

AGENDA
SAN ELIJO JOINT POWERS AUTHORITY
MONDAY MARCH 7, 2016 AT 9:00 AM
SAN ELIJO WATER RECLAMATION FACILITY – CONFERENCE ROOM
2695 MANCHESTER AVENUE
CARDIFF BY THE SEA, CALIFORNIA

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. ORAL COMMUNICATIONS (NON-ACTION ITEM)
5. PRESENTATION OF AWARDS
6. * **CONSENT CALENDAR**
7. * APPROVAL OF MINUTES FOR THE FEBRUARY 8, 2016 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. * 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

12. APPOINTMENT OF THE SAN ELIJO JOINT POWERS AUTHORITY'S AUDITOR
 1. Authorize the General Manager to appoint The Pun Group, LLP as the SEJPA's auditor beginning fiscal year ending June 30, 2016;
 2. Authorize the General Manager to execute a three year contract with The Pun Group, LLP not to exceed \$55,500; and

3. Discuss and take action as appropriate.

Staff Reference: Director of Finance and Administration

13. CLEAN WATER STATE REVOLVING FUND (SRF) LOAN APPLICATION; BOARD RESOLUTIONS FOR WASTEWATER AND RECYCLED WATER PROJECTS

1. Adopt Resolution No. 2016-02, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Authorizing the General Manager or designee to sign, file, provide assurances, certifications, commitments, and any and all actions required on behalf of the San Elijo Joint Powers Authority (SEJPA) related to entering into a Financial Assistance Agreement with the State Water Resources Control Board (SWRCB) related to the SEJPA Wastewater Projects;
2. Adopt Resolution No. 2016-03, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Dedicating and Pledging Net Revenues of the SEJPA Wastewater Enterprise Fund and the Wastewater Enterprise Fund to the repayment of any and all SRF financing for the SEJPA Wastewater Projects;
3. Adopt Resolution No. 2016-04, Resolution of the Board of Directors of the San Elijo Joint Powers Authority of Intent to Reimburse Expenditures Related to Construction or Reconstruction of Certain Public Facilities relating to the SEJPA Wastewater Projects;
4. Adopt Resolution No. 2016-05, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Authorizing the General Manager or designee to sign, file, provide assurances, certifications, commitments, and any and all actions required on behalf of the San Elijo Joint Powers Authority (SEJPA) related to entering into a Financial Assistance Agreement with the State Water Resources Control Board (SWRCB) related to the SEJPA Recycled Water Projects;
5. Adopt Resolution No. 2016-06, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Dedicating and Pledging Net Revenues of the SEJPA Recycled Water Enterprise Fund and the Recycled Water Enterprise Fund to the repayment of any and all SRF financing for the SEJPA Recycled Water Projects;
6. Adopt Resolution No. 2016-07, Resolution of the Board of Directors of the San Elijo Joint Powers Authority of Intent to Reimburse Expenditures Related to Construction or Reconstruction of Certain Public Facilities relating to the SEJPA Recycled Water Projects; and
7. Discuss and take action, as appropriate.

Staff Reference: General Manager

14. CONSTRUCTION CONTRACT FOR BLOWER REPLACEMENT PROJECT

1. Waive the bid irregularity that has been corrected by Spiess Construction;
2. Authorize the General Manager to enter into an agreement with San Diego Gas & Electric for On-Bill Financing of a 10-year, zero interest loan in the amount of \$500,000;
3. Authorize the General Manager to enter into a construction contract with Spiess Construction in the amount of \$560,500; and
4. Discuss and take action as appropriate.

Staff Reference: General Manager

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

1. Adopt the Proposed Mitigated Negative Declaration for the San Elijo Land Outfall Replacement Project; and
2. Discuss and take action as appropriate.

Staff Reference: General Manager

16. REVIEW PROCESS FOR SELECTING BOARD MEMBER ALTERNATES AND VOTING

1. Discuss and take action as appropriate.

Staff Reference: General Manager

17. GENERAL MANAGER'S REPORT

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

18. GENERAL COUNSEL'S REPORT

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

19. 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.

20. CLOSED SESSION

The Board will adjourn to Closed Session to discuss item identified below. Closed Session is not open to the public; however, an opportunity will be provided at this time if members of the public would like to comment on any item listed below. (Three minute limit.) 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".

Pursuant to Government Code Section 54957.6/Conference with Labor Negotiator;
Agency Negotiator: Michael T. Thornton, General Manager; Unrepresented Employees:
All Non-Contract Employees

21. ADJOURNMENT

The next regularly scheduled San Elijo Joint Powers Authority Board Meeting will be Monday, April 11, 2016 at 9:00 a.m.

NOTICE:

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

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

AFFIDAVIT OF POSTING

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

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

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

Date: March 2, 2016



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

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON FEBRUARY 8, 2016
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

Catherine Blakespear, Chair

Ginger Marshall, Vice Chair

A meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, February 8, 2016, at 9:00 a.m., at the San Elijo Water Reclamation Facility at 2695 Manchester Avenue, Cardiff by the Sea, California.

1. CALL TO ORDER

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

2. ROLL CALL

Directors Present:

Catherine S. Blakespear
Ginger Marshall
Mark Muir
David Zito

Directors Absent:

None

Others Present:

General Manager
Director of Operations
Director of Finance & Administration
Administrative Assistant/Board Clerk
Lead Operator
Laboratory Analyst
Operator
SCADA Manager

Michael Thornton
Christopher Trees
Paul Kinkel
Jennifer Basco
Michael Dietrich
Susie Arredondo
Aaron Simonson
Casey Larsen

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Greg Moser

City of Solana Beach:

City Manager
Director of Engineering/Public Works

Greg Wade
Mohammad "Mo" Sammak

City of Encinitas:

Director of Engineering and Public Works
Public Works Management Analyst

Glenn Pruim
Bill Wilson

Kennedy/Jenks Consultants

Pat Huston, P.E.

3. PLEDGE OF ALLEGIANCE

Chair Blakespear led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

General Manager Michael Thornton presented the following awards to the Board of Directors:

- CWEA, San Diego Section – 2015 Safety Award
- Michael Dietrich – CWEA 2015 Operator of the Year Award
- Susana Arredondo – CWEA 2015 Laboratory Person of the Year Award
- Casey Larsen – CWEA 2015 Electrical/Instrumentation Person of the Year Award
- Aaron Simonson – 10 Years of Service

On behalf of the Board of Directors, Chair Blakespear thanked the employees for their commitment to excellence and for their great leadership.

6. CONSENT CALENDAR

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

Motion carried with unanimous vote of approval.

Agenda Item No. 7 Approval of Minutes for the January 11, 2016 meeting

Agenda Item No. 8 Approval for Payment of Warrants and Monthly Investment Report

Agenda Item No. 9 San Elijo Water Reclamation Facility Treated Effluent Flows – Monthly Report

Agenda Item No. 10 San Elijo Joint Powers Authority Recycled Water Program – Monthly Report

11. ITEMS REMOVED FROM CONSENT CALENDAR

None

12. SAN ELIJO JOINT POWERS AUTHORITY MID-YEAR REVIEW OF THE FISCAL YEAR 2015-16 OPERATING BUDGET

Director of Finance & Administration, Paul Kinkel, presented the mid-year analysis of the SEJPA's FY 2015-16 estimated financial forecast. Mr. Kinkel stated that overall, the SEJPA is expected to conclude the fiscal year at or below budget. Programs budgeted by the SEJPA include: Wastewater Treatment, Laboratory Services, Ocean Outfall, Cardiff Pump Stations, Solana Beach Pump Stations, City of Solana Beach Services, Encinitas Pump Stations, Encinitas Storm Water, Solana Beach Storm Water, Del Mar Pump Stations, and Recycled Water. Mr. Kinkel informed the Board of Directors that total expenses for the agency are expected to be \$229,510 or 4% below budget. As a result of the change in weather patterns ("El Nino"), drought messaging coming from local water districts, and construction delays with the Village Park project, the overall demand for recycled water is lower than anticipated. The current outlook for the Recycled Water program is approximately 162 acre feet less than budget.

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

13. CONTRACT AMENDMENT FOR SAN ELIJO LAND OUTFALL FINAL DESIGN AND PERMITTING

General Manager Thornton updated the Board of Directors on the status of the Land Outfall Replacement and Permitting project. The Kennedy/Jenks (K/J) Preliminary Design Report (PDR) identified horizontal directional drilling (HDD) beneath the lagoon as the preferred replacement alternative. Upon completion of the PDR, the Board of Directors awarded the Land Outfall Replacement Final Design to K/J for a negotiated contract fee not to exceed \$403,068. General Manager Thornton stated that during final design, additional work was identified beyond the original Land Outfall Replacement Final Design agreement with K/J. This new scope of work includes additional permit and easement support, as well as new design work due to conflicts with existing underground utilities. The total proposed fee for the additional tasks is for an amount not to exceed \$120,627. Funding for this proposed contract amendment is available in the Ocean Outfall Capital Program. Costs are shared based on capacity ownership of 21% SEJPA and 79% City of Escondido.

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

1. Authorize amendment of the professional services agreement with Kennedy/Jenks Consultants for an amount not to exceed \$120,627.

Motion carried with unanimous vote of approval.

14. GENERAL MANAGER'S REPORT

General Manager Thornton briefed the Board of Directors on two construction projects that are currently underway: (1) Sewer, Water, and Arterial Paving (SWAP) project, which involves the construction of a new sewer force main, road improvements on Via De La Valle and Coast Boulevard, recycled water pipelines, and conversion of the Coastal Rail Trail to use recycled water for irrigation; and (2) Village Park project with Olivenhain Municipal Water District.

15. GENERAL COUNSEL'S REPORT

Greg Moser informed the Board of Directors that the League of California Cities and the Association of California Water Agencies (ACWA) are circulating an initiative in response to the California Supreme Court's decision regarding the City of San Juan Capistrano's water-pricing under Proposition 218, to allow conservation pricing and life-line rates. Mr. Moser will track any developments.

