Joint Powers Authority by contacting Ms. Monica Blake at (760) 753-6203 x71.

Bids shall be submitted in sealed envelopes marked on the outside with the specification number and bid description to the San Elijo Joint Powers Authority, 2695 Manchester Avenue, Cardiff, CA 92007, until 11:00 a.m., June 2, 2011 at which time they will be publicly opened and read by the Manager or his representative.

The Authority reserves the right, after opening bids, to reject any or all bids, or to make award to the lowest responsible bidder and reject all other bids, and to waive any nonsubstantial irregularities in the bidding and to accept any bid or portion, thereof.

MICHAEL T. THORNTON  
General Manager

## GENERAL BID TERMS AND CONDITIONS

### PROVISION OF FERRIC CHLORIDE SPECIFICATION NUMBER SE 2012-FC

Requirement to Meet All Bid Provisions - Each bidder shall meet all of the specifications and bid terms and conditions. By virtue of the bid submission and acceptance of the bid award, the bidder acknowledges agreement with and acceptance of all provisions of the specifications, except as expressly qualified in the bid proposal. Non-substantial deviations may be considered provided that the bidder submits a full description and explanation of, and justifications for, the proposed deviations. Final determination of any proposed deviation will be made by the San Elijo Joint Powers Authority (SEJPA).

Bid Submission - Each bid must be submitted on the form(s) provided in the bid package. Bid documents shall be enclosed in an envelope, which shall be sealed and addressed to the San Elijo Joint Powers Authority, 2695 Manchester Avenue, Cardiff, CA 92007. In order to guard against premature opening, the bid should be clearly labeled with the bid title, name of bidder, and date and time of bid opening. If the bids are delivered via express mail, please enclose bid in an internal envelope to prevent premature opening.

Bid Retention and Award - The SEJPA reserves the right to retain all bids for a period of sixty (60) days for examination and comparison. The SEJPA also reserves the right to waive non-substantial irregularities in any bid, to reject any or all proposals, to reject or delete one part of a proposal and accept the other, except to the extent that the bids are qualified by specific limitations, and to make award to the lowest responsible bidder as the interest of the SEJPA may require.

Bid Quotes and Unit Price Extensions - The extensions of unit prices for the quantities indicated and the lump sum prices quoted by the bidder must be entered in figures in the spaces provided on the Bid Submission Form(s). Any lump sum bid shall be stated in figures. The Bid Submission Form(s) must be totally completed. If the unit price and the total amount stated by any bidder for any item are not in agreement, the unit price alone will be considered as representing the bidder's intention and the total will be corrected to conform to the specified unit price.

Bid Withdrawal - A bidder may withdraw its proposal, without prejudice prior to the time specified for the bid opening, by submitting a written request to the SEJPA Manager for its withdrawal, in which event the proposal will be returned to the bidder unopened. No proposal received after the time specified or at any place other than the place stated in the "Notice Inviting Bids" will be considered. All bids will be opened and declared publicly. Bidders or their representatives are invited to be present at the opening of the bids.

Submission of One Bid Only - No individual, or business entity of any kind shall be allowed to make or file, or to be interested in more than one bid, except an alternative bid when specifically requested; however, an individual or business entity which has submitted a sub-proposal to a bidder submitting a proposal, or who has quoted prices on materials to such bidder, is not thereby disqualified from submitting a sub-proposal or from quoting prices to other bidders submitting proposals.

Contract Requirement - The bidder to whom award is made shall execute a written contract with the SEJPA and commence work in accordance with the terms of service outlined in the contract. The contract shall be made in the form adopted by the SEJPA and incorporated in these specifications.

The bidder warrants that he/she possesses, or has arranged through subcontracts, all capital and other equipment, labor and materials to carry out and complete the work hereunder in compliance with all Federal, State, County, City and Special District Laws, Ordinances, and Regulations which are applicable.

Insurance - The bidder to whom award is made shall maintain in full force, and provide proof of, all insurance required by any governmental agency, including public liability, property damage, and workers compensation insurance as outlined in the contract between the bidder and the SEJPA.

Failure to Accept Contract - If the bidder to whom the award is made fails to enter into the contract: the award will be annulled; any bid security will be forfeited in accordance with the Special Bid Terms and Conditions if a bidder's bond or security is required; and an award may be made to the next lowest responsible bidder who shall fulfill every stipulation as if it were the party to whom the first award was made.

Contract Assignment - The bidder shall not assign, transfer, convey or otherwise dispose of the contract, or its right, title or interest, or its power to execute such a contract to any individual or business entity of any kind without the prior written consent of the San Elijo Joint Powers Authority.

Prohibited Employment Discrimination - In the performance of the terms of this Agreement, CONTRACTOR agrees that it will not engage in, nor permit such subcontractors as it may employ to engage in, discrimination in employment of persons in violation of Government Code Sections 12940 et seq.

Termination - If, during the term of this contract, the SEJPA determines that the bidder is not faithfully abiding by any term or condition contained herein, the SEJPA may notify the bidder in writing of such defect or failure to perform; which notice must give bidder five (5) working days thereafter in which to reaffirm said work or cure the deficiency. If the bidder has not performed the work or cured the deficiency within five (5) days specified in the notice, such shall constitute a breach of this contract and the SEJPA may terminate this contract immediately by written notice to the bidder to said effect. In said event, the bidder shall be entitled to the reasonable value of its services performed from the beginning of the period in which the breach occurs up to the day it received the SEJPA's notice of termination, minus any offset from such payment representing the SEJPA's damages from such breach. The SEJPA reserves the right to delay any such payment, to allow for a full and complete accounting of costs. In no event, however, shall the bidder be entitled to receive in excess of the compensation quoted in its bid.

Labor Actions - In the event that the successful bidder is experiencing a labor action at the time of the award of the bid (or if its suppliers or subcontractors are experiencing such a labor action), the SEJPA reserves the right to declare said bidder is no longer the lowest responsible bidder and to accept the next acceptable low bid from a bidder that is not experiencing a labor action, and to declare it to be the lowest responsible bidder.

Communications Regarding Bid - All timely requests for information submitted in writing will receive a written response from the SEJPA. Telephone communications with SEJPA staff are not encouraged, but will be permitted. However, any such oral communication shall not be binding on the SEJPA. Questions submitted by facsimile shall be considered written.

Payment Terms - The SEJPA's payment terms are forty-five (45) days from the receipt of an original invoice referencing the SEJPA's Purchase Order Number and acceptance of the materials, supplies, equipment, or services (Net 45). Payment will only be released upon authorization from the Board of Directors of the SEJPA. Payments will be made once a month for work performed or supplies provided.

Site Preservation - The completion of all work defined within this contract specification shall be done so that there is no damage to the existing facilities and the site shall be kept in a clean and orderly fashion throughout the terms of this contract.

Non-interference with Plant Operations - All work will be performed in such a manner that there is no interference with plant operations.

## **SPECIAL BID TERMS AND CONDITIONS**

### **PROVISION OF FERRIC CHLORIDE SPECIFICATION NUMBER SE 2012-FC**

Submission of References - Each bidder shall submit a statement of qualifications and references on the form provided in the bid package.

Statement of Contract Disqualifications - Each bidder shall submit a statement regarding any past governmental agency bidding or contract disqualifications on the form provided in the bid package.

**BID SUBMISSION FORM**  
PROVISION OF FERRIC CHLORIDE  
BID SPECIFICATION SE 2012-FC

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**LOCATION:** SAN ELIJO WATER RECLAMATION FACILITY  
2695 Manchester Avenue  
Cardiff, CA 92007

Eden Gardens Pump Station  
Valley Rd and Highland Drive  
Solana Beach, CA 92075

Olivenhain Pump Station  
3101 Manchester Avenue  
Cardiff, CA 92007

**SERVICES REQUIRED:**

Time Frame: July 1, 2011 to June 30, 2012

Definition: The successful bidder will provide approximately 90 dry tons of pre-approved or proven equivalent ferric chloride. This chemical shall be delivered in a liquid state in the dilution defined in the specification below. Deliveries shall be approximately 4,000 gallons and shall be loaded by vendor into the Owner's tanks. The quantity of ferric chloride may be less than the estimated 90 dry tons per year indicated.

The San Elijo Joint Powers Authority does not guarantee the quantity of Ferric chloride required for the facility. All deliveries must be made during the regular Monday through Friday workweek, between the hours of 7:00 a.m. - 3:00 p.m.

Ferric Chloride  
Specification: Ferric Chloride shall be 38-43% solution or approved equal. Solution shall not contain more than 0.5% insoluble matter by weight.  
Specific Gravity at 68 F: 1.3-1.5  
Free Acid: < 1%

Unit Price: All quotes shall include the unit price per dry ton and the anticipated annual volume of 90 dry tons, including all freight charges, applicable taxes, and setup charges. Volume is to be considered an estimate; actual quantities may be substantially less.

**CONTACT PERSON:** John Clark, Chief Plant Operator  
(760) 753-6203 Ext. 23



**BID SUBMISSION FORM**  
**PROVISION OF FERRIC CHLORIDE**  
**BID SPECIFICATION SE 2012-FC**

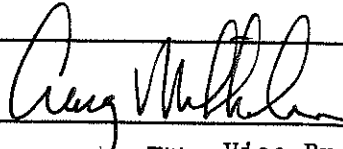
TO: Michael T. Thornton P.E., General Manager  
 San Elijo Joint Powers Authority  
 2695 Manchester Avenue  
 Cardiff, CA 92007

Dated: May 25th, 2011

Provision of approved Ferric Chloride, as outlined in the detailed specification, to the San Elijo Water Reclamation Facility for the period of July 1, 2011 to June 30, 2012.

<u>OPTION NO.</u>	<u>APPROXIMATE QUANTITY</u>	<u>ITEM DESCRIPTION WITH PRICES WRITTEN IN WORDS</u>	<u>TOTAL FIGURES</u>
1	Approximately 90 dry tons	Pre-approved or proven equal ferric chloride in bulk liquid shipments upon request of the Chief Plant Operator.  Price per dry ton including shipping and 8.75% tax: <u>Six Hundred Forty Nine Dollars and twenty four cents</u> (In Words)	<u>\$ 649.24</u> (In Numbers)
Contract price (90 dry tons x per dry ton price):			
	<u>Fifty Eight Thousand Four Hundred Thirty One Dollars and Sixty Cents</u> (In Words)	<u>\$ 58,431.60</u> (In Numbers)	

THE ONLY EXCEPTIONS FROM THE SPECIFICATIONS ARE:  
None  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Signature of Authorized Bidder Representative:   
 Name of Individual (Typed): Craig Mikkelson Title: Vice President of Sales & Marketing of its member, PVS Technologies, Inc.  
 Firm Name: California Water Technologies, LLC  
 Address: 8851 Dice Road  
 City: Santa Fe Springs State: CA Zip: 90670 Telephone: 866-337-7427

**STATEMENT OF  
QUALIFICATIONS AND REFERENCES**

PROVISION OF FERRIC CHLORIDE  
SPECIFICATION NUMBER SE 2012-FC

Proposing Contractor shall submit the number of years engaged in providing services included within the scope of the bid specifications under the present business name:

California Water Technologies, LLC has been in business since 2003. We have been supplying Ferric and Ferrous Chloride to municipalities for 8 years.

List and describe fully the last three contracts performed by your firm that demonstrate your ability to provide the supplies, equipment, or services included with the scope of the bid specifications. Attach additional pages if required. The Authority reserves the right to contact each of the references listed for additional information regarding your firm's qualifications.

**Reference No. 1**

Customer Name: Eastern Municipal Water District  
Contact Individual: Jeff Wasserman Phone No.: 951-928-3777 ext 6225  
Address: 2270 Trumble, Perris, CA

Contract Amount: 310,000.00 Year: current account  
Description of supplies, equipment, or services provided: Supplying Ferric Chloride

**Reference No. 2**

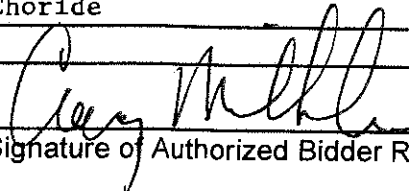
Customer Name: City of Thousand Oaks  
Contact Individual: Carol Clement Phone No.: 805-449-2151  
Address: 2100 Thousand Oaks Blvd., Thousand Oaks, CA 91362-2903

Contract Amount: 70,000.00 Year: Current Account  
Description of supplies, equipment, or services provided: Supplying Ferric Chloride

**Reference No. 3**

Customer Name: Cucamonga Valley Water District  
Contact Individual: Rob Hills Phone No.: 909-899-0060  
Address: 10440 Ashford Street, P.O. Box 638, Rancho Cucamonga, CA 91749

Contract Amount: 500,000.00 Year: Current Account  
Description of supplies, equipment, or services provided: Supplying Ferric Chloride

  
Signature of Authorized Bidder Representative

**STATEMENT OF BIDDER'S PAST CONTRACT  
DISQUALIFICATIONS**

PROVISION OF FERRIC CHLORIDE  
SPECIFICATION NUMBER SE 2012-FC

Pursuant to Section 10162 of the Public Contract Code, the bidder shall state whether such prospective bidder, any officer of such bidder, of any employee of such bidder who has a proprietary interest in such bidder, has ever been disqualified, removed, or otherwise prevented from bidding on, or completing a Federal, State or local government project because of the violation of law or a safety regulation, and if so to explain the circumstances.

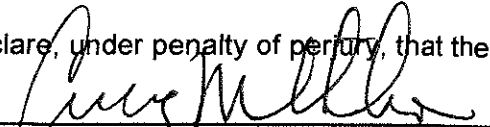
1. Do you have any disqualification, removal, etc., as described in the above paragraph to declare?  
yes \_\_\_\_\_ no XX

2. If yes, explain the circumstances.

None  
\_\_\_\_\_  
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Executed on May 25th, 2011 at Detroit, ~~California~~ Michigan.

I declare, under penalty of perjury, that the foregoing is true and correct.

  
\_\_\_\_\_  
Signature of Authorized Bidder Representative  
Craig Mikkelsen

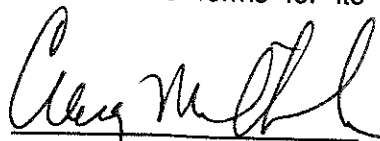
COMPLIANCE WITH THE IMMIGRATION REFORM AND  
CONTROL ACT OF 1986 (8 U.S.C. § 1324)

As a condition of submitting a bid for the Project, bidders are required to verify whether or not they have been fined or otherwise penalized within the past three (3) years for failing to obtain and/or maintain valid Employment Eligibility ("I-9") forms for employees pursuant to the Immigration Reform and Control Act of 1986 (the "Act"). The bidder shall check the appropriate box below, sign and date this page, and submit it to the San Elijo Joint Powers Authority (SEJPA) as part of his or her bid package.

Failure to properly submit this completed form shall result in the possible rejection of the bid as being non-responsive, in the SEJPA's sole discretion. In the event a bidder has been fined or otherwise penalized within the past three (3) years, the SEJPA reserves the right, in its sole discretion, to reject the bid as being non-responsive. In the event the SEJPA awards a contract to a bidder and subsequently discovers that the bidder was fined or otherwise penalized for failing to obtain and/or maintain valid I-9 forms within the past three (3) years and failed to disclose such information, the SEJPA shall have the right, in its sole discretion, to immediately terminate the contract and award the bid to the next lowest bidder, or re-bid the project. The SEJPA reserves the right to recover from the bidder any costs and/or damages sustained by the SEJPA as the result of having to terminate the bidder from the Project and/or re-award the contract due to the bidder's failure to disclose previous I-9 violations.

ALL BIDDERS MUST CHECK ONE OF THE BOXES BELOW AND SIGN:

- Within the past three (3) years, bidder HAS been fined or otherwise penalized for failing to obtain and/or maintain valid I-9 forms for its employees.
- Within the past three (3) years, bidder HAS NOT been fined or otherwise penalized for failing to obtain and/or maintain valid I-9 forms for its employees.



Bidder's Signature  
Craig Mikkelson  
California Water Technologies, LLC  
Company

May 25th, 2011

Date

**AGREEMENT**

THIS AGREEMENT is made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 2011, by and between the San Elijo Joint Powers Authority, a municipal corporation, hereinafter referred to as AUTHORITY, and the JCI Jones Chemical, Inc., hereinafter referred to as CONTRACTOR.

WITNESSETH:

WHEREAS, on May 5, 2011, AUTHORITY invited bids for the provision of Sodium Hypochlorite per Specifications No. SE 2012-SH.

WHEREAS, pursuant to said invitation, CONTRACTOR submitted a bid which was accepted by AUTHORITY for said services.

NOW THEREFORE, in consideration of their mutual promises, obligations and covenants hereinafter contained, the parties hereto agree as follows:

1. TERM. The term of this Agreement shall be from the date this Agreement is made and entered, as first written above, until June 30, 2012. (Service shall be provided from July 1, 2011 to June 30, 2012.)
2. INCORPORATION BY REFERENCE. The Notice Inviting Bids, the General Bid Terms and Conditions, the Special Bid Terms and Conditions, Bid Submission Form(s), and the Bid Specifications, are hereby incorporated in and made a part of this Agreement.
3. AUTHORITY'S OBLIGATIONS. For furnishing services or supplies as specified in the Agreement, AUTHORITY will pay and CONTRACTOR shall receive compensation for Sodium Hypochlorite at the unit price of \$ 0.662 per gallon. The total amount of Sodium Hypochlorite to be purchased under this Agreement has been estimated to be 80,000 gallons per year, but actual usage may be considerably less. In no case will total compensation exceed \$ 52,960.00. The unit cost and total cost shall include all delivery, tax and shipping charges.

Payments to the CONTRACTOR shall be made within forty-five (45) days after receipt of an original invoice from the CONTRACTOR and provision of said services to AUTHORITY. CONTRACTOR shall invoice no more frequently than monthly for services or supplies provided.

4. CONTRACTOR'S OBLIGATIONS. For and in consideration of the payments and agreements hereinbefore mentioned to be made and performed by AUTHORITY, CONTRACTOR agrees with AUTHORITY to furnish the said services and to do everything required by this Agreement and the said specifications. Without limiting the generality of the foregoing, CONTRACTOR warrants on behalf of itself and all subcontractors engaged for the performance of this Agreement that only persons authorized to work in the United States pursuant to the Immigration Reform and Control Act of 1986 and other applicable laws shall be employed in the performance of the work hereunder.