16. BOARD MEMBER COMMENTS

None

17. CLOSED SESSION

None

18. ADJOURNMENT

The meeting adjourned at 9:45 a.m. The next Board of Directors meeting will be held on March 7, 2016.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY**PAYMENT OF WARRANTS****16-03****For the Month of February 2016**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
32576	Abcana Industries	Supplies - Chemicals	Hydrochloric acid	440.39
32577	Allied 100, LLC	Supplies - Safety	Defibrillation supplies	440.95
32578	AT&T	Utilities - Telephone	DSL - 12/20/15 - 01/19/16	101.12
32579	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping	554.88
32580	BankCard Center	Various	Travel, meetings, parts, and seminars	4,400.38
32581	Barracuda Networks, Inc.	Utilities - Internet	Network back-up	50.00
32582	Brithinee Electric	Repair Parts Expense	Eurodrive fan cover	62.21
32583	Calpers	Retirement Plan - PERS	Calpers	11,906.00
32584	Chevron & Texaco Business Card	Fuel	Fuel	212.25
32585	Complete Office	Supplies - Office	Office supplies	292.89
32586	Dudek & Associates	Services - Professional	SRF loan support	2,265.00
32587	EDCO Waste & Recycling Service	Utilities - Trash	January	235.97
32588	City of Encinitas	Service - IT Support	Admin network - February	2,500.00
32589	Global Capacity	Utilities - Internet	T-1 Service - February	296.03
32590	Harbor Freight Tools	Supplies - Shop & Field	Shop and field supplies	80.78
32591	Jennifer Basco	Subsistence - Travel	Mileage	54.28
32592	Kennedy/Jenks Consultants	Services - Engineering	Land outfall replacement	52,937.60
32593	Paul Kinkel	Subsistence - Travel/Rm & Bd	Mileage and SRF loan meeting	144.05
32594	The Lawton Group	Services - Intern Program	Weeks worked - 01/11/16 - 01/22/16	2,044.16
32595	Public Employees - Retirement	Retirement Plan - PERS	Retirement - 01/16/16 - 01/29/16	11,878.71
32596	Preferred Benefit Insurance	Dental/Vision	Vision - February	308.90
32597	ProBuild Company, LLC	Supplies - Shop & Field	Parts, shop, and field supplies	309.66
32598	Procopio Cory Hargreaves	Services - Legal	General, Labor & Employment - December	10,281.95
32599	Raftelis Financial Consultants	Services - Professional	Cost analysis on pipeline distribution system	4,730.00
32600	ReadyRefresh	Supplies - Lab	Kitchen and lab supplies	325.15
32601	RSF Security Systems	Services - Maintenance	Alarm system maintenance	35.00
32602	Safe Hearing America	Services - Medical	On-site mobile hearing testing	827.75
32603	Sage Designs, Inc.	Licenses	WIN-911 and mobile 911 annual renewal	595.00
32604	Sun Life Financial	Life Insurance/Disability	Life and disability insurance - February	1,459.22
32605	Tesco Controls	Service - IT Support	SCADA server replacement and WIN-911	22,045.00
32606	Test America	Services - Laboratory	Water sample testing	823.50
32607	Michael Thornton	Subsistence - Travel/Rm & Bd	SRF loan meeting - Sacramento	843.09
32608	Trussell Technologies, Inc.	Services - Engineering	Process engineering and evaluation	945.50
32609	Unifirst Corporation	Services - Uniforms	Uniform service	416.88
32610	Underground Service Alert/SC	Services - Alarm	Dig alert - January	78.00
32611	Vantagepoint Transfer Agents	EE Deduction Benefits	457 - ICMA	6,407.18
32612	Vantagepoint Transfer Agents	ICMA Retirement	ICMA - 401a	2,885.55
32613	Verizon Wireless	Utilities - Telephone	Cell phone service - 12/08/15 - 01/10/16	911.00
32614	VWR International, Inc.	Supplies - Lab	Laboratory supplies	851.85
32615	WageWorks	Payroll Processing Fees	Administration and compliance fee	128.75
32616	WEX Bank	Fuel	Fuel	544.28
32617	San Diego County Assessor	Fees - Permits	Permit	50.00
32618	Void	Void	Void	Void
32619	Void	Void	Void	Void
32620	Void	Void	Void	Void
32621	Aflac	EE Deduction Benefits	Aflac - February	627.96
32622	Ag Tech, LLC	Services - Biosolids Hauling	Biosolids hauling - January	12,066.65
32623	All Tubes, Inc.	Services - Maintenance	Stinger repair	300.00
32624	Amiad U.S.A., Inc.	Repair Parts Expense	Weavewire screen and hydraulic	5,758.59
32625	Applied Industrial Tech.	Repair Parts Expense	Brushable ceramic	409.86
32626	Aquatic Bioassay	Services - Laboratory	Laboratory services	1,040.00
32627	AT&T	Utilities - Telephone	DSL - 01/10/16 - 02/09/16	100.72
32628	AT&T	Utilities - Telephone	Phone service - 01/13/16 - 02/12/16	368.90
32629	AT&T	Utilities - Telephone	Alarm service	412.75
32630	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping	1,297.23
32631	BankCard Center	Various	Printing, seminars, membership, and parts	1,764.99

SAN ELIJO JOINT POWERS AUTHORITY**PAYMENT OF WARRANTS****16-03****For the Month of February 2016**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
32632	Boot World, Inc.	Uniforms - Boots	Safety boots	300.00
32633	Chevron & Texaco Business Card	Fuel	Fuel	580.80
32634	Coast Waste Management, Inc.	Services - Grit & Screenings	Service charge - 01/22/16 - 01/31/16	57.22
32635	Complete Office	Supplies - Office	Office supplies	155.06
32636	Corodata	Rent	Record storage - January	77.37
32637	County of San Diego	Fees - Permits	Permit	356.00
32638	County of San Diego	Fees - Permits	Permit	356.00
32639	County of San Diego	Fees - Permits	Permit	1,318.00
32640	County of San Diego	Fees - Permits	Permit	356.00
32641	John Young	Services - Professional	Labor compliance consulting services	2,300.00
32642	CWEA Membership	Dues & Memberships	Collection system and memberships	414.00
32643	D&H Water Systems	Repair Parts Expense	Peristaltic metering pumps	3,855.00
32644	Dudek & Associates	Services - Professional	SRF loan support and SWAP project	29,815.00
32645	Electric Motor Specialists	Repair Parts Expense	Hydraulic motor press #1	860.20
32646	Ferrellgas	Fuel	Propane for forklift	52.48
32647	Forte of San Diego	Services - Janitorial	Janitorial service - March	1,000.00
32648	Golden State Overnight	Postage/Shipping	Mailing lab samples	60.52
32649	Hardy Diagnostics	Supplies - Lab	Laboratory supplies	317.81
32650	Hidden Valley Pump Sys., Inc.	Capital Outlay	Rebuild pumps	13,242.92
32651	Hoch Consulting, APC	Services - Engineering	Turbo blower and grant support	2,028.75
32652	Konica Minolta	Services - Maintenance	Monthly copier maintenance	92.33
32653	The Lawton Group	Services - Intern Program	Weeks worked - 01/25/16 - 02/12/16	2,627.64
32654	McMaster-Carr Supply Co.	Supplies - Shop & Field	Electrical and plumbing supplies	1,059.48
32655	MetLife - Group Benefits	Dental/Vision	Dental - March	1,559.52
32656	Olin Corp - Chlor Alkali	Supplies - Chem - Sodium Hypo	Sodium hypochlorite	3,217.57
32657	Olivenhain Municipal Water District	Rent	Pipeline rental payment	270.00
32658	OneSource Distributors, Inc.	Supplies - Safety	Safety supplies	502.76
32659	Pacific Green Landscape	Services - Landscape	Landscape service - February	2,975.00
32660	P.E.R.S.	Medical Insurance - Pers	Health - March	20,707.21
32661	Public Employees - Retirement	Retirement Plan - PERS	Retirement - 01/30/16 - 02/12/16	11,871.02
32662	Procopio Cory Hargreaves	Services - Legal	General, Labor & Employment - January	2,373.64
32663	Raftelis Financial Consultants	Services - Professional	Cost analysis on pipeline distribution system	3,355.00
32664	Rosemount Inc.	Repair Parts Expense	Aeration system pressure transmitter	2,056.25
32665	RSF Security Systems	Services - Alarm	Security - 03/01/16 - 05/31/16	1,413.00
32666	San Dieguito Water District	Utilities - Water	Recycled water	9,359.37
32667	Santa Fe Irrigation District	Utilities - Water; Prof. Services	Recycled water; potable reuse study	1,975.68
32668	Santa Fe Irrigation District	SFID Distribution Pipeline	Pipeline purchase payment - January	368.80
32669	San Diego Gas & Electric	Utilities - Gas & Electric	Gas and electric - 01/06/16 - 02/04/16	41,529.03
32670	Smart & Final	Supplies - Office	Kitchen supplies	132.25
32671	Test America	Services - Laboratory	Water sample testing	408.00
32672	Tierra Data Inc.	Services - Laboratory	Water monitoring January 2016	725.00
32673	Christopher A. Trees	Subsistence - Travel/Rm & Bd	Conference and mileage	317.40
32674	Unifirst Corporation	Services - Uniforms	Uniform service	138.35
32675	UPS	Postage/Shipping	Mailing letters	26.18
32676	USA Bluebook	Supplies - Safety	Tubes, algae control, rain jackets	409.85
32677	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA - 457	6,359.79
32678	Vantagepoint Transfer Agents	ICMA Retirement	ICMA - 401a	22,092.19
32679	Verizon Wireless	Utilities - Telephone	Cell phone service and modems	2,793.87
32680	VWR International, Inc.	Supplies - Lab	Laboratory supplies	1,671.25
32681	WageWorks	Payroll Processing Fees	Administration and compliance fee	134.00
32682	Western Water Works Support	Repair Parts Expense	Pressure relief valve	2,967.84
	San Elijo Payroll Account	Payroll	Payroll - 02/05/16	68,483.10
	San Elijo Payroll Account	Payroll	Payroll - 02/19/16	132,645.30
				<u>\$ 574,969.31</u>

SAN ELIJO JOINT POWERS AUTHORITY

PAYMENT OF WARRANTS SUMMARY

**For the Month of February 2016
As of February 25, 2016**

PAYMENT OF WARRANTS \$ 574,969.31
Reference Number 16-03

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.



Paul F. Kinkel
Director of Finance & Administration

STATEMENT OF FUNDS AVAILABLE FOR PAYMENT OF WARRANTS
AND INVESTMENT INFORMATION
As of February 25, 2016

FUNDS ON DEPOSIT WITH	AMOUNT
LOCAL AGENCY INVESTMENT FUND <i>(JANUARY 2016 YIELD 0.446%)</i>	
RESTRICTED SRF RESERVE	\$ 630,000.00
UNRESTRICTED DEPOSITS	\$ 6,808,972.68
CALIFORNIA BANK AND TRUST <i>(JANUARY 2016 YIELD 0.01%)</i>	
REGULAR CHECKING	\$ 138,509.97
PAYROLL CHECKING	\$ 5,000.00
 TOTAL RESOURCES	 \$ 7,582,482.65