5. HOLD HARMLESS AND INDEMNIFICATION. CONTRACTOR agrees to defend, indemnify, and hold harmless AUTHORITY, its officials, officers, employees, representatives, and agents, from and against all claims, lawsuits, liabilities or damages of whatsoever nature arising out of or in connection with, or relating in any manner to any act or omission of CONTRACTOR, its agents, employees, and subcontractors of any tier and employees thereof in connection with the performance or non-performance of this Agreement. The CONTRACTOR shall thoroughly investigate any and all claims and indemnify the AUTHORITY and do whatever is necessary to protect the AUTHORITY, its officials, officers, employees, agents, and representatives as to any such claims lawsuits, liabilities, expenses, or damages.

6. INSURANCE. During the course of the Agreement, CONTRACTOR shall pay for and maintain, in full force and effect, all insurance required by any governmental agency having jurisdiction to require particular insurance of CONTRACTOR in connection with or related to the work covered hereby. CONTRACTOR SHALL FURTHER TAKE OUT AND SHALL FURNISH SATISFACTORY PROOF BY CERTIFICATE OR OTHERWISE AS MAY BE REQUIRED, THAT HE HAS TAKEN OUT COMPREHENSIVE GENERAL LIABILITY INSURANCE WITH AUTHORITY NAMED HEREIN AS AN ADDITIONAL INSURED. Insurance carrier shall be satisfactory to AUTHORITY, and insurance shall be in such form approved by AUTHORITY so as to protect AUTHORITY and its employees against loss from liability imposed by law from damages on account of bodily injury, including death resulting therefrom, suffered or alleged to have been suffered by any person or persons, other than employees, resulting directly or indirectly from the negligent performance or execution of this Agreement by CONTRACTOR or any subcontract with CONTRACTOR thereunder, and also to protect AUTHORITY and its employees against loss from liability imposed by law for damage to any property, caused directly or indirectly by the negligent performance or execution or the Agreement by CONTRACTOR; which insurance shall also cover accidents arising out of the use and operation of automobiles, trucks, and/or other mobile equipment. All said comprehensive liability and property damage insurance shall be for the period of performance under this Agreement. The amounts of coverage of said insurance shall not be less than the following:

Public Liability	\$1,000,000 single limit
Property Damage	\$1,000,000 single limit

Said policies shall have a non-cancellation clause providing that thirty (30) days written notice shall be given to AUTHORITY prior to any material modification or cancellation, and a certificate of such insurance shall be furnished to AUTHORITY by direct mail from CONTRACTOR's insurance carrier and shall specifically cover any contractual liability incurred hereunder. CONTRACTOR shall further maintain adequate Worker's Compensation Insurance, including occupational disease provisions, under the laws of the State of California and employer's general liability insurance for the benefit of its employees, and shall require similar insurance to be provided by its subcontractors. A certificate shall be furnished to AUTHORITY showing compliance with above.

7. AMENDMENTS. Any amendment, modification, or variation from the terms of this Agreement shall be in writing and shall be effective only upon approval by the Manager of the AUTHORITY.

8. TERMINATION. If, during the term of this contract, AUTHORITY determines that CONTRACTOR is not faithfully abiding by any term or condition contained herein, AUTHORITY may notify CONTRACTOR in writing of such defect or failure to perform; which notice must give CONTRACTOR five (5) working days thereafter in which to preaffirm said work or cure the deficiency. If CONTRACTOR has not performed the work or cured the deficiency within five (5) days specified in the notice, such shall constitute a breach of this contract and AUTHORITY may terminate this contract immediately by written notice to CONTRACTOR to said effect. In said event, CONTRACTOR shall be entitled to the reasonable value of its services performed from the beginning of the period in which the breach occurs up to the day it received AUTHORITY's notice of termination, minus any offset from such payment representing AUTHORITY's damages from such breach. AUTHORITY reserves the right to delay any such payment, to allow for a full and complete accounting of costs. In no event, however, shall CONTRACTOR be entitled to receive in excess of the compensation quoted in its bid.

9. COMPLETE AGREEMENT. This written Agreement, including all writings specifically incorporated herein by reference, shall constitute the complete agreement between the parties hereto. No oral agreement, understanding, or representation not reduced to writing and specifically incorporated herein shall be of any force or effect, nor shall any such oral agreement, understanding, or representation be binding upon the parties hereto.

10. PROHIBITED EMPLOYMENT DISCRIMINATION. In the performance of the terms of this Agreement, CONTRACTOR agrees that it will not engage in, nor permit such subcontractors as it may employ to engage in, discrimination in employment of persons in violation of Labor Code Section 1735, which reads as follows:

A contractor shall not discriminate in the employment of persons upon public works on any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, except as otherwise provided in Section 12940 of the Government Code. Every contractor for public works who violates this section is subject to all penalties imposed for a violation of this chapter.

Violation of this provision may result in the imposition of penalties referred to in Labor Code Section 1735.

11. AUDIT. AUTHORITY shall have the option of inspecting and/or auditing all records and other written materials used by CONTRACTOR in preparing its statements to AUTHORITY as a condition precedent to any payment to CONTRACTOR.

12. NOTICE. All written notices to the parties hereto shall be sent by United States mail, postage prepaid by registered or certified mail addressed as follows:

AUTHORITY

General Manager  
San Elijo Joint Powers Authority  
2695 Manchester Avenue  
Cardiff, CA 92007

CONTRACTOR

Colleen DuBose  
JCI Jones Chemicals, Inc.  
1401 Del Amo Boulevard  
Torrance, CA 90501

13. PROTECTION OF EXISTING FACILITIES AND NON-INTERFERENCE WITH PLANT OPERATIONS. Contractor shall perform his duties in such a way that there will be no damage done to existing facilities and all facilities shall be left in the condition they were in prior to the beginning of the contract. CONTRACTOR will also perform all work in such a way that there is no interference with plant operations.
14. AUTHORITY TO EXECUTE AGREEMENT. Both AUTHORITY and CONTRACTOR do covenant that each individual executing this agreement on behalf of each party is a person duly authorized and empowered to execute Agreements for such party.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first above written.

ATTEST:

SAN ELIJO JOINT POWERS AUTHORITY

By: \_\_\_\_\_  
Michael T. Thornton, P.E., General Manager

SAN ELIJO JOINT POWERS AUTHORITY

By: \_\_\_\_\_  
Thomas M. Campbell, Chair of the Board

CONTRACTOR

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_  
(Print)

Title: \_\_\_\_\_



SAN ELIJO JOINT POWERS AUTHORITY  
PUBLIC NOTICE  
INVITING BIDS

NOTICE IS HEREBY GIVEN that sealed bids will be received for the provision of the following supplies under annual contract for the San Elijo Water Reclamation Facility.

SE 2012-SH  
PROVISION OF SODIUM HYPOCHLORITE  
SE 2012-FC  
PROVISION OF FERRIC CHLORIDE

Bidding documents may be obtained from the San Elijo Joint Powers Authority by contacting Ms. Monica Blake at (760) 753-6203 x71.

Bids shall be submitted in sealed envelopes marked on the outside with the specification number and bid description to the San Elijo Joint Powers Authority, 2695 Manchester Avenue, Cardiff, CA 92007, until 11:00 a.m., June 2, 2011 at which time they will be publicly opened and read by the Manager or his representative.

The Authority reserves the right, after opening bids, to reject any or all bids, or to make award to the lowest responsible bidder and reject all other bids, and to waive any nonsubstantial irregularities in the bidding and to accept any bid or portion, thereof.

MICHAEL T. THORNTON  
General Manager

## GENERAL BID TERMS AND CONDITIONS

### PROVISION OF SODIUM HYPOCHLORITE SPECIFICATION NUMBER SE 2012-SH

Requirement to Meet All Bid Provisions - Each bidder shall meet all of the specifications and bid terms and conditions. By virtue of the bid submission and acceptance of the bid award, the bidder acknowledges agreement with and acceptance of all provisions of the specifications, except as expressly qualified in the bid proposal. Non-substantial deviations may be considered provided that the bidder submits a full description and explanation of, and justifications for, the proposed deviations. Final determination of any proposed deviation will be made by the San Elijo Joint Powers Authority (SEJPA).

Bid Submission - Each bid must be submitted on the form(s) provided in the bid package. Bid documents shall be enclosed in an envelope, which shall be sealed and addressed to the San Elijo Joint Powers Authority, 2695 Manchester Avenue, Cardiff, CA 92007. In order to guard against premature opening, the bid should be clearly labeled with the bid title, name of bidder, and date and time of bid opening. If the bids are delivered via express mail, please enclose bid in an internal envelope to prevent premature opening.

Bid Retention and Award - The SEJPA reserves the right to retain all bids for a period of sixty (60) days for examination and comparison. The SEJPA also reserves the right to waive non-substantial irregularities in any bid, to reject any or all proposals, to reject or delete one part of a proposal and accept the other, except to the extent that the bids are qualified by specific limitations, and to make award to the lowest responsible bidder as the interest of the SEJPA may require.

Bid Quotes and Unit Price Extensions - The extensions of unit prices for the quantities indicated and the lump sum prices quoted by the bidder must be entered in figures in the spaces provided on the Bid Submission Form(s). Any lump sum bid shall be stated in figures. The Bid Submission Form(s) must be totally completed. If the unit price and the total amount stated by any bidder for any item are not in agreement, the unit price alone will be considered as representing the bidder's intention and the total will be corrected to conform to the specified unit price.

Bid Withdrawal - A bidder may withdraw its proposal, without prejudice prior to the time specified for the bid opening, by submitting a written request to the SEJPA Manager for its withdrawal, in which event the proposal will be returned to the bidder unopened. No proposal received after the time specified or at any place other than the place stated in the "Notice Inviting Bids" will be considered. All bids will be opened and declared publicly. Bidders or their representatives are invited to be present at the opening of the bids.

Submission of One Bid Only - No individual, or business entity of any kind shall be allowed to make or file, or to be interested in more than one bid, except an alternative bid when specifically requested; however, an individual or business entity which has submitted a sub-proposal to a bidder submitting a proposal, or who has quoted prices on materials to such bidder, is not thereby disqualified from submitting a sub-proposal or from quoting prices to other bidders submitting proposals.

Contract Requirement - The bidder to whom award is made shall execute a written contract with the SEJPA and commence work in accordance with the terms of service outlined in the contract. The contract shall be made in the form adopted by the SEJPA and incorporated in these specifications.

The bidder warrants that he/she possesses, or has arranged through subcontracts, all capital and other equipment, labor and materials to carry out and complete the work hereunder in compliance with all Federal, State, County, City and Special District Laws, Ordinances, and Regulations which are applicable.

Insurance - The bidder to whom award is made shall maintain in full force, and provide proof of, all insurance required by any governmental agency, including public liability, property damage, and workers compensation insurance as outlined in the contract between the bidder and the SEJPA.

Failure to Accept Contract - If the bidder to whom the award is made fails to enter into the contract: the award will be annulled; any bid security will be forfeited in accordance with the Special Bid Terms and Conditions if a bidder's bond or security is required; and an award may be made to the next lowest responsible bidder who shall fulfill every stipulation as if it were the party to whom the first award was made.

Contract Assignment - The bidder shall not assign, transfer, convey or otherwise dispose of the contract, or its right, title or interest, or its power to execute such a contract to any individual or business entity of any kind without the prior written consent of the San Elijo Joint Powers Authority.

Prohibited Employment Discrimination - In the performance of the terms of this Agreement, CONTRACTOR agrees that it will not engage in, nor permit such subcontractors as it may employ to engage in, discrimination in employment of persons in violation of Government Code Sections 12940 et seq.

Termination - If, during the term of this contract, the SEJPA determines that the bidder is not faithfully abiding by any term or condition contained herein, the SEJPA may notify the bidder in writing of such defect or failure to perform; which notice must give bidder five (5) working days thereafter in which to reaffirm said work or cure the deficiency. If the bidder has not performed the work or cured the deficiency within five (5) days specified in the notice, such shall constitute a breach of this contract and the SEJPA may terminate this contract immediately by written notice to the bidder to said effect. In said event, the bidder shall be entitled to the reasonable value of its services performed from the beginning of the period in which the breach occurs up to the day it received the SEJPA's notice of termination, minus any offset from such payment representing the SEJPA's damages from such breach. The SEJPA reserves the right to delay any such payment, to allow for a full and complete accounting of costs. In no event, however, shall the bidder be entitled to receive in excess of the compensation quoted in its bid.

Labor Actions - In the event that the successful bidder is experiencing a labor action at the time of the award of the bid (or if its suppliers or subcontractors are experiencing such a labor action), the SEJPA reserves the right to declare said bidder is no longer the lowest responsible bidder and to accept the next acceptable low bid from a bidder that is not experiencing a labor action, and to declare it to be the lowest responsible bidder.

Communications Regarding Bid - All timely requests for information submitted in writing will receive a written response from the SEJPA. Telephone communications with SEJPA staff are not encouraged, but will be permitted. However, any such oral communication shall not be binding on the SEJPA. Questions submitted by facsimile shall be considered written.

Payment Terms - The SEJPA's payment terms are forty-five (45) days from the receipt of an original invoice referencing the SEJPA's Purchase Order Number and acceptance of the materials, supplies, equipment, or services (Net 45). Payment will only be released upon authorization from the Board of Directors of the SEJPA. Payments will be made once a month for work performed or supplies provided.

Site Preservation - The completion of all work defined within this contract specification shall be done so that there is no damage to the existing facilities and the site shall be kept in a clean and orderly fashion throughout the terms of this contract.

Non-interference with Plant Operations - All work will be performed in such a manner that there is no interference with plant operations.

## **SPECIAL BID TERMS AND CONDITIONS**

PROVISION OF SODIUM HYPOCHLORITE  
SPECIFICATION NUMBER SE 2012-SH

Submission of References - Each bidder shall submit a statement of qualifications and references on the form provided in the bid package.

Statement of Contract Disqualifications - Each bidder shall submit a statement regarding any past governmental agency bidding or contract disqualifications on the form provided in the bid package.

**BID SUBMISSION FORM**

PROVISION OF SODIUM HYPOCHLORITE  
SPECIFICATION NUMBER SE 2012-SH

---

**LOCATION:** SAN ELIJO WATER RECLAMATION FACILITY  
2695 Manchester Avenue  
Cardiff, CA 92007

**SERVICES REQUIRED:**

**Time Frame:** July 1, 2011 to June 30, 2012.

**Definition:** The successful bidder will provide approximately 80,000 gallons of pre-approved or proven equivalent sodium hypochlorite in approximate bulk deliveries of 5,000 gallons each load or as requested by the Chief Operator or his designated representative. The quantity of sodium hypochlorite may be less than the estimated 80,000 gallons per year indicated. The San Elijo Joint Powers Authority does not guarantee the quantity of sodium hypochlorite required for the facility. All deliveries must be made during the regular Monday through Friday work week, between the hours of 7:00 a.m. – 3:00 p.m.

**Sodium Hypochlorite Specification:** Sodium hypochlorite shall be 12.5% solution or approved equal.

**Unit Price:** All quotes shall include the unit price and the anticipated annual total based upon 80,000 gallons, including all freight charges, applicable taxes, and setup charges. Volume is to be considered an estimate; actual quantities may be substantially less.

**CONTACT PERSON:** John Clark, Chief Plant Operator  
(760) 753-6203 Ext. 23

**BID SUBMISSION FORM**

PROVISION OF SODIUM HYPOCHLORITE  
SPECIFICATION NUMBER SE 2012-SH

TO: Michael T. Thornton, P.E., General Manager  
San Elijo Joint Powers Authority  
2695 Manchester Avenue  
Cardiff, CA 92007

Dated: 5/25/11

Provision of approved Sodium Hypochlorite, as outlined in the detailed specification, to the San Elijo Water Reclamation Facility for the period of July 1, 2011 to June 30, 2012.

<u>OPTION NO.</u>	<u>APPROXIMATE QUANTITY</u>	<u>ITEM DESCRIPTION WITH PRICES WRITTEN IN WORDS</u>	<u>TOTAL FIGURES</u>
1	Approximately 80,000 gallons	Pre-approved or proven equal sodium hypochlorite in bulk shipments upon request of the Chief Plant Operator.	

Price per gallon including shipping and 8.75% tax:

Six, Six, Two Cents (In Words)      \$ 0.662 (In Numbers)

Contract price (80,000 gallons x per gallon price):

Five Two Thousand, Nine Hundred Sixty (In Words)      \$ 52,960 (In Numbers)

THE ONLY EXCEPTIONS FROM THE SPECIFICATIONS ARE:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature of Authorized Bidder Representative: [Signature]  
Name of Individual (Typed): Colleen Dubose Title: Sales Coordinator  
Firm Name: JCI Jones Chemicals, Inc.  
Address: 1401 Del Amo Blvd.  
City: Torrance State: CA Zip: 90501 Telephone: 310-523-1629

**STATEMENT OF  
QUALIFICATIONS AND REFERENCES**

PROVISION OF SODIUM HYPOCHLORITE  
SPECIFICATION NUMBER SE 2012-SH

Proposing Contractor shall submit the number of years engaged in providing services included within the scope of the bid specifications under the present business name: 8 Years

In present business. JCT Jones Chemicals Inc.  
(Corporate brochure attached)

List and describe fully the last three contracts performed by your firm that demonstrate your ability to provide the supplies, equipment, or services included with the scope of the bid specifications. Attach additional pages if required. The Authority reserves the right to contact each of the references listed for additional information regarding your firm's qualifications.