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

March 7, 2016

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

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

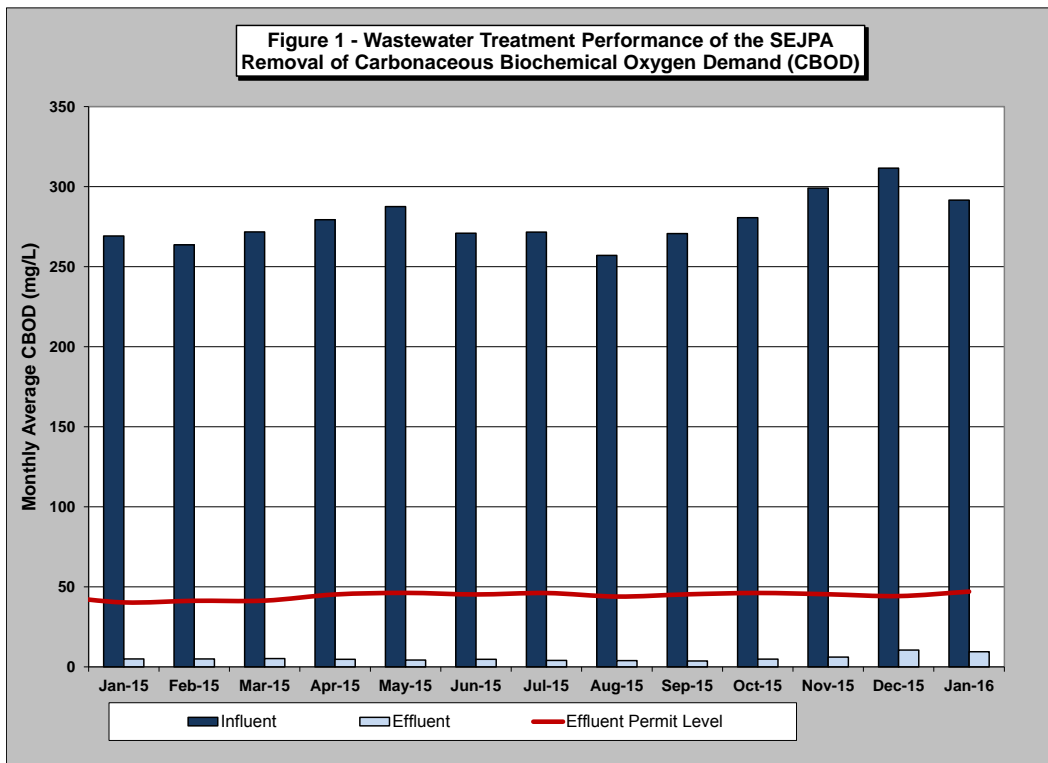
RECOMMENDATION

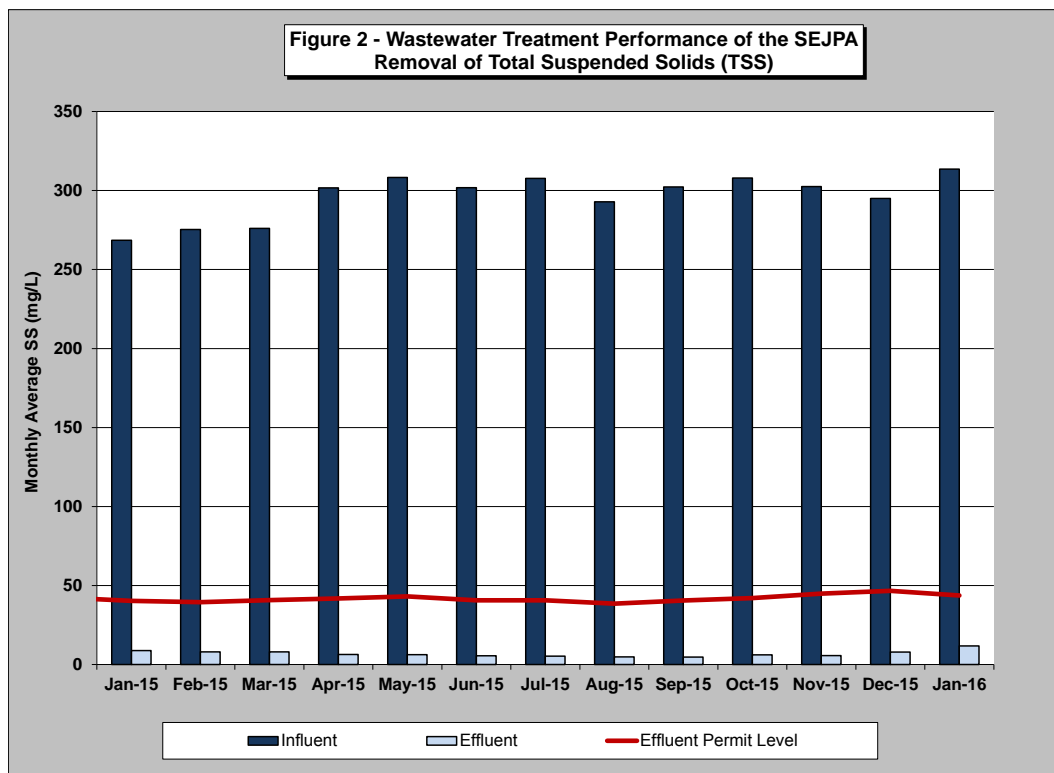
No action required. This memorandum is submitted for information only.

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 January 2016. 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. For the month of January, treatment levels for CBOD and TSS were 96.7 and 96.2 percent removal, respectively, (as shown in Figure 1 and Figure 2).





Member Agency Flows

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

	December	
	<u>Influent (mgd)</u>	<u>Effluent (mgd)*</u>
Cardiff Sanitary Division	1.342	1.189
City of Solana Beach	1.037	0.918
Rancho Santa Fe SID	0.131	0.116
Total San Elijo WRF Flow	2.510	2.223

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

Table 1 (next page) presents the historical average, maximum, and unit influent and effluent flow rates per month for each of the Member Agencies during the past 5 years. It also presents the number of connected Equivalent Dwelling Units (EDUs) for each of the Member Agencies during this same time period.

TABLE 1 - 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	RSF	CSD	SB	TOTAL PLANT	CSD	RSF	CSD	SB
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			
May-11	1.327	0.162	1.320	2.809	0.564	0.069	0.561	1.194	8,248	483	7,728	16,459	161	336	171	171			
Jun-11	1.343	0.156	1.390	2.889	0.545	0.063	0.564	1.172	8,249	483	7,728	16,460	163	323	180	176			
Jul-11	1.293	0.151	1.430	2.874	0.425	0.050	0.470	0.945	8,250	484	7,728	16,462	157	312	185	175			
Aug-11	1.292	0.150	1.405	2.847	0.479	0.056	0.521	1.056	8,252	485	7,728	16,465	157	310	182	173			
Sep-11	1.262	0.146	1.333	2.741	0.564	0.066	0.596	1.226	8,254	486	7,728	16,468	153	301	172	166			
Oct-11	1.260	0.142	1.303	2.705	0.730	0.082	0.755	1.567	8,260	486	7,728	16,474	153	292	169	164			
Nov-11	1.338	0.167	1.307	2.812	1.099	0.137	1.074	2.310	8,261	486	7,728	16,475	162	344	169	171			
Dec-11	1.299	0.164	1.305	2.768	1.103	0.139	1.108	2.350	8,264	487	7,728	16,479	157	337	169	168			
Jan-12	1.291	0.145	1.303	2.739	1.032	0.116	1.042	2.190	8,266	488	7,728	16,482	160	232	169	166			
Feb-12	1.259	0.137	1.283	2.679	1.006	0.109	1.025	2.140	8,268	488	7,728	16,484	152	281	166	163			
Mar-12	1.313	0.153	1.255	2.721	0.968	0.113	0.925	2.006	8,269	488	7,728	16,485	159	314	162	165			
Apr-12	1.348	0.145	1.209	2.702	0.906	0.097	0.813	1.816	8,278	488	7,728	16,494	163	297	156	164			
May-12	1.333	0.150	1.211	2.694	0.577	0.065	0.525	1.167	8,280	488	7,728	16,496	161	308	157	163			
Jun-12	1.365	0.143	1.237	2.745	0.547	0.057	0.496	1.100	8,284	489	7,728	16,501	165	293	160	166			
Jul-12	1.372	0.126	1.296	2.794	0.457	0.042	0.431	0.930	8,289	489	7,728	16,506	166	258	168	169			
Aug-12	1.383	0.128	1.291	2.802	0.473	0.044	0.441	0.958	8,290	490	7,728	16,508	167	261	167	170			
Sep-12	1.349	0.142	1.220	2.711	0.544	0.058	0.492	1.094	8,291	490	7,728	16,509	163	290	158	164			
Oct-12	1.327	0.123	1.203	2.653	0.678	0.063	0.615	1.356	8,294	490	7,728	16,512	160	251	156	161			
Nov-12	1.343	0.128	1.181	2.652	0.862	0.082	0.758	1.702	8,299	490	7,728	16,517	162	261	153	161			
Dec-12	1.383	0.141	1.197	2.721	1.261	0.129	1.091	2.481	8,300	490	7,728	16,518	167	288	155	165			
Jan-13	1.357	0.145	1.215	2.717	1.155	0.124	1.034	2.313	8,300	490	7,728	16,518	163	296	157	164			
Feb-13	1.349	0.138	1.201	2.688	1.048	0.108	0.933	2.089	8,301	490	7,728	16,519	163	282	155	163			
Mar-13	1.402	0.154	1.235	2.791	0.905	0.100	0.797	1.802	8,302	493	7,728	16,521	169	314	160	169			
Apr-13	1.297	0.124	1.237	2.658	0.531	0.051	0.506	1.088	8,304	493	7,728	16,523	156	253	160	161			
May-13	1.339	0.126	1.185	2.650	0.376	0.036	0.333	0.745	8,304	493	7,728	16,525	161	256	153	160			
Jun-13	1.341	0.126	1.190	2.657	0.269	0.025	0.239	0.533	8,307	493	7,728	16,528	161	256	154	161			
Jul-13	1.366	0.144	1.269	2.779	0.482	0.050	0.448	0.980	8,309	493	7,728	16,530	164	292	164	168			
Aug-13	1.342	0.168	1.258	2.768	0.380	0.048	0.356	0.784	8,311	494	7,728	16,533	161	340	163	167			
Sep-13	1.343	0.117	1.193	2.653	0.403	0.036	0.358	0.797	8,311	494	7,728	16,533	162	237	154	160			
Oct-13	1.319	0.132	1.184	2.635	0.629	0.063	0.565	1.257	8,314	494	7,728	16,536	159	267	153	159			
Nov-13	1.348	0.133	1.194	2.675	0.932	0.092	0.826	1.850	8,315	494	7,728	16,537	162	270	155	162			
Dec-13	1.341	0.134	1.191	2.666	1.030	0.103	0.915	2.048	8,316	494	7,728	16,538	161	272	154	161			
Jan-14	1.322	0.135	1.194	2.651	0.851	0.087	0.768	1.706	8,318	495	7,728	16,541	159	273	155	160			
Feb-14	1.314	0.127	1.172	2.613	0.954	0.093	0.851	1.898	8,323	495	7,728	16,546	158	257	152	158			
Mar-14	1.339	0.134	1.185	2.658	0.858	0.086	0.760	1.704	8,324	496	7,728	16,548	161	270	153	161			
Apr-14	1.326	0.128	1.128	2.582	0.449	0.043	0.382	0.874	8,328	498	7,728	16,554	159	257	146	156			
May-14	1.353	0.124	1.127	2.604	0.159	0.015	0.132	0.306	8,333	498	7,728	16,559	162	249	146	157			
Jun-14	1.341	0.126	1.188	2.655	0.207	0.020	0.183	0.410	8,333	498	7,728	16,559	161	253	154	160			
Jul-14	1.271	0.130	1.307	2.708	0.232	0.024	0.239	0.495	8,338	499	7,728	16,565	152	261	169	163			
Aug-14	1.228	0.130	1.298	2.656	0.227	0.024	0.239	0.490	8,345	500	7,728	16,573	147	260	168	160			
Sep-14	1.215	0.113	1.232	2.560	0.211	0.019	0.214	0.444	8,351	500	7,728	16,579	145	226	159	154			
Oct-14	1.204	0.114	1.198	2.516	0.394	0.038	0.392	0.824	8,353	500	7,728	16,581	144	228	155	152			
Nov-14	1.237	0.118	1.198	2.553	0.667	0.063	0.646	1.376	8,354	502	7,728	16,584	148	235	155	154			
Dec-14	1.323	0.147	1.229	2.699	1.163	0.129	1.081	2.373	8,355	502	7,728	16,585	158	293	159	163			
Jan-15	1.253	0.130	1.232	2.615	0.984	0.102	0.967	2.053	8,359	503	7,977	16,838	150	259	154	155			
Feb-15	1.229	0.132	1.228	2.589	0.757	0.081	0.757	1.595	8,361	504	7,977	16,841	147	262	154	154			
Mar-15	1.269	0.135	1.231	2.635	0.583	0.062	0.566	1.211	8,365	504	7,977	16,846	152	268	154	156			
Apr-15	1.183	0.124	1.196	2.503	0.350	0.036	0.354	0.740	8,366	504	7,977	16,847	141	246	150	149			
May-15	1.209	0.117	1.149	2.475	0.545	0.053	0.518	1.116	8,367	505	7,977	16,848	144	232	144	147			
Jun-15	1.287	0.113	1.052	2.452	0.362	0.032	0.296	0.690	8,369	506	7,977	16,852	154	224	132	146			
Jul-15	1.282	0.110	1.176	2.568	0.392	0.034	0.359	0.785	8,370	510	8,003	16,883	153	216	147	152			
Aug-15	1.264	0.095	1.087	2.446	0.315	0.023	0.271	0.609	8,371	510	8,003	16,884	151	186	136	145			
Sep-15	1.256	0.105	1.001	2.362	0.457	0.038	0.364	0.859	8,372	511	8,003	16,885	150	206	125	140			
Oct-15	1.243	0.106	1.002	2.351	0.681	0.058	0.549	1.288	8,373	511	8,003	16,886	148	208	125	139			
Nov-15	1.250	0.100	0.994	2.344	0.792	0.063	0.630	1.485	8,376	511	8,003	16,889	149	196	124	139			
Dec-15	1.266	0.107	1.016	2.389	0.971	0.082	0.780	1.833	8,377	511	8,003	16,891	151	210	127	141			
Jan-16	1.342	0.131	1.037	2.510	1.189	0.116	0.918	2.223	8,380	511	8,003	16,894	160	257	130	149			