**Reference No. 1**

Customer Name: Orange County Sanitation District  
Contact Individual: Mark Dubois Phone No.: 714-593-7580  
Address: 10844 Ellis Avenue, Fountain Valley, CA 92708-7018

Contract Amount: 3 Million Per Yr Year: 2008, 09, 10, 11, 12  
Description of supplies, equipment, or services provided: Furnish & deliver Sodium Hypochlorite & Sodium Bisulfite

**Reference No. 2**

Customer Name: Los Angeles Department of Water & Power  
Contact Individual: Dale Kawada Phone No.: 818-771-6060  
Address: 13101 Sepulveda Blvd., Sylmar, CA 91392

Contract Amount: 2 Million - yr Year: 2009, 10, 11, 12  
Description of supplies, equipment, or services provided: Furnish & deliver Sodium Hypochlorite & Chlorine

**Reference No. 3**

Customer Name: City of Long Beach  
Contact Individual: Doug McKee Phone No.: 562-570-2464  
Address: 333 W. Ocean Blvd. Long Beach, CA 90802

Contract Amount: 85,000 - yr Year: 2009, 10, 11, 12  
Description of supplies, equipment, or services provided: Furnish & deliver Chlorine & Caustic

  
Signature of Authorized Bidder Representative



**STATEMENT OF BIDDER'S PAST CONTRACT  
DISQUALIFICATIONS**

PROVISION OF SODIUM HYPOCHLORITE  
SPECIFICATION NUMBER SE 2012-SH

Pursuant to Section 10162 of the Public Contract Code, the bidder shall state whether such prospective bidder, any officer of such bidder, of any employee of such bidder who has a proprietary interest in such bidder, has ever been disqualified, removed, or otherwise prevented from bidding on, or completing a Federal, State or local government project because of the violation of law or a safety regulation, and if so to explain the circumstances.

1. Do you have any disqualification, removal, etc., as described in the above paragraph to declare?  
yes \_\_\_\_\_ no X

2. If yes, explain the circumstances.

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Executed on May 25 at Tonawanda, California.

I declare, under penalty of perjury, that the foregoing is true and correct.



Signature of Authorized Bidder Representative

COMPLIANCE WITH THE IMMIGRATION REFORM AND  
CONTROL ACT OF 1986 (8 U.S.C. § 1324)

As a condition of submitting a bid for the Project, bidders are required to verify whether or not they have been fined or otherwise penalized within the past three (3) years for failing to obtain and/or maintain valid Employment Eligibility ("I-9") forms for employees pursuant to the Immigration Reform and Control Act of 1986 (the "Act"). The bidder shall check the appropriate box below, sign and date this page, and submit it to the San Elijo Joint Powers Authority (SEJPA) as part of his or her bid package.

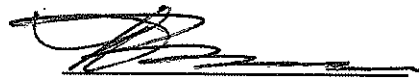
Failure to properly submit this completed form shall result in the possible rejection of the bid as being non-responsive, in the SEJPA's sole discretion. In the event a bidder has been fined or otherwise penalized within the past three (3) years, the SEJPA reserves the right, in its sole discretion, to reject the bid as being non-responsive. In the event the SEJPA awards a contract to a bidder and subsequently discovers that the bidder was fined or otherwise penalized for failing to obtain and/or maintain valid I-9 forms within the past three (3) years and failed to disclose such information, the SEJPA shall have the right, in its sole discretion, to immediately terminate the contract and award the bid to the next lowest bidder, or re-bid the project. The SEJPA reserves the right to recover from the bidder any costs and/or damages sustained by the SEJPA as the result of having to terminate the bidder from the Project and/or re-award the contract due to the bidder's failure to disclose previous I-9 violations.

ALL BIDDERS MUST CHECK ONE OF THE BOXES BELOW AND SIGN:

Within the past three (3) years, bidder HAS been fined or otherwise penalized for failing to obtain and/or maintain valid I-9 forms for its employees.



Within the past three (3) years, bidder HAS NOT been fined or otherwise penalized for failing to obtain and/or maintain valid I-9 forms for its employees.

  
Bidder's Signature

*JCI Jones Chemicals*  
Company

*5/25/11*  
Date

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

June 13, 2011

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: Director of Finance/Administration

SUBJECT: ADOPTION OF THE SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR  
2011-12 BUDGET, INVESTMENT POLICY, AND APPOINTMENT OF SEJPA  
TREASURER

RECOMMENDATION

It is recommended that the Board of Directors:

1. Adopt Resolution No. 2011-07, Resolution Approving the San Elijo Joint Powers Authority Operating and Capital Improvement Budgets for Fiscal Year 2011-12;
2. Adopt Resolution No. 2011-08, Resolution Approving the San Elijo Joint Powers Authority Investment Policy and Guidelines and Appointment of SEJPA Treasurer; and
3. Discuss and take action as appropriate.

DISCUSSION

The Fiscal Year (FY) 2011-12 Recommended Budget was presented publicly to the Board of Directors at the April and May 2011 Board meetings for discussion, comments, and direction. SEJPA staff also conducted meetings with staff from both Member Agencies to review the recommended budget. From the conclusion of these meetings, there were no recommendations made to change or alter the FY 2011-12 Recommended Budget.

The total recommended FY 2011-12 operating budget for the Wastewater Treatment Fund for the SEJPA is \$5,641,616, which is a 0.7 percent increase from a year ago. Revenues to support the Wastewater Treatment Fund come from the users of the provided services. The total recommended FY 2011-12 operating budget for the Water Reclamation Fund is \$1,826,025, which is a 0.9 percent increase from a year ago. Water Reclamation Fund revenues come from the sale of recycled water. The FY 2011-12 appropriation for the Capital Project Fund is \$942,000, which will fund construction activities associated with upgrading the San Elijo Water Reclamation Facility electrical system, Headworks and Grit Chamber Rehabilitation project, a blower replacement project, additional funding to the Ocean Outfall Peak Management Project, completion of the Sediment Drying Pad project, and continued funding for the biosolids facility upgrade reserve.

The recommended FY 2011-12 Budget is now ready for consideration for adoption as presented in the attached Resolution No. 2011-07.

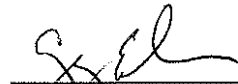
### INVESTMENT POLICY

State law requires that the Investment Policy be reviewed and adopted annually. The SEJPA investment policy allows for investment in the State Local Agency Investment Fund (LAIF) and in the San Diego County Investment Pool. These two tools have been the basis of all investment activity since the SEJPA became independent from the County of San Diego. In addition, State law requires that a SEJPA Treasurer be appointed annually. The current SEJPA Treasurer is the Director of Finance/Administration, Gregory Lewis.

It is therefore recommended that the Board of Directors:

1. Adopt Resolution No. 2011-07, Resolution Approving the San Elijo Joint Powers Authority Operating and Capital Improvement Budgets for Fiscal Year 2011-12;
2. Adopt Resolution No. 2011-08, Resolution Approving the San Elijo Joint Powers Authority Investment Policy and Guidelines and Appointment of SEJPA Treasurer; and
3. Discuss and take action as appropriate.

Respectfully submitted,



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Gregory Lewis  
Director of Finance/Administration

Attachment 1: Resolution No. 2011-07, "Resolution Approving the San Elijo Joint Powers Authority Operating and Capital Improvement Budgets for Fiscal Year 2011-12"

Attachment 2: Resolution No. 2011-08, "Resolution Approving the San Elijo Joint Powers Authority Investment Policy and Guidelines and Appointment of SEJPA Treasurer"

**RESOLUTION NO. 2011-07**

**RESOLUTION APPROVING THE SAN ELIJO JOINT POWERS AUTHORITY  
OPERATING AND CAPITAL IMPROVEMENT BUDGETS  
FOR FISCAL YEAR 2011-12**

WHEREAS, the San Elijo Joint Powers Authority (SEJPA) General Manager has submitted for the consideration of the SEJPA Board of Directors proposed SEJPA Operating and Capital Projects Budgets for Fiscal Year 2011-12;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY HEREBY RESOLVES AS FOLLOWS:

1. The Board of Directors has reviewed the proposed Operating Budgets and Capital Projects Budget and the funds included herein for the period of July 1, 2011 through June 30, 2012 and hereby finds that such budgets, as reviewed, are sound plans for the financing of required SEJPA operations and capital improvements during Fiscal Year 2011-12. Such budgets are hereby adopted.

San Elijo Operations and Maintenance Fund	\$ 5,641,616
San Elijo Water Reclamation Operating Fund	1,826,025
San Elijo Capital Projects Fund	<u>942,000</u>
Total	\$8,409,641

2. The Board of Directors authorizes carrying forward unexpended capital project appropriations and encumbered operating funds from the Fiscal Year 2011-12.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2011, by the following vote:

AYES: Boardmembers:

NOES: Boardmembers:

ABSENT: Boardmembers:

ABSTAIN: Boardmembers:

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Thomas M. Campbell, Chairperson  
SEJPA Board of Directors

ATTEST:

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

**RESOLUTION NO. 2011-08**

**RESOLUTION APPROVING THE SAN ELIJO JOINT POWERS AUTHORITY  
INVESTMENT POLICY AND GUIDELINES AND  
APPOINTMENT OF SEJPA TREASURER**

WHEREAS, the San Elijo Joint Powers Authority (SEJPA) General Manager has submitted for the consideration of the SEJPA Board of Directors, the proposed SEJPA Investment Policy and Guidelines;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY HEREBY RESOLVES AS FOLLOWS:

1. The SEJPA Treasurer prepared an Investment Policy and Guidelines in 1996, attached hereto as Exhibit A, and incorporated herein by reference as if set forth in full. In order to comply with prudent financial management practices, these guidelines are reviewed and approved on an annual basis in conjunction with the annual budget adoption.
2. The policy is intended to provide guidelines for the prudent investment of the SEJPA's temporary idle cash and outline the policies for maximizing the efficiency of the SEJPA's cash management system.
3. The investment goal is to enhance the economic condition of the SEJPA while insuring the safety of funds invested.
4. The assignment of Gregory Lewis as SEJPA Treasurer for the 2011-12 fiscal year.
5. The Board of Directors of the San Elijo Joint Powers Authority does hereby approve the Investment Policy and Guidelines attached hereto as Exhibit A.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the San Elijo Joint Powers Authority, California, held on this 13<sup>th</sup> day of June, 2011 by the following roll call vote:

AYES: Boardmembers:

NOES: Boardmembers:

ABSENT: Boardmembers:

ABSTAIN: Boardmembers:

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Thomas M. Campbell, Chairperson  
SEJPA Board of Directors

ATTEST:

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

**EXHIBIT A  
TO  
RESOLUTION NO. 2011-08**

**SAN ELIJO JOINT POWERS AUTHORITY  
INVESTMENT POLICY AND GUIDELINES AND  
APPOINTMENT OF SEJPA TREASURER**

1. PURPOSE

This Statement is intended to provide guidelines for the prudent investment of the San Elijo Joint Powers Authority's (SEJPA) temporary idle cash, and outline the policies for maximizing the efficiency of the SEJPA's cash management system. The investment goal is to enhance the economic condition of the SEJPA while insuring the safety of funds invested.