CSD: Cardiff Sanitary Division

RSF CSD: Ranch Santa Fe Community Service District

SB: Solana Beach

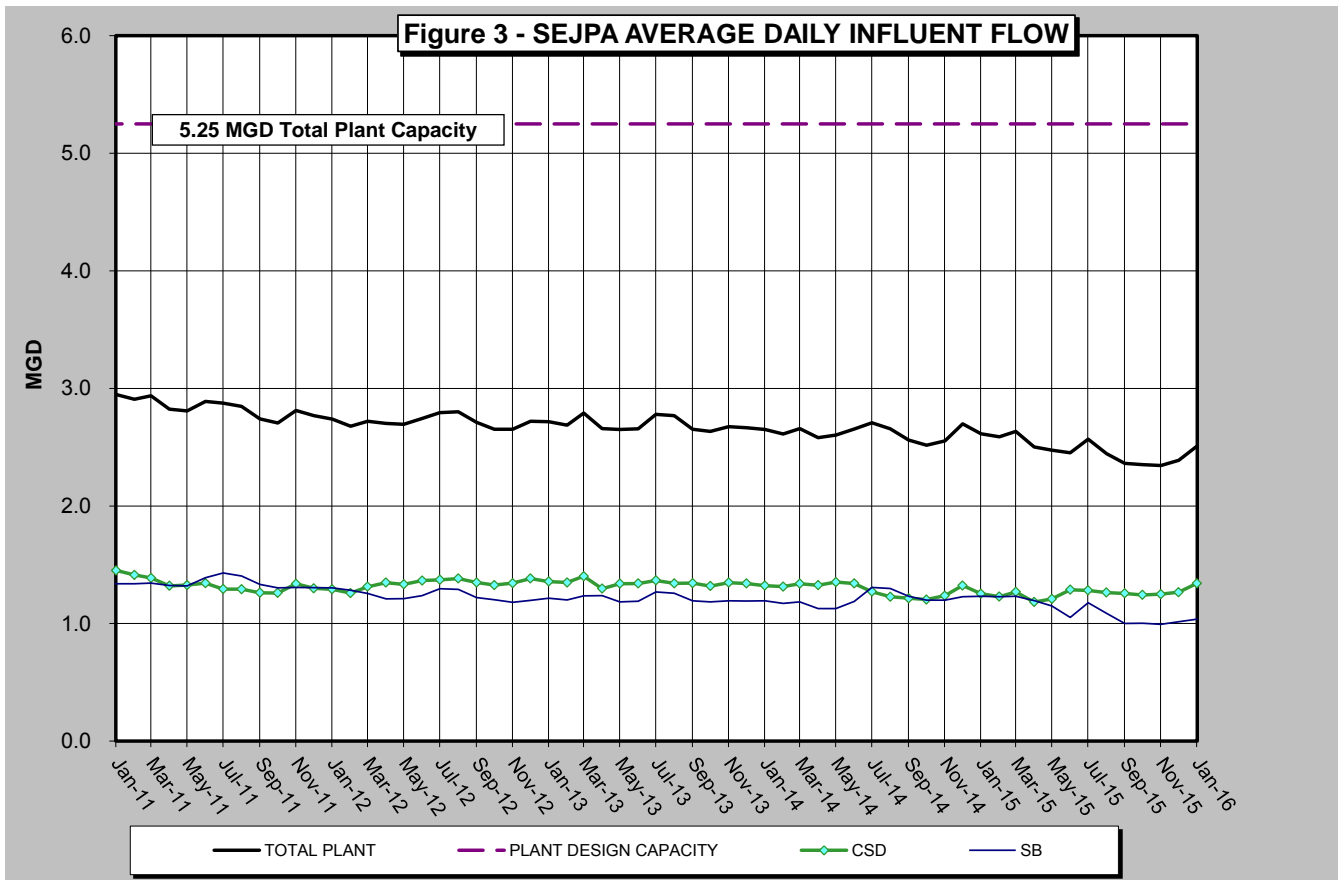
EDU: Equivalent Dwelling Unit

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

EDU Numbers Revised by Dudek for March and April 2013

Figure 3 (below) presents the 5-year 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 has decreased from approximately 3.0 million gallons per day (mgd) in 2011 to approximately 2.5 mgd in January 2016. 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 leases 0.25 mgd.



City of Escondido Flows

The average and peak flow rate from the City of Escondido 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 January 2016.

	Flow (mgd)
Escondido (Average flow rate)	10.18
Escondido (Peak flow rate)	17.6

Connected Equivalent Dwelling Units

The City of Solana Beach updated the connected EDUs number that is reported to the SEJPA in July 2015. The City of Encinitas and Rancho Santa Fe CSD report their connected EDUs every month. The number of EDUs connected for each of the Member Agencies is as follows:

	Connected (EDU)
Cardiff Sanitary Division	8,380
Rancho Santa Fe SID	511
City of Solana Beach	7,666
San Diego (to Solana Beach)	337
Total EDUs to System	16,894

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

March 7, 2016

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 January 2016, recycled water demand was 23.50 acre-feet (AF), which was met using 23.50 AF of recycled water and 0.00 AF of supplementation with potable water. The distribution system was designed to use potable water during peak summer demands.

Figure 1 (attached) provides monthly supply demands for recycled water since September 2000. Figure 2 (attached) provides a graphical view of annual recycled water demand spanning sixteen fiscal years. Figure 3 (attached) shows the monthly recycled water demand for each January since the program began.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Figure 1 - MONTHLY RECYCLED WATER DEMAND

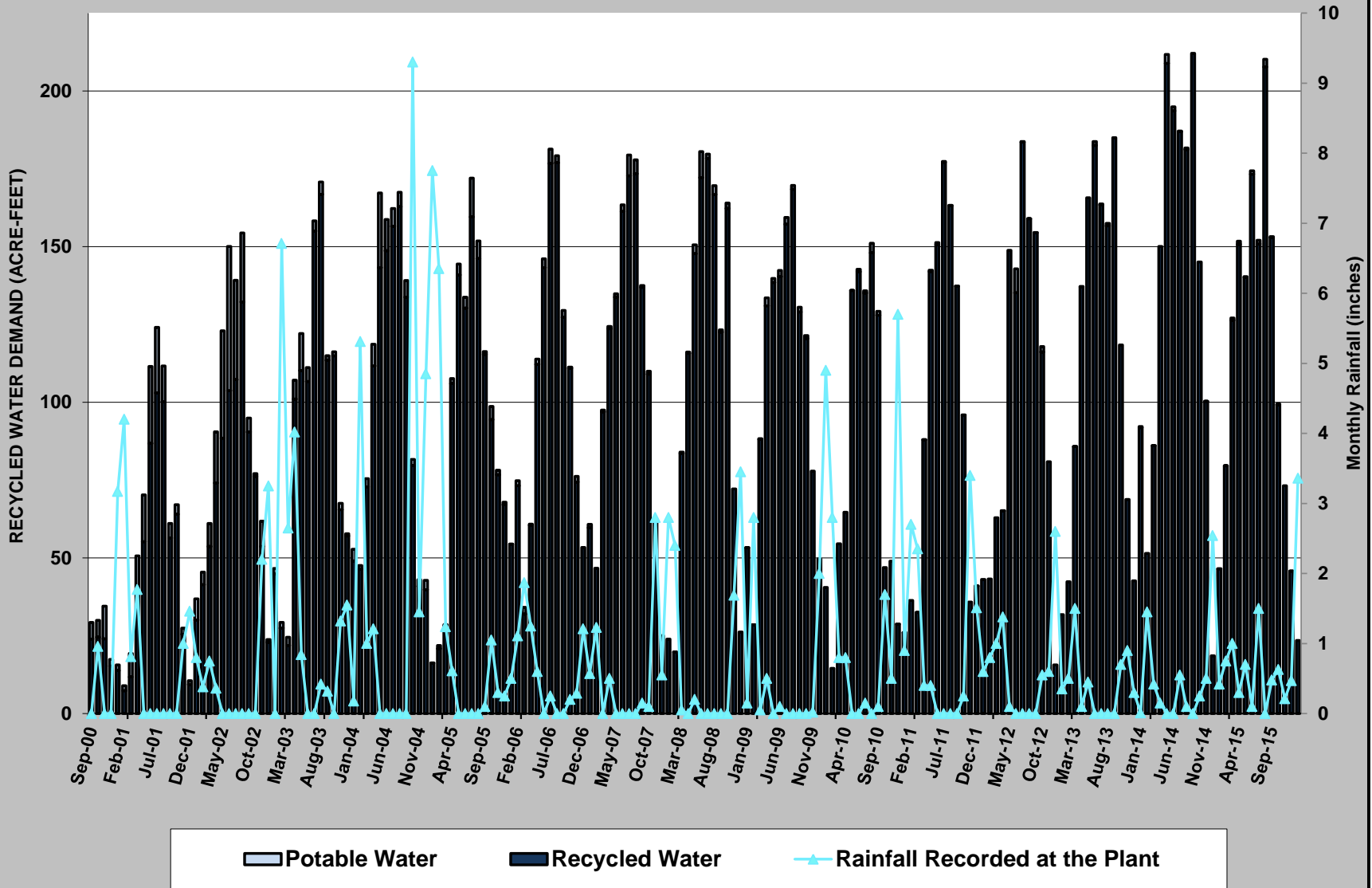


Figure 2 - RECYCLED WATER DEMAND by FISCAL YEAR

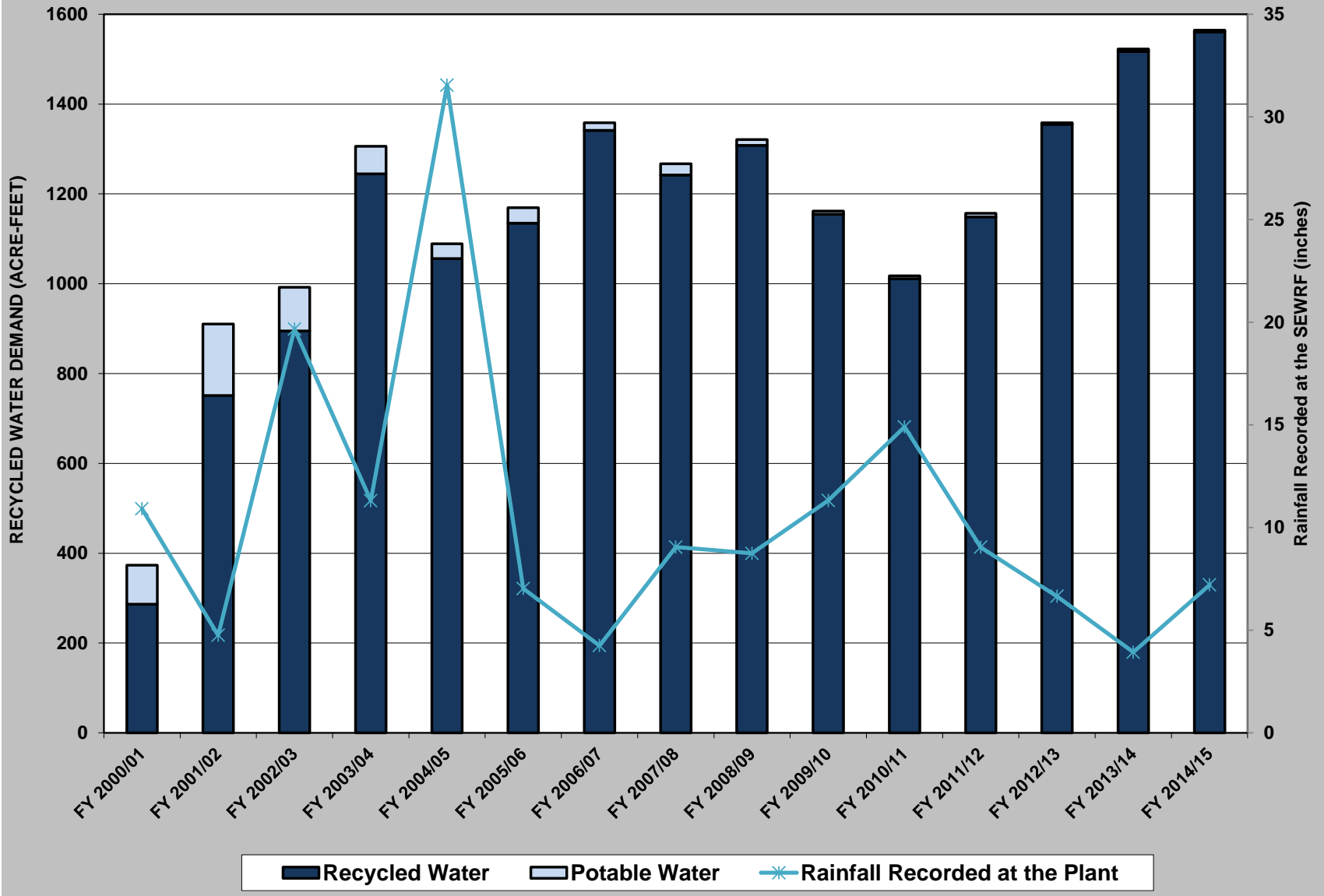
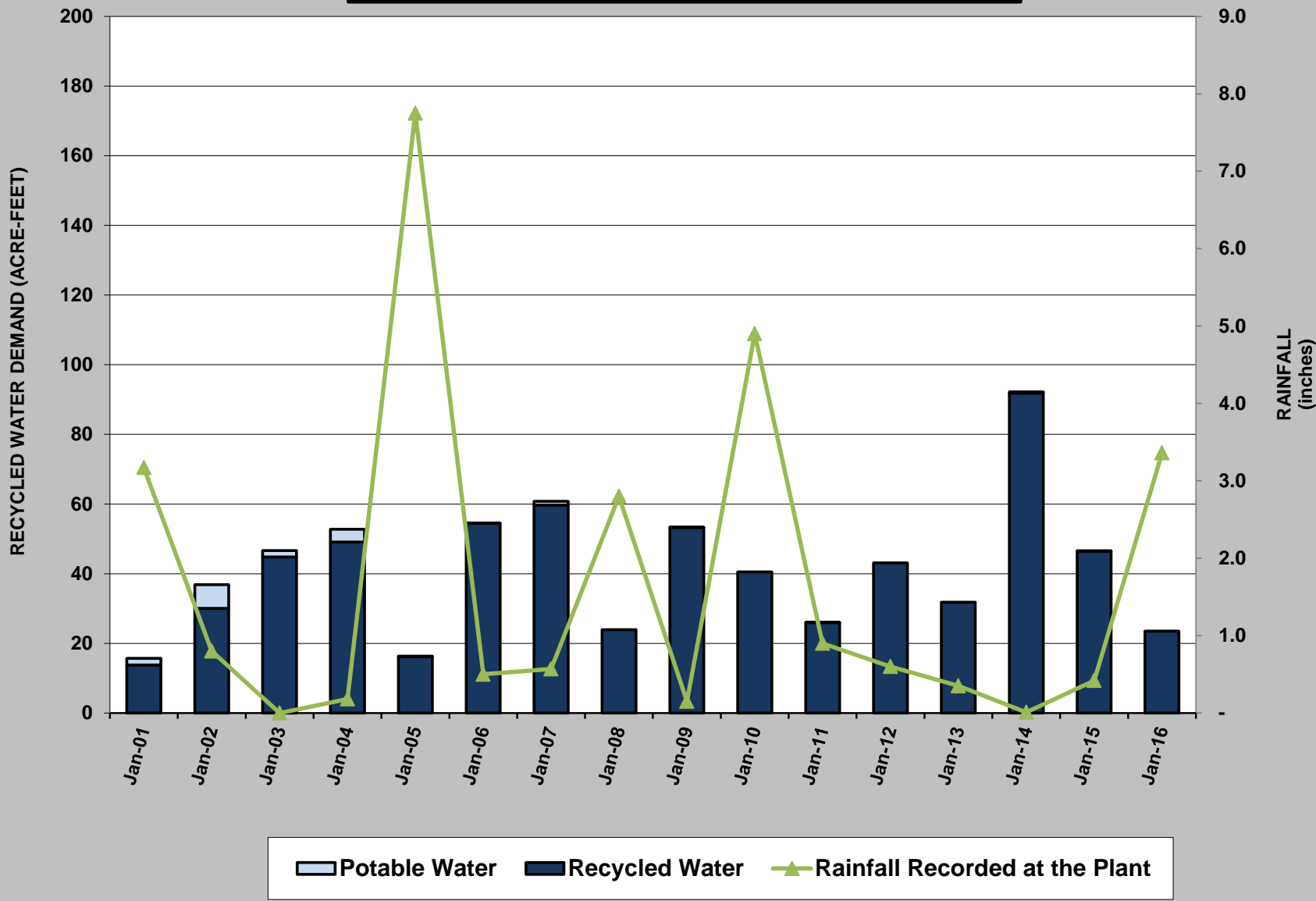


Figure 3 - JANUARY RECYCLED WATER DEMAND



SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

March 7, 2016

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: APPOINTMENT OF THE SAN ELIJO JOINT POWERS AUTHORITY'S AUDITOR

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to appoint The Pun Group, LLP as the SEJPA's auditor beginning fiscal year ending June 30, 2016;
2. Authorize the General Manager to execute a three year contract with The Pun Group, LLP not to exceed \$55,500; and
3. Discuss and take action as appropriate.

BACKGROUND

State law requires that special districts have an annual, independent audit conducted by the county auditor or a certified public accountant. This information is filed with the State Controller's Office.

In November 2004, the SEJPA Board of Directors adopted Resolution No. 2005-01, a resolution of the Board of Directors Establishing a Policy for the Selection of Auditors. This policy requires periodic review, and possible rotation of the agency's financial audit firm. The intent of the policy was to ensure a high quality audit, and to provide an appropriate degree of auditor independence so that the public's trust of the agency's management and finances can be maintained.

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

DISCUSSION

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

In accordance with SEJPA policy, the SEJPA requested proposals (RFP) for audit services from six qualified CPA firms. The RFP required that the proposing firms provided a scope of work and fee for conducting the audit services for three years, with the SEJPA's option to renew the contract annually for an additional two years.

The SEJPA received four audit proposals from firms that appeared to be qualified to provide the requested services. The proposals were submitted in two parts: 1) technical proposal, and 2) the fee proposal. Staff evaluated the firm's experience, the proposed audit team, the quality of the proposal, and the proposed approach for completing the work. Based on this evaluation, and value to the SEJPA, Staff selected The Pun Group, LLP.

Staff evaluated the cost proposals and noted that all of the firms were relatively close in cost. Although cost was not the driving factor for the selection process, The Pun Group, LLP was the lowest cost provider. As a reference point, the SEJPA paid \$20,900 for audit the FY 2014-15 audit services. The fee proposals submitted are as follows:

Firm	2015-16	3-Year Total
The Pun Group, LLP	\$18,000	\$55,500
Fechter & Company	\$19,200	\$59,100
White Nelson Diehl Evans, LLP	\$19,500	\$60,000
Leaf & Cole, LLP	\$20,900	\$66,054

It is recommended that The Pun Group, LLP be engaged to perform audit services for a period of three years beginning with the fiscal year ending June 30, 2016, with the SEJPA's option to extend the contract annually for the following two years.

Funding for these services is available, and will be budgeted in both the Wastewater and Recycled Water Funds.

It is therefore recommended that the Board of Directors:

1. Authorize the General Manager to appoint The Pun Group, LLP as the SEJPA's auditor beginning fiscal year ending June 30, 2016;
2. Authorize the General Manager to execute a three year contract with The Pun Group, LLP not to exceed \$55,500; and
3. Discuss and take action as appropriate.

Respectfully submitted,



Paul Kinkel
Director of Finance and Administration

- Attachment 1: SEJPA Request for Proposals Financial Statement Audit Services
- Attachment 2: The Pun Group, LLP Technical Proposal
- Attachment 3: The Pun Group, LLP Cost Proposal
- Attachment 4: SEJPA and The Pun Group, LLP Professional Services Agreement



REQUEST FOR PROPOSALS
FOR
FINANCIAL STATEMENT AUDIT SERVICES
FOR
SAN ELIJO JOINT POWERS AUTHORITY

Ref:

January 22, 2016

**Proposals Due February 25, 2016
at 2:00 p.m. (local time).**

AT

San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff by the Sea, California 92007
(760) 753-6203

Attention: Paul F. Kinkel, Director of Finance and Administration

INTRODUCTION

The San Elijo Joint Powers Authority (SEJPA) is seeking proposals from qualified California licensed Certified Public Accounting firms to audit its financial statements in accordance with Generally Accepted Auditing Standards.

The SEJPA is a public agency existing and operating pursuant to the Joint Exercise of Powers Act, Title 1, Division 7, Chapter 5 (commencing with Section 6500) of the California Government Code. The member agencies of the SEJPA are the cities of Encinitas and Solana Beach. The SEJPA provides wastewater treatment and disposal services to the SEJPA's member agencies and to the Rancho Santa Fe Community Service District. The SEJPA is also a wholesale producer and distributor of recycled water. The SEJPA provides recycled water to the San Dieguito Water District, Santa Fe Irrigation District, Olivenhain Municipal Water District, and the City of Del Mar. The SEJPA is the managing authority of the San Elijo Ocean Outfall, which it co-owns with the City of Escondido.

This Request for Proposals (RFP) describes the project, the required scope of services, the Auditor selection process, and the minimum information that must be included in the proposal. Failure to submit information in accordance with the RFP requirements and procedures may be cause for disqualification. SEJPA reserves the right to waive minor proposal deviations or omissions at its sole discretion.