2. OBJECTIVE

The SEJPA's cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the SEJPA to invest funds to the fullest extent possible. The SEJPA attempts to obtain the highest yield on its investments consistent with the criteria established for safety and liquidity.

3. POLICY

The SEJPA Treasurer is responsible for investing the surplus funds in the SEJPA Treasury in accordance with the California Government Code, Sections 53600 et seq. and 53635 et seq. The SEJPA makes investments in accordance with California Government Code 53600.3, which states "all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

The three principal factors of safety, liquidity and yield are to be taken into consideration when making investment decisions.

- A) Safety. Safety and the minimizing of risk associated with investing refer to attempts to reduce the potential for loss of principal, interest or a combination of the two. The SEJPA invests only in those instruments that are considered very safe.
  
- B) Liquidity. Liquidity refers to the ability to convert an investment to cash promptly with a minimum risk of losing some portion of principal or interest. A portion of the portfolio should be maintained in liquid short-term securities which can be converted to cash if necessary to meet disbursement requirements.

- C) Yield. Yield is the average annual return on an investment based on the interest rate, price, and length of time to maturity. The SEJPA attempts to obtain the highest yield possible, provided that the basic criteria of safety and liquidity have been met.

#### 4. INVESTMENT INSTRUMENTS

The SEJPA may invest in the following instruments under the guidelines as provided herein:

- A) Local Agency Investment Fund (LAIF). Investment of funds in the California LAIF which allows the State Treasurer to invest through the Pooled Money Investment Account. Maximum investment is subject to state regulation.
- B) County of San Diego County Treasury. Investment of funds in the Treasury of the County of San Diego that allows the County Treasurer to invest through the Pooled Money Investment Account.

#### 5. SAFEKEEPING

All investments of the SEJPA shall have the San Elijo Joint Powers Authority as registered owner or shall be kept in the custody of the SEJPA or by a qualified safekeeping institution.

#### 6. INVESTMENT REPORTS

- A) The SEJPA Treasurer shall submit a monthly investment report to the SEJPA General Manager and SEJPA Board of Directors containing the following information:
- Financial institution
  - Type of investment
  - Amount of deposit
  - Rate of interest
- B) The SEJPA Treasurer shall annually render a Statement of Investment Policy to the SEJPA Board of Directors.

#### 7. INVESTMENT OF BOND FUNDS

In accordance with Government Code Section 53601, moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds . . . may be invested in accordance with the statutory provisions governing the issuance of those bonds, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance as identified in the "Indenture of Trust", Exhibit B.

Therefore, investment of bond proceeds held in trust shall be invested in accordance with the indenture of trust by and between the San Elijo Joint Powers Authority and Union Bank of California, N.A., dated April 1, 2003.



Exhibit B

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**INDENTURE OF TRUST**

**by and between the**

**SAN ELIJO JOINT POWERS AUTHORITY**

**and**

**UNION BANK OF CALIFORNIA, N.A.  
as Trustee**

**Dated as of April 1, 2003**

**Relating to  
\$18,640,000  
San Elijo Joint Powers Authority  
2003 Refunding Revenue Bonds  
(San Elijo Wastewater Treatment Facilities)**

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**"Outstanding"**, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.07) all Bonds theretofore executed, issued and delivered by the Authority under this Indenture except -

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.03;  
and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to this Indenture or any Supplemental Indenture.

**"Owner"** or **"Bond Owner"**, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

**"Permitted Investments"** means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) Federal Securities;

(b) any of the following direct or indirect obligations of the following agencies of the United States of America and other entities: (i) direct obligations of the Export-Import Bank; (ii) certificates of beneficial ownership issued by the Farmers Home Administration; (iii) participation certificates issued by the General Services Administration; (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration; (v) project notes issued by the United States Department of Housing and Urban Development; and (vi) public housing notes and bonds guaranteed by the United States of America;

(c) interest-bearing demand or time deposits (including certificates of deposit) in federal or State chartered savings and loan associations or in federal or State banks (including the Trustee), provided that: (i) in the case of a savings and loan association, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such savings and loan association shall be rated A or better by Moody's or S&P; and (ii) in the case of a bank, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such bank (or the unsecured obligations of the parent bank holding company of which such bank is the lead bank) shall be rated A or better by Moody's or S&P;

(d) commercial paper rated in the highest rating category by Moody's or S&P;

(e) obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by Moody's or S&P, or (b) fully secured as to the payment of principal and interest by Federal Securities;

the deposit then required to be made by the Cities pursuant to the Loan Agreements, or (b) transferred on a pro rata basis, on the final Interest Payment Date, to the Cities to be used for any lawful purpose. Notwithstanding the foregoing provisions of this paragraph, however, no amounts shall be withdrawn from the Reserve Account and transferred to the Cities pursuant to this paragraph during any period in which an Event of Default shall have occurred and be continuing hereunder.

The Reserve Requirement may be satisfied by crediting to the Reserve Account a Qualified Surety Bond. Upon the deposit with the Trustee of a Qualified Surety Bond, the Trustee shall release moneys then on hand in the Reserve Account to the Cities on a pro rata basis (based upon the Cities' respective responsibility for debt service as of the date of the withdrawal), in an amount equal to the face amount of the Qualified Surety Bond.

**Section 4.03. Investments.** All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments pursuant to the direction of the Authority given to the Trustee in advance of the making of such investments (and promptly confirmed in writing, as to any such direction given orally). In the absence of any such direction from the Authority, the Trustee shall invest any such moneys in Federal Securities or in money market funds described in clause (g) of the definition of Permitted Investments; provided, that Permitted Investments purchased with funds on deposit in the Reserve Account shall have an average aggregate weighted term to maturity not greater than five (5) years, unless such funds are invested in (i) Federal Securities, in which case the average aggregate weighted term to maturity may not be greater than ten (10) years, or (ii) an investment agreement approved by the Bond Insurer, in which case the term of the investment agreement may extend to the final maturity date of the Bonds. Permitted Investments purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the fund or account from which such investment was made. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon the Request of the Authority. The Trustee or an affiliate may act as principal or agent in the acquisition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section.

**Section 4.04. Valuation and Disposition of Investments.** (i) Except as provided in (ii) below, for the purpose of determining the amount in any fund or account, the value of Permitted Investments credited to such fund shall be valued annually at the market value thereof.

(ii) Permitted Investments (except investment agreements described in paragraph (h) of the definition of Permitted Investments) credited to the Reserve Account shall be valued by the Trustee as frequently as deemed necessary by the Bond Insurer by Written Request of the Members to the Trustee, but not less often than semi-annually, at the market value thereof, exclusive of accrued interest.

**Section 4.05. Payment Provisions Relating to Bond Insurance Policy.** If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under this Indenture, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the "Bond Insurer's Fiscal Agent") by telephone or telecopy of the

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

June 13, 2011

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: PRELIMINARY FINDINGS FOR CAPITAL FINANCING OF THE PROPOSED  
DEMINERALIZATION TREATMENT SYSTEM AT THE SAN ELIJO WATER  
RECLAMATION FACILITY

RECOMMENDATION

It is recommended that the Board of Directors:

1. Direct staff to negotiate a lease-purchase agreement with W.M. Lyles, LLC to be returned to the Board for consideration of approval;
2. If an acceptable lease-purchase agreement cannot be negotiated with W.M. Lyles, LLC, then negotiate an agreement with Brandis Tallman, LLC for Board consideration; and
3. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) is pursuing advanced water treatment improvements to the San Elijo Water Reclamation Facility that will allow the agency to maximize its recycling efforts and to improve water quality. Currently, SEJPA Water Reclamation Program has had difficulties in achieving permit compliance for total dissolved solids (TDS), also referenced as salinity, in the recycled water. The source of the TDS is a combination of higher TDS in the local water supply, TDS infiltration into the sanitary collection systems, and use of salt-based water softeners by homes and businesses.