PRE-SUBMITTAL ACTIVITIES

All communications relating to the RFP should be directed to:

Paul F. Kinkel
Director of Finance and Administration
San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff-by-the-Sea, CA 92007
(760) 753-6203, ext. 73
kinkelp@sejpa.org

SEJPA reserves the right to revise the RFP prior to the date that proposals are due. Revisions to the RFP will be posted on SEJPA website at <http://www.sejpa.org> or emailed to firms that have received the RFP.

Attached to this RFP is a sample of the agreement that the selected Auditor will be expected to execute. Any exceptions that the Firm takes with the agreement shall be identified in their Proposal.

1. BACKGROUND INFORMATION

The SEJPA owns and operates the San Elijo Water Reclamation Facility (SEWRF), which includes a water pollution control facility utilizing ocean outfall disposal and a co-located water reclamation facility. The SEJPA provides wastewater and recycled water services to approximately 35,000 residents within the cities and communities of Solana Beach, Rancho Santa Fe, Encinitas, and Del Mar. The facility is located in the Cardiff area of the City of Encinitas adjacent to the San Elijo Lagoon.

The SEWRF is a conventional activated sludge wastewater treatment plant with a rated capacity of 5.25 MGD. Tertiary treatment is rated at 3.0 MGD and includes sand filters (2.5 MGD) and microfiltration/reverse osmosis (0.5 MGD), followed by sodium hypochlorite disinfection. The SEJPA provides recycled water to four water purveyors listed in the Introduction. Each purveyor has its own agreement for the purchase of recycled water from the SEJPA.

2. RFP OBJECTIVES

The purpose of the requested services is to provide the SEJPA with a three-year agreement with two options to extend for an additional one year term to provide auditing services, and deliver audited financial statements that meet all Generally Accepted Accounting Standards, Government Accounting Standard Board requirements and California State law requirements.

2.1 Auditor Services

Required audit services include work associated with the audit of the SEJPA's financial statements. Close coordination with SEJPA staff shall be maintained to ensure that sufficient, competent and complete financial statements are prepared in a timely manner.

3. AUDITOR MINIMUM REQUIREMENTS

The auditor and the firm must:

- Be licensed to practice as a Certified Public Accountant in the State of California and be in good standing (firms on probation will not be considered)
- Meet all of the legal requirements to perform Government audits (i.e. CPE)
- Be independent to and have no conflicts of interests with the SEJPA – An AFFIRMATIVE STATEMENT of independence will be provided by the auditor as defined by Generally Accepted Auditing Standards.
- Have experience in the wastewater and recycled water or water industry
- Retain audit working papers for at least 7 years after the audit date
- Provide reasonable access to or copies of the audit working papers upon request from any successor auditor or the SEJPA in future years

4. PROPOSED SCOPE OF SERVICES

This project will consist of the following:

- Express an opinion on the financial statements, including the related notes
- Perform the audit in accordance with Generally Accepted Auditing Standards in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts
- Attend one Optional Board meeting as determined by the SEJPA staff to present the year end draft audit report to SEJPA's Board of Directors

The project deliverables include, but not limited to:

- Basic audited financial statements
- Footnotes
- Required Supplementary Information (Management's Discussion and Analysis, etc.)
- Wastewater and Reclamation Funds:
 - Comparative Schedules of Net Position
 - Comparative Schedules of Revenues, Expenses and Changes in Net Position
 - Operating Budget Comparison Schedules
- Statement on Auditing Standards 114 Letter to the SEJPA Board of Directors

5. RESPONSIBILITIES

- The SEJPA will provide:
 - a trial balance
 - general ledger detail
 - supporting documentation as requested
 - workpapers supporting the balance sheet accounts, certain revenue and expense accounts, and analytical review support
 - administrative support for confirmations
 - access to reasonable requests for documents and inquires with SEJPA staff
- The Auditor will prepare the financial statements, footnotes, GASB 68 adjustments, required supplementary information, and any other required reports, letters or other disclosures based on the information provided by the SEJPA. All editing, printing and binding will be the responsibility of the Auditor.
 - It is anticipated that approximately 10 hardcopy audited financial statements will be required and one soft (pdf) copy emailed to SEJPA's Director of Finance and Administration.
- The Auditor will report any substantiated misappropriations, acts of fraud or dishonesty to SEJPA's Management unless SEJPA's Management is suspected of participating in any of the aforementioned acts, in which case, the Auditor will report to the SEJPA's legal counsel in a timely manner.

6. PROJECT SCHEDULE

The following is the anticipated schedule for the selection and award of contract for the year end audit services for FY 2015-16. Similar event dates will be required for subsequent years. The SEJPA may adjust the schedule below as needed.

EVENT	DATE
Solicit Proposals	January 22, 2016
Proposals Due	February 25, 2016
Select Firm ¹	March 3, 2016
Recommend Firm to the SEJPA Board of Directors	March 14, 2016
Award Contract ¹	March 17, 2016
Interim Field Work	Auditor discretion
Year End Field Work Begin	August 8, 2016
Draft Report ²	September 20, 2016
Oral Presentation at Board Meeting ²	October 10, 2016
Final Reports to SEJPA ²	October 17, 2016

¹ Event date impacted if Auditor interviews are added to selection process.

² Event date may be impacted due to changes in accounting principles or delay in required audit evidence (i.e. CalPERS reports, confirmations, etc.)

7. PROPOSAL REQUIREMENTS

Proposals shall be concise, well organized and demonstrate the responder's experience applicable to the Project and the project approach. The proposals may be in letter format and shall be limited to eight (8) one-sided pages (8-1/2" x 11"), exclusive of resumes.

Proposals submitted in response to this RFP shall be in the following order and shall include:

7.1 Identification of Responder

- Legal name and address of company
- Legal form of company (partnership, corporation, joint venture, etc.)
- California CPA license number (firm or individual)
- Identify any parent companies
- Addresses of office(s) in San Diego County
- Name, title, address and telephone number of person to contact concerning the qualification

7.2 Experience and Technical Competence

Provide a list of past and on-going projects, no older than 5 years (based on completion date), for which the proposing firm provided similar services. Include the project name, date initiated, date completed (if applicable), name of owner, and owner's project manager with

phone number. Identify the role of the key personnel proposed for SEJPA's project. Present the experience of the Auditor and/or firm (if applicable).

Provide a copy of a report on the firm's most recent external quality control review (peer review), with a statement whether that quality control review included a review of specific government engagements (required by Government Audit Standards).

Information on the results of any Federal or State desk reviews or field reviews of the firm's audits during the past 3 years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past 3 years with any government regulatory bodies or professional organizations.

7.3 Project Organization and Key Personnel

Describe proposed project organization, including identification and responsibilities of key personnel. Identify specialty Auditors and their specific role. For each of the key personnel identify their main work location.

7.4 Project Approach

The project approach section shall set forth the Auditor's plan and ideas for organizing the work and achieving the objectives identified in Section 2. It should identify specific stages of the work, tasks, task order and work products. The proposal should: 1) discuss the Auditor's plan for coordinating efficiently and effectively with SEJPA's staff, 2) provide an overview project schedule, and 3) offer ideas to improve project approach and scope and meet SEJPA's objectives.

7.5 Auditor Fee Estimate To Be Provided Separately From the Technical Proposal

Total All-Inclusive Maximum Price (Not to Exceed): Include itemized efforts and fees for each proposed task, including the firm's billing rates for the project.

- The Firm's fee estimate shall fully detail estimated cost. Columns shall be used to present labor hours and billing rate for each labor category or individual and each subcontractor. Columns shall be included for total estimated labor hours, total labor cost, total direct cost, and overall total cost. Cost lines shall be presented for each major task. Include a contingency, as deemed necessary.

AUDIT FEE SHALL NOT TO BE SUBMITTED WITH THE TECHNICAL PROPOSAL

8. PRE-SUBMITTAL ACTIVITIES

8.1 Questions Concerning Submission

All questions regarding this submission or requests for information should be addressed to Paul F. Kinkel at (760) 753-6203, ext. 73, kinkelp@sejpa.org.

8.2 Reference Material

Reference documents (prior year audits, budgets, Board Meeting Minutes, etc.) can be reviewed at the San Elijo Joint Powers Authority website www.sejpa.org or copies can be provided at the cost of reproduction. Reference materials include those identified in the Scope of Services. Certain references may have to be uploaded to the website at the Auditor's request.

9. SUBMITTAL REQUIREMENTS

One executed original, clearly marked on the cover, one hardcopy, and one electronic copy (pdf) of the document shall be submitted.

Submissions must be received no later than **2:00 p.m. (local time) on Thursday, February 25, 2016** at the offices of:

San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff by the Sea, California 92007
(760) 753-6203 phone
(760) 753-5935 fax
Attention: Paul F. Kinkel, Director of Finance and Administration

Documents are to be submitted in sealed packages with the following information clearly marked on the outside of each package:

- Name of responder
- Project title: Financial Statement Audit Services
- Audit fee submitted separately

Failure to comply with the requirements of this RFP may result in disqualification. Proposals received subsequent to the time and date specified above will not be considered.

10. AUDITOR NOMINATING AND SELECTION PROCESS

A Selection Panel (Panel) may be established for this project by the SEJPA. Using the established evaluation criteria, each proposal will be evaluated based on the firms' personnel and project organization, experience, approach, auditor's fee estimate, and other information included in the proposal. Based on this evaluation, the panel will rank the firms. After final ranking, SEJPA may interview some or all of the competing firms. At the end of

interviews firms will be re-evaluated and ranked based upon the combined proposal/interview process. SEJPA reserves the right to eliminate the interview step of the procurement process and also reserves the right to cancel the RFP process. Evaluation criteria to be used by the Panel are as follows:

- Project Team: The strength of the proposed project team including management and technical team members. Key considerations include experience, geographic location, and time commitments of primary team members.
- Firm Experience: Firm experience means the experience and technical competence of the firm in the specific technical areas the project addresses. Complexity and geographic location of project experience will be considered.
- Project Approach: This includes the firms approach to accomplishing the scope of work. Consideration will be given to time to complete the audit, efficiency, and cost effective ideas and methods.
- Audit Fee Estimate: Consideration will be given to the overall cost, average project labor rates, and labor rates for key individuals.
- Overall Firm Qualifications and Strength: This criterion will be used to evaluate the firm as a whole. Key considerations are the firm's reputation, available resources, previous work with the SEJPA, and office location.

11. REVISIONS TO THE RFP

The SEJPA reserves the right to revise the RFP prior to the date that proposals are due. Revisions to the RFP shall be emailed to all potential firms who have been sent the RFP or posted on the SEJPA website. The SEJPA reserves the right to extend the date by which the Proposals are due.

This RFP does not commit the SEJPA to award a contract, to defray any costs incurred in the preparation of proposals pursuant to this RFP, or to procure or contract for work.

All documents submitted in response to this RFP become the property of the SEJPA and are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et seq.), unless exempt.

SEJPA reserves the right to cancel, in part or in its entirety, this RFP, including, but not limited to, selection schedule, submittal date, and submittal requirements. If SEJPA cancels or revises this RFP, all firms that have been sent the RFP will be notified in writing or email by SEJPA. SEJPA reserves the right to request additional information and/or clarifications from any or all proposers to this RFP.

Respectfully requested,



Michael T. Thornton, P.E.
General Manager



TECHNICAL PROPOSAL

SAN ELIJO JOINT POWERS AUTHORITY
CARDIFF-BY-THE-SEA, CALIFORNIA

Proposal to Perform Financial Statement Audit Services

For the Years Ending June 30, 2016, 2017, and 2018 with two options to extend for an additional one year term

FEBRUARY 25, 2016

Kenneth H. Pun, CPA, CGMA

Managing Partner

6265 Greenwich Drive, Suite 220, San Diego, CA 92122

Phone: (949) 777-8801 | **Fax:** (949) 777-8850 | **Email:** ken.pun@pungroup.com

California CPA License Number: PAR 7601

Federal Identification Number: 46-4016990



SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

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February 25, 2016

San Elijo Joint Powers Authority
Paul F. Kinkel | Director of Finance and Administration
2695 Manchester Avenue
Cardiff by the Sea, California 92007

Dear Paul F. Kinkel:

Please allow us to introduce our firm and share our qualifications and proposed audit plan for the San Elijo Joint Powers Authority (the "SEJPA") pursuant to your Request for Proposal for the Years Ending June 30, 2016, 2017, and 2018 with two options to extend for an additional one year term. The Pun Group, LLP, formerly known as Pun & McGeady LLP (the "Firm"), due to consolidation, has the knowledge and experience necessary to be the SEJPA's next public accounting firm, and the work plan to ensure a smooth audit process.

The Pun Group, LLP currently audits approximately 40 water and sewer related special agencies in the State of California along with 20 various other types of special agencies therefore, enabling our Firm to continuously be immersed throughout the year in the financial and operational issues of special agencies like the SEJPA.

This letter is an acknowledgement of the Firm's understanding of the work to be performed. **We hereby offer our commitment to perform all of the required work, complete the audit, and issue the necessary auditor's report within the time periods outlined by the SEJPA.** We are secure in affirming our commitment because we have:

1. A lengthy legacy of serving California governmental agencies and municipalities;
2. Prodigious experience serving governmental and not-for-profit entities; and
3. An efficient, lower-cost approach to auditing that focuses on high-risk areas.

I will serve as your primary contact for contract negotiations. I am a partner of the Firm and have been authorized to legally bind the Firm. My contact information follows:

Name: Mr. Kenneth H. Pun, CPA, CGMA
Position: Managing Partner
Address: 6265 Greenwich Drive, Suite 220
San Diego, California 92122
Telephone: (949) 777-8801
Email: ken.pun@pungroup.com

You may also contact the following partner, who is authorized to represent the Firm:

Name: Mr. Paul J. Kaymark, CPA
Position: Partner
Address: 6265 Greenwich Drive, Suite 220
San Diego, California 92122
Telephone: (949) 777-8821
Email: paul.kaymark@pungroup.com

6265 Greenwich Drive, Suite 220, San Diego, California 92122
Tel: 858-242-5100 • Fax: 858-242-5150
www.pungroup.com

The Pun Group is the right choice for San Elijo Joint Powers Authority because we are focused on your industry.

- We have audited and consulted many California special agencies and districts.
- We have assisted many clients in earning the GFOA Certificate of Achievement for Excellence in Financial Reporting.
- The depth of resources and specific government experience are substantial; we are committed to deploy these resources and experience to the SEJPA. Simply put, the SEJPA will become one of our most important clients, and receive the priority service you deserve.
- **We have assigned Gary Caporicci, our GASB Implementation Specialist, who is appointed to the State Retirement Advisory Committee by the State Controller, in assisting the SEJPA in the implementation of GASB's new Pension Standards.**

Our goal for this audit is to complete the process in accordance with regulations while minimizing disruption to the SEJPA's daily operations. The Firm will:

- Develop solid familiarity with the SEJPA's operations.
- Create a detailed audit plan during initial stages of the audit.
- Maintain open communication lines between the Engagement Team and the SEJPA's Management and Board.
- Assign duties to qualified staff members.

This method ensures that the audit process will be performed steadily, communicated clearly, and completed efficiently.

The Firm is an Equal Opportunity Employer and complies with all Federal and State hiring requirements.

This proposal meets the requirements of the SEJPA's Request for Proposal. This letter and the accompanying proposal represent a *firm and irrevocable offer valid for 90 days*.

If you have any questions about the proposal or the Firm, please contact us. We look forward to speaking with you.

Sincerely,

The Pun Group, LLP
Certified Public Accountants and Business Advisors



Kenneth H. Pun, CPA, CGMA
Managing Partner

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

SECTION I – IDENTIFICATION OF RESPONDER

The Pun Group, LLP

The Pun Group, LLP, *formerly known as Pun & McGeady, LLP*, Certified Public Accountants and Business Advisors, founded in 2012, is a limited liability partnership. The full-service accounting firm comprises forty (40) professionals on full-time basis who provide auditing, accounting, and advisory services. Of the forty (40) professionals, thirty (30) of them focus in the Government Assurance Practice. The Firm has offices in San Diego, Orange County and Palm Desert, California, and Phoenix, Arizona.

The Firm has served hundreds of governmental agencies since 1989, under the umbrella of its predecessor firm, Caporicci & Larson, where all key personnel assigned provided outstanding services to governmental entities throughout California.

The combination of hands-on experience and practical knowledge of our audit professionals makes the Firm unique in the field. Our technical knowledge and thorough understanding of current regulations and issues—along with the Firm's commitment to hard work, integrity, and teamwork on every engagement—enable us to help our clients flourish.

Our Governmental Partners Group—which includes partners Kenneth H. Pun, Paul J. Kaymark, Gary M. Caporicci, Lisa B. Lombard, and Jack F. Georger—has provided auditing, accounting, and advisory services to numerous governmental entities throughout the United States. Our more than one hundred-fifty (150) years of combined experience in the government industry have made us a trusted business partner with our clients, and we have become well-respected as one of the most socially responsible accounting firms.

In addition to annual financial audits, team members undertake special studies in financial management, accounting, cost-accounting-system analysis, internal audit services, and internal control documentation and testing. By participating in industry associations and activities, we are always up to date on the latest industry changes and the impact they will have on your operations. We will keep you and our colleagues in the Firm, fully informed of these developments.

Our *San Diego* office, located at 6265 Greenwich Drive, Suite 220, San Diego, CA 92122 will perform the requested services for the SEJPA. However, we may assign additional staff from our Orange County or Palm Desert, California offices to the engagement, at no additional cost to the SEJPA. No subcontractors will be used.

Our team is committed to bringing the full breadth and depth of our expertise to the audit of the SEJPA at an outstanding value to you.

While many accounting firms can perform an audit, not all can build a great working relationship with their clients. The Pun Group, LLP develops lasting, personal relationships with clients. Our hands-on partner involvement and low personnel turnover will make you appreciate our firm more every day we work together.

Staff Consistency

The Firm is committed to maintaining staff continuity throughout audit engagements. While we cannot guarantee that our staff members will stay with the Firm, we encourage loyalty by paying competitive wages, offering opportunities for promotion, using state-of-the-art equipment, and providing excellent working conditions. We also offer benefits including retirement plans, medical plans, profit-sharing programs, and continuing education. The Firm is an equal-opportunity employer and complies with all federal and state hiring requirements. The Firm also supports affirmative-action philosophies and works hard to provide opportunities for self-enhancement to members of disadvantaged groups.

We guarantee that the partners assigned to this audit will be involved throughout the entire engagement term, and that assigned staff members will return to the SEJPA in future years if they are still with the firm. One of our primary audit concerns is staff continuity, and our hands-on partner involvement ensures that qualified and experienced professionals will perform audits efficiently and effectively every year of the engagement.

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

SECTION II – EXPERIENCE AND TECHNICAL COMPETENCE

Similar Engagements with Other Government Entities

The following five clients are examples of some of the engagements that are similar to the requirements in the SEJPA's proposal. Additional references are available upon request. Please feel free to contact these governmental agencies to learn more about their experiences working with us.

Reference No. 1

Governmental Client Name: Casitas Municipal Water District
Contact Individual: Ms. Denise Collin Phone No: (805) 649-2251 x 103
Address: 1055 Ventura Avenue, Oak View, CA 93022
Year: 2015 - Present
Description of Services Provided:
✓ Audit of the Basic Financial Statements and CAFR Presentation
✓ Similar District with Camping and Recreation Facilities
GFOA's Certificate of Achievement for Excellence in Financial Reporting: Yes

Reference No. 2

Governmental Client Name: Trabuco Canyon Water District
Contact Individual: Ms. Cindy Byerrum, Treasurer Phone No: (909) 204-8858
Address: 32003 Dove Canyon Drive, Trabuco Canyon, CA 92679
Year: 2015 - Present
Description of Services Provided:
✓ Audit and preparation of the Basic Financial Statements

Reference No. 3

Governmental Client Name: El Toro Water District
Contact Individual: Ms. Neely Shahbakht Phone No: (949) 837-7050 x 240
Address: 24251 Los Alisos Blvd., Lake Forest, CA 92630
Year: 2014 - Present
Description of Services Provided:
✓ Audit of the Basic Financial Statements and CAFR preparation
✓ Quarterly Agreed-Upon Procedures Engagement
GFOA's Certificate of Achievement for Excellence in Financial Reporting: Yes

Reference No. 4

Governmental Client Name: Palmdale Water District
Contact Individual: Mr. Dennis Hoffmeyer Phone No: (661) 456-1021
Address: 2029 East Avenue "Q", Palmdale, CA 93550
Year: 2014 - Present
Description of Services Provided:
✓ Audit and preparation of the Basic Financial Statements

Reference No. 5

Governmental Client Name: West County Wastewater District
Contact Individual: Mr. Dean Prater, CPA Phone No: (510) 622-3615
Address: 2910 Hilltop Drive, Richmond, CA 94806
Year: 2015 - Present
Description of Services Provided:
✓ Audit of the Basic Financial Statements and CAFR Presentation
GFOA's Certificate of Achievement for Excellence in Financial Reporting: Yes

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

Most Recent External Quality Control Review

Following is a copy of the Firm's most recent Peer Review.



JOHN LERIAS, CPA
STEPHEN C. WILLIAMS, CPA
JOSEPH O. ROMERO, CPA

System Review Report

The Pun Group, LLP
Santa Ana, California;
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of The Pun Group, LLP (the firm) in effect for the year ended December 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included an engagement performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of The Pun Group, LLP in effect for the year ended December 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. The Pun Group, LLP has received a peer review rating of *pass*.

4120 Concours
Suite 100
Ontario, CA 91764

909.948.9990
800.644.0696
FAX 909.948.9633

gyld@gyldecauwer.com
www.gyldecauwer.com

Gyl Decauwer LLP
Ontario, California
October 13, 2015

your
Success
is our
DESTINATION

CPA AMERICA
INTERNATIONAL
Crowe Horwath International

Federal or State Desk Review

No federal or state desk reviews or field reviews have been undertaken of any audits performed by the Firm or any of its partners, managers, or professionals during the past three (3) years.

Disciplinary Action

No disciplinary action has been taken by state regulatory bodies or professional organizations against the Firm or any of its partners, managers, or professionals during the past three (3) years.

The Firm has no conditions such as bankruptcy, pending litigations, planned office closures, mergers or any organizational conflict of interest that may affect the ability of the Firm to perform the required duties requested by the San Elijo Joint Powers Authority.