In 2009, the SEJPA began planning and permitting efforts for the construction of an advanced water treatment system to remove unwanted TDS from the recycled water. In December 2009, the preliminary design was completed and the project is now in final design. The planned treatment process will include 1.0 million gallons per day (mgd) of microfiltration (MF) treatment capacity, followed by 0.5 mgd of reverse osmosis (RO) treatment capacity. The treatment process will reduce the TDS levels in the recycled water which is beneficial for plants, trees, and grasses, as well as help the region manage salinity levels in the local ground water basins. The treatment process also removes bacteria, viruses, and other impurities, making the recycled water safer and more reliable for the public. As a result, the higher water quality will expand

opportunities for serving new customers and possibly new beneficial uses of the water. Annually, the SEJPA recycles approximately one-third to one-half of the wastewater it receives, discharging the remaining effluent to the Pacific Ocean.

## DISCUSSION

The Advanced Water Treatment System, also referred to as the Demineralization Project, is estimated to cost \$5 million. The SEJPA is proposing to fund the project through a combination of grants, program reserves, and loan or bond issuance. In general terms, the SEJPA anticipates funding approximately \$3 million from its Recycled Water Program reserves and grants, with the remaining estimated \$2 million funded through a construction loan or bond issue.

Staff has worked aggressively to identify and petition for grants with the results culminating in a \$1,050,000 award through the San Diego Integrated Regional Water Management program, which will provide \$700,000 to this project and \$350,000 to other efforts. The grant is now awaiting final approval from the California Department of Water Resources, which it is expected to receive, and funding is anticipated to be available by the end of 2011.

Initially, it was envisioned that the SEJPA would obtain a construction loan from the Clean Water State Revolving Fund (SRF) program, as this program offered the most attractive interest rates. However, the SRF loan included terms and conditions that reach beyond the SEJPA's control, which significantly increased the cost and complexity of securing the loan. After more than a year of negotiating with SRF staff on term and conditions, it was concluded that other financing options needed to be evaluated. Table 1, below, provides a summary of the lending options identified. It should be noted that these are the terms available today and that they are sensitive to market conditions and could change in future months.

**Table 1**

<b>Lender</b>	<b>Loan Type</b>	<b>Loan Amount</b>	<b>Interest Rate</b>	<b>Loan Period</b>
Public Bond Issue	Coupon	\$2 M	6.0%	30 Years
CSDA Finance Corp.	Fixed	\$2 M	4.95%	15 years
Brandis Tallman, LLC	Fixed	\$2 M	4.75%	15 Years
W.M. Lyles, LLC	Fixed	\$2 M	4.7%	15 Years

The Public Bond Issuance identified for this project appears to be the least competitive option with underwriting and cost of issuance at approximately \$110,000 and an interest rate of 6.0% for a term of 30 years. As a result, this alternative was not considered further by staff.

## FINANCIAL IMPACT

The costs of the remaining 3 funding options are summarized in Table 2 below:

**Table 2**

<b>Lender</b>	<b>Loan Amount</b>	<b>Annual Payment</b>	<b>Total Interest Paid</b>	<b>Total Payment *</b>
CSDA Finance Corp.	\$2,000,000	\$189,166	\$837,489	\$2,849,489
Brandis Tallman LLC	\$2,000,000	\$186,680	\$800,195	\$2,807,695
W.M. Lyles, LLC	\$2,000,000	\$186,061	\$790,915	\$2,790,915

\* Total Payment includes any identified up-front costs.

The California Special Districts Association (CSDA) loans money to its members at a competitive market rate through the Municipal Finance Corporation. The upfront cost of this financing option would be annual membership dues of approximately \$800 or \$12,000 over the life of the loan. This alternative provides a competitive interest rate of 4.95% coupled with a desirable loan term of 15 years and relatively low upfront costs. However, the interest rate and total payment amount is higher than some of the other funding options, and therefore this alternative is not being recommended by staff at this time.

Brandis Tallman LLC is an investment banking firm specializing in public and private bond placement. The option offered is a private placement security at a fixed 4.75% with a total upfront cost of \$7,500. The Brandis Tallman LLC option is a more streamlined loan process compared to SRF and with terms and conditions that appear acceptable to the SEJPA. The cost is slightly higher than the proposed lease purchase option, but could be an acceptable funding alternative using the traditional “design, bid, build” construction process.

SEJPA has also explored the potential of procuring the project through a lease-purchase construction and finance process. W.M. Lyles LLC offers turn-key construction and financing for public projects. The SEJPA has been in discussions with W.M. Lyles in developing a lease-purchase arrangement as a potential option for this project. The preliminary terms and conditions include financing the project for a term of 15 years at a rate of approximately 4.7% with no up-front or underwriting costs. Under this option, W.M. Lyles would construct the project and the SEJPA would then lease to own. Construction costs would be established through what is known as open-book construction, where by all material, equipment, and labor costs are identified and shared with the owner to establish a guaranteed maximum price (GMP) for the project, and the GMP becomes the basis for the lease amount. Any costs exceeding the GMP that are within the original scope of work are borne by the W.M. Lyles. Any cost savings identified through the course of construction are shared between the SEJPA and W.M. Lyles through an established cost sharing arrangement. There are several unique advantages of this funding option, including:

- Providing actual construction costs in advance of establishing the financing agreement;
- Incentivizing the contractor to deliver a finished, quality, operable project without undue change orders, as the contractor does not begin receiving payments until the project is completed and accepted by SEJPA; and
- Potentially lowering SEJPA construction administration and management costs, due to the inherent incentive of the contractor to deliver a completed and acceptable project.

Given the lower financing costs and potential advantages of lease-purchase approach, staff recommends further consideration of this funding option.

It is therefore recommended that the Board of Directors:

1. Direct staff to negotiate a lease-purchase agreement with W.M. Lyles, LLC to be returned to the Board for consideration of approval;
2. If an acceptable lease-purchase agreement cannot be negotiated with W.M. Lyles, LLC, then negotiate an agreement with Brandis Tallman, LLC for Board consideration;  
and
3. Discuss and take action as appropriate.

Respectfully submitted,

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

Michael T. Thornton, P.E.  
General Manager

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

June 13, 2011

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: QUARTERLY UPDATE – RECYCLED WATER DISCUSSIONS BETWEEN THE SAN ELIJO JOINT POWERS AUTHORITY (SEJPA) AND THE SANTA FE IRRIGATION DISTRICT (SFID), SAN DIEGUITO WATER DISTRICT (SDWD), AND CITY OF DEL MAR

RECOMMENDATION

It is recommended that the Board of Directors:

1. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) operates a recycled water utility that sells 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 sell the recycled water to customers within the cities of Encinitas, Del Mar, and the SFID service area. The SEJPA and the water purveyors work collaboratively to provide seamless utility and customer service to the community, as well as to meet regulatory quality control and oversight requirements.

The original recycled water sales agreements between the SEJPA and the purveyors were signed in 1996/1997 and set the price of recycled water at 85% of the price of potable water. Due to the drought and rising imported water costs, the price of potable water has increased very quickly over the last five years. Since the price of recycled water is tied to that of potable water, per the terms of the agreements, customers have seen the recycled water costs increase dramatically, too. As a result of high price of water, many customers reduced their usage of recycled water based on economic reasons. In essence, the agreement was pricing the recycled water beyond its value to the customer.

In the latter half of calendar year 2010, the SEJPA and SFID began holding a series of meetings focused on the recycled water price structure and optimization of the recycled water infrastructure. The goal was to develop an appropriate pricing structure that would provide the lowest cost to the end customer while providing full cost recovery to the SEJPA and SFID. Early on in this process, the SEJPA identified that the optimum pricing point corresponds with the



maximum utilization of the treatment and delivery systems. Simply stated, selling more water as opposed to less, results in a lower cost per gallon product.

In November 2010, the SEJPA and SFID mutually agreed to amend the wholesale agreement to provide an interim, two-year, pricing structure. The new pricing structure decouples the recycled water price from being indexed to 85% of the potable water price. Instead, the interim pricing structure fixes the recycled water rate to an annual increase of 5%, which is congruent with forecasted energy, chemical, and capital expenses of the recycled water program. This is of importance as SFID's potable water rates increase by 13% in 2011, thus the interim agreement resulted in an 8% avoided rate increase for their recycled water customers.

## DISCUSSION

As part of approving the wholesale pricing change, the SEJPA Board of Directors directed staff to continue working with SFID, as well as the SEJPA's other water purveyors, to begin negotiating new long-term recycled water wholesale agreements. Although the current agreements have 5 years remaining on their original terms, the Board of Directors indicated that there is an opportunity now to improve upon the original agreements for the betterment of the customers, the public in general, and the SEJPA and its water district partners. This staff report is the second quarterly report to the SEJPA Board of Directors highlighting progress and effort towards negotiating new recycled water agreements.

### ***Santa Fe Irrigation District (SFID)***

During the quarter, efforts were focused on the extension of the recycled water "back-bone" delivery system to serve the eastern portion of the San Dieguito Park and some high use estate properties in the area. Construction of the pipeline has been completed and the County is now installing a new irrigation system at the San Dieguito Park to use the recycled water. The new use is expected to begin in late 2011 and may ultimately serve an additional 50 to 80 acre-feet per year of recycled water. SFID is interested in the SEJPA purchasing the pipeline, as the SEJPA owns the entire distribution system up to that point. Currently, the terms and conditions of the purchase agreement are being developed. Upon reaching agreement at the staff level and review by each district's legal counsel, the pipeline purchase agreement will be presented to Board of Directors for consideration.