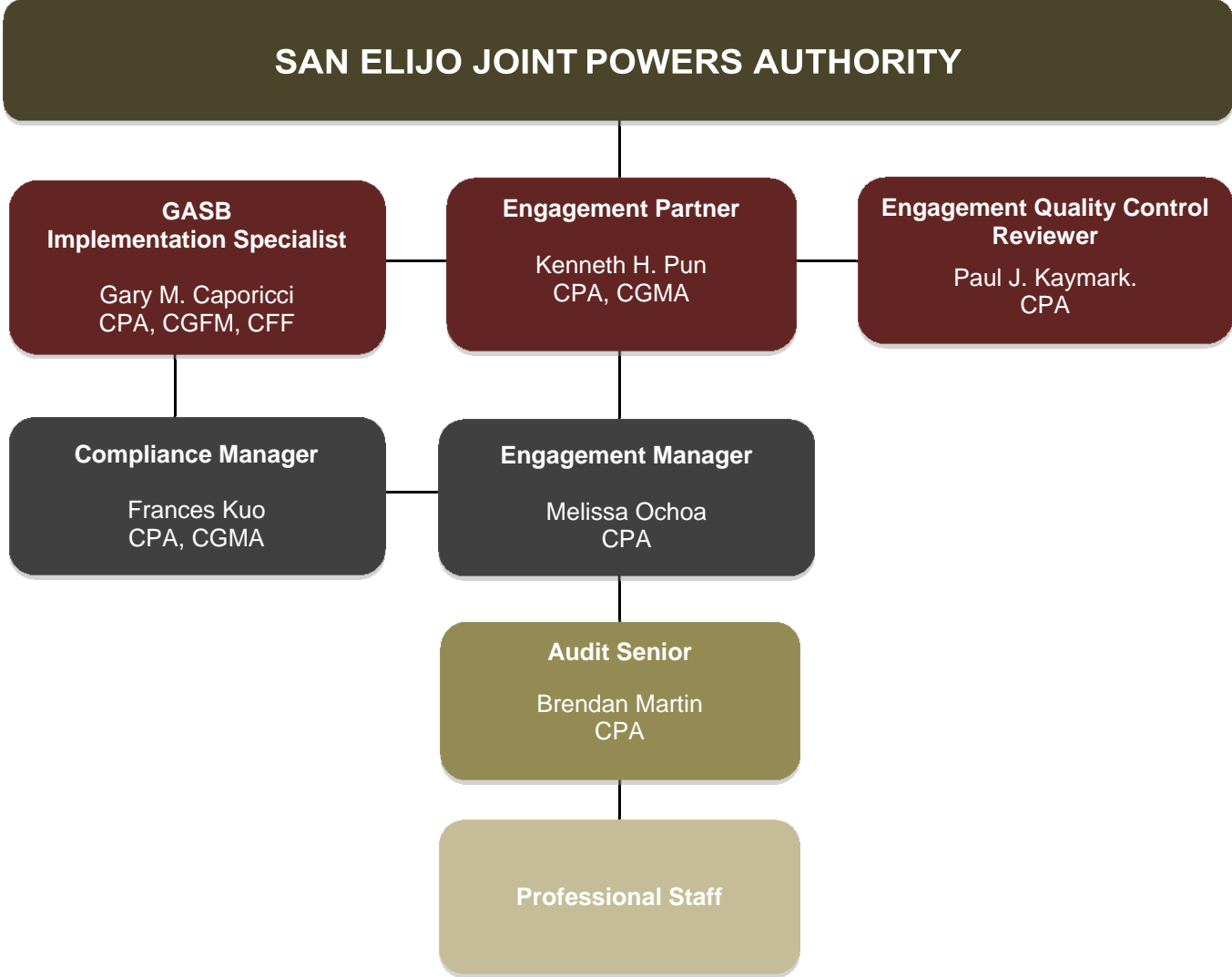
SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

SECTION III – PROJECT ORGANIZATION AND KEY PERSONNEL

Engagement Team

The Engagement Team is carefully chosen to provide the SEJPA with all services needed to successfully complete the audit. The Engagement and Concurring Partners are personally involved in the audit, and the Engagement Team has significant experience in governmental auditing. Our broad experience and technical capabilities allow us to provide technical support, interpret findings, and offer effective solutions to any issues.



The personnel assigned to this engagement are fully qualified to perform an effective and efficient audit of the SEJPA, and their extensive experience will be invaluable to the audit process. Our professionals are familiar with the complexities of governmental accounting, auditing, and financial reporting, including but not limited to, all GASB pronouncements, the Single Audit Act, Uniform Guidance (formerly OMB Circular A-133), and fund operations.

If the Firm changes key personnel for reasons other than those specified in the Proposal, we will provide the SEJPA with written notification and will only be changed with the express prior written permission of the SEJPA.

Audit personnel may be replaced only by those with similar or better qualifications and experience.

Resumes of the engagement team can be found on the Appendices section of this proposal.

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

Kenneth H. Pun, CPA, CGMA | *Engagement Partner*

With over fifteen years of public accounting experience, Kenneth Pun is the Assurance Partner and the Partner In-Charge of the Governmental and Not-for-Profit Practice at the Firm. He specializes in audits and management consulting for governmental organizations. Ken will actively act as the Engagement Partner with the assigned task of directly overseeing the Engagement Team. He will be responsible for the speedy delivery of services for the San Elijo Joint Powers Authority. In addition, he will manage engagement planning and fieldwork, review for quality and approve work papers and reports.

Paul J. Kaymark, CPA | *Engagement Quality Control Reviewer*

Paul is an Assurance Partner with the Government and Not-for-Profit Practice of the Firm who has over twenty-years of public accounting experience. He specializes in auditing special district governments and not-for-profit organizations. Paul will directly oversee the Engagement Team, and he will be responsible for the delivery of all services to San Elijo Joint Powers Authority. In addition, he will manage engagement planning and fieldwork, and he will review and approve the work papers and reports.

Gary M. Caporicci, CPA, CGFM, CFF | *GASB Implementation Specialist*

As an assurance partner with over forty years of experience, Gary has provided financial and compliance audit and consultation services to governmental clients including cities, counties, transportation agencies, and school Districts, as well as various not-for-profit entities. He provides advice and consultation regarding complex accounting matters and assists engagement teams in audit matters. Gary will be responsible in providing advice and consultation for the implementation of these new pension standards.

Melissa Ochoa, CPA | *Engagement Manager*

Melissa will work closely with Paul Kaymark and Gary Caporicci, directing the audit team in its daily activities. She is an Assurance Services/Audit Manager and has extensive experience auditing local government entities including special agencies and Districts, cities, counties, not-for-profit and healthcare entities.

Frances Kuo, CPA, CGMA | *Compliance Manager*

Working with Melissa Ochoa, Frances will direct the audit team in compliance-related matters. She is an Assurance Services/Audit Senior Manager in the Firm whose extensive auditing experience includes special agencies and Districts, cities, counties, transportation agencies, and not-for-profit entities.

Brendan Martin, CPA | *Audit Senior*

Brendan will direct the audit staff, coordinate with San Elijo Joint Powers Authority personnel, and implement the audit approach.

Professional Staff

Our professional staff is qualified to perform financial and compliance audits of cities and governmental agencies and remains consistent throughout the engagement process. We greatly encourage our senior and staff accountants to take on increased responsibilities within the engagement as they advance professionally; with the purpose to encourage staff continuity in future projects and endeavors.

The San Elijo Joint Powers Authority deserves experienced professionals who work as a team. The Pun Group, LLP will provide qualified employees to perform the audit; no subcontractors will be used.

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

SECTION IV – PROJECT APPROACH

Understanding the Scope

The SEJPA is requesting the following services:

- ✓ Express an opinion on the financial statements, including the related notes;
- ✓ Perform the audit in accordance with Generally Accepted Auditing Standards in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts;
- ✓ Attend one Optional Board meeting as determined by the SEJPA staff to present the year end draft audit report to SEJPA's Board of Directors.

The Firm will deliver the following, but not limited to:

- ✓ Basic audited financial statements
- ✓ Footnotes
- ✓ Required Supplementary Information (Management's Discussion and Analysis, etc.)
- ✓ Wastewater and Reclamation Funds:
- ✓ Comparative Schedules of Net Position
- ✓ Comparative Schedules of Revenues, Expenses and Changes in Net Position
- ✓ Operating Budget Comparison Schedules
- ✓ Statement on Auditing Standards 114 Letter to the SEJPA Board of Directors

We will also:

- ✓ Keep the SEJPA informed of any new state and federal developments affecting municipal finance and reporting standards.
- ✓ If requested, the engagement team will examine other reports or perform other services as required. Additional work will not conflict with the primary responsibilities of the services required. Additional time and fees will be negotiated based on the scope of the services requested.
- ✓ Make an immediate, written report to the SEJPA's management of all irregularities and illegal acts or indications of illegal acts of which they become aware. If the SEJPA's Management is suspected of participating in any of the aforementioned acts, the Auditor will report to the SEJPA's legal counsel in a timely manner.

Auditing Standards to be followed

The audits will be performed in accordance with:

- Generally Accepted Auditing Standards (GAAS), consisting of general standards, standards of field work, and standards of reporting, as set forth by the American Institute of Certified Public Accountants;
- Generally Accepted Government Auditing Standards (GAGAS), the standards applicable for financial audits contained in the Government Auditing Standards or "Yellow Book" (the 2007 version or any newer published version), issued by the Comptroller General of the United States;
- The provisions of the Single Audit Act, as most recently revised on December 26, 2013 including additional requirements under the American Recovery Reinvestment Act (ARRA); and
- The provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.
- Minimum audit requirements and reporting guide lines for special Districts pursuant to California Code of Regulation, State Controller, Subchapter 5, 1131.2 "Minimum Audit Requirements and Reporting Guidelines for Special Districts."

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

Working Paper Retention and Access to Working Papers

The Firm will retain, at its own expense, all working papers and reports for a minimum of (7) seven years (California Law), unless the SEJPA notifies the Firm in writing of the need to extend the retention period. Upon request, the Firm will make working papers available to San Elijo Joint Powers Authority or other governmental agencies included in the audit of federal grants.

The Firm will comply with reasonable inquiries from successor auditors and allow them to review working papers that relate to matters of continuing accounting significance.

Proposed Segmentation of the Engagement and Timeline

The audit will be performed in four phases:

Initial Planning Meeting | During a mutually acceptable time frame, normally May through June of each year.

The Engagement Partner and Manager will meet with SEJPA's Management to get up to speed with SEJPA policies and procedures, establish any specific requirements Management may have, identification of unique transactions, implementation of new GASB pronouncements, and develop the audit work plan for the engagement.



Interim | May commence July of each year.

The Engagement Team—including the Engagement Partner—will assess accounting policies adopted by the SEJPA, obtain an understanding of the SEJPA and its operating environment, review internal controls on all significant transaction classes, perform walkthroughs and/or tests of internal control, perform preliminary analytical procedures, evaluate Single Audit compliance (if needed), identify any audit issues, and prepare confirmation correspondence. The Engagement Team and SEJPA Management will establish expectations including responsibilities and assignments for the year-end audit, and will hold a progress status meeting at the end of the Interim phase.

Year-End | May commence during the first week of each year.

The Engagement Team—including the Engagement Partner—will conduct audit procedures on account balances in the general ledger, finish confirmation procedures, perform preliminary analytical procedures, search for unrecorded liabilities, perform substantive analytical review procedures, complete work on compliance with Federal Assistance, and conclude fieldwork. The Engagement Team and SEJPA Management will hold an exit conference at the end of the Year-End phase.

Reporting | Draft copies of reports will be provided in by Mid-September of each year; Final reports and management letter will be provided no later than Mid-October of each year.

The Firm will review and prepare audit reports and perform quality control procedures in accordance with the Quality Control Standards issued by the AICPA. We will also review reports for compliance with GFOA reporting guidelines at no additional cost. Any comments will be issued in a letter to Management. At the SEJPA