### ***San Dieguito Water District (SDWD)***

Discussions focused on opportunities and constraints for expanding recycled water use in the service area and in improving the terms of the agreement for all parties. Use within the SDWD service area has decreased substantially over the past two years from conservation efforts. As a result, the SDWD is now operating below the minimum purchase volume, established as 700 acre-feet per year, in the water purchase agreement between the two districts. This places the SDWD in an awkward position of committing to buying more water than its customers need. Staffs from both districts are tackling this issue using a two pronged approach. First, is to develop an interruptible-surplus water agreement with the Encinitas Ranch Golf Authority, which provides a cost structure that allows the golf course to resume watering usage at pre-drought consumption levels, while providing water storage benefits to the SEJPA. This effort was completed as a six-year agreement with a six-year optional extension and was executed by all parties in May 2011. In addition to this effort, the City of Encinitas, SDWD, and SEJPA have worked jointly on the planned, 44-acre, Encinitas Community Park, which will use recycled water and on retrofitting the Oak Crest Middle School athletic fields. The second prong of the approach is to develop amenable changes to the original agreement to maintain competitive recycled water pricing to the customers while meeting the economic needs of both the SDWD

and SEJPA. This includes examining options for reducing SDWD's minimum purchase volume, modifying the pricing structure, and expanding recycled water use. Discussions on this effort are currently ongoing at staff level.

***City of Del Mar & the 22<sup>nd</sup> Agricultural District***

The SEJPA has a recycled water wholesale agreement with the City of Del Mar, which in turn, has a retail purchase agreement with the 22<sup>nd</sup> Agricultural District. The minimum purchase volume of the agreement is 150 acre-feet, which is an obligation of the 22<sup>nd</sup> Agricultural District. Currently, the Agricultural District is using only 80 acre-feet of the 150 acre-feet commitment. SEJPA has worked extensively with the Agricultural District in identifying opportunities to convert existing potable water use to recycled water, including identifying grants to assist with funding the improvement costs. During this last quarter, the Agricultural District has continued planning work for converting irrigation demands to recycled water. The SEJPA is providing technical assistance as requested by the Agricultural District.

**FINANCIAL IMPACT**

There is no financial impact associated with this staff report.

It is therefore recommended that the Board of Directors:

1. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.  
General Manager

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

June 13, 2011

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: GENERAL MANAGER'S REPORT

DISCUSSION

The General Manager will discuss collaborative efforts between San Diego State University and the SEJPA for the production of electricity generation at wastewater treatment plants from algal methane gas, and the recent San Elijo Joint Powers Authority's Fitch Ratings.

This is an informational report that does not require Board action.

Respectfully submitted,



Michael T. Thornton, P.E.  
General Manager



**SAN ELIJO  
JOINT POWERS AUTHORITY**

June 6, 2011

**BOARD OF DIRECTORS**

Teresa Barth  
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**ADMINISTRATION**

Michael T. Thornton  
General Manager

Temesgen Garoma  
San Diego State University  
5500 Campanile Drive  
San Diego, CA 92182

Dear Dr. Garoma,

I am writing this letter to support your application for grant to the California Energy Commission for the project entitled "***Electricity Generation at Wastewater Treatment Plants from Algal Methane Gas.***"

I believe that the project has a potential to be developed into a sustainable energy source at Wastewater Treatment Plants (WWTPs) that can be used on-site or put back into the grid. It will help wastewater municipalities, like the San Elijo Joint Powers Authority (SEJPA), to become carbon-neutral. Moreover, the project offers benefits to the wastewater treatment process. The effluent wastewater can be used to grow algae cultures, thereby reducing the discharge of effluent to the environment. The algae culture can be used to remove nutrients from the wastewater, eliminating nutrient removal treatment process. This will result in wastewater treatment cost savings.

The SEJPA would like to participate in this project by providing wastewater sludge for the project. We have a 5 mgd design capacity WWTP located at 2695 Manchester Avenue, Cardiff by the Sea, CA 92007. The treatment processes at the WWTP include primary and secondary treatments for liquid stream and anaerobic digestion for solids handling. We have spare tanks that could be used to grow the algae cultures as well as anaerobic digester that could be utilized during the conducting of the pilot-scale test.

The SEJPA is willing to host the conducting of the pilot- and full-scale tests for the project. We will also adopt the technology if the current research and subsequent pilot-scale test verify the concept.

I offer my strong support to the project as a representative and general manager of SEJPA. Please contact me at [thornton@sejpa.org](mailto:thornton@sejpa.org) if you need my help for the project.

Sincerely,  
SAN ELIJO JOINT POWERS AUTHORITY

Michael T. Thornton, P.E.  
General Manager

# FitchRatings

## **FITCH AFFIRMS SAN ELIJO JOINT POWERS AUTHORITY, CALIFORNIA REVS AT 'AA'; OUTLOOK STABLE**

Fitch Ratings-Austin-01 June 2011: During the course of routine surveillance, Fitch Ratings affirms the following San Elijo Joint Powers Authority, California (the authority, or JPA) rating:

--\$11.4 million revenue refunding bonds, series 2003 at 'AA'.

The Rating Outlook is Stable.

### **RATING RATIONALE:**

--Financial operations are solid and both authority members have demonstrated consistent fiscal performance in recent years.

--Capital needs for both the JPA as well as the participants are manageable and are expected to require limited if any additional leveraging.

--Member user charges are moderate and should remain within affordability levels.

--The authority provides an essential service.

--The service area economy is healthy.

### **KEY RATING DRIVERS:**

--Maintenance of financial performance by member agencies remains key to the credit quality of the JPA.

--Additional debt issuances could pressure rate affordability by members.

### **SECURITY:**

The bonds are payable from loan installments made by the JPA's member agencies - the sanitation enterprise fund of the city of Solana Beach (Solana Beach) and the Cardiff Sanitation Division of the city of Encinitas (Encinitas). Each member's unconditional obligation to pay installment payments is secured by a first and prior lien on and pledge of net revenues of the member's respective wastewater enterprises.

### **CREDIT SUMMARY:**

The authority, initially organized in 1963 and formally established in 1987, provides residential and non-residential wastewater treatment services to a population of around 32,000 residents. The treatment facility is owned and operated by the JPA, which acts as a wholesale provider of wastewater treatment to the members while the members maintain responsibility for their respective wastewater collection infrastructure. Based on the loan agreements, 53% of the JPA debt is paid by Solana Beach and 47% is paid by Encinitas. There is no step-up provision between the members. Each member has agreed under their respective loan agreements to set rates and charges at no less than 1.1 times (x) annual debt service (ADS) on their portion of JPA bonds, parity debt, and any amount required to replenish the debt service reserve on the JPA bonds, if needed.

Consistent with its role as a joint action agency, the JPA has limited financial cushion with typically minimal coverage of all debt service, although liquidity has been strong. The rating reflects the credit quality of the members and their financial performance. Solana Beach and Encinitas both have raised rates in recent years, enhancing the financial performance of their respective utilities. For fiscal year 2010, Solana Beach produced ADS coverage of 1.5x on an all-in basis, while reporting senior lien coverage over 2.0x since fiscal 2006. Liquidity for Solana Beach was strong at 796 days cash on hand for fiscal 2010. Encinitas registered a strong 3.3x all-in ADS coverage and maintained over 2,600 days cash on hand for fiscal year 2010. Member wastewater charges are billed and collected by the county along with property taxes, minimizing the delinquency rates. Wastewater service rates are relatively reasonable, providing sufficient ongoing rate affordability.

Located in northwest San Diego County, the JPA's service area encompasses around 19 square miles. These primarily residential, beach communities are characterized by their desirable location, high wealth levels with high-end housing, and slow growth. Population growth is well below county and state averages as both communities are primarily built out. Concentration risk is moderate with the 10 largest customers for both member cities equal to slightly above 10% of their fiscal 2010 service charges revenues. Encinitas's largest customer, Scripps Memorial Hospital, accounts for 2.4% of its revenues and Solana Beach's largest customer, Fenton Solana Highlands, accounts for 1.7%.

The treatment facility's capacity totals 5.25 million gallons per day (mgd), well in excess of the 3.0 mgd average daily flows. This excess capacity is projected to exceed demand at build-out of the members, which is projected by 2030. No major capital needs are anticipated for the treatment facility, and the capital improvement programs (CIP) for each member appear manageable. Limited, if any, additional debt is expected to be required to fund the JPA's and members' CIPs.

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In addition to the sources of information identified in the U.S. Municipal Revenue-Supported Rating Criteria, this action was additionally informed by information from Creditscope.

Applicable Criteria and Related Research:

- 'Revenue-Supported Rating Criteria', dated Oct. 8, 2010;
- 'Water and Sewer Revenue Bond Rating Guidelines', dated Aug. 6, 2008.
- '2011 Water and Wastewater Medians', dated Jan. 18, 2011.
- '2011 Outlook: Water and Wastewater Sector', dated Jan. 18, 2011.

Applicable Criteria and Related Research:

- Water and Sewer Revenue Bond Rating Guidelines  
[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=395918](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=395918)
- 2011 Water and Wastewater Medians  
[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=593285](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=593285)
- 2011 Outlook: Water and Wastewater Sector  
[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=593286](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=593286)
- Revenue-Supported Rating Criteria  
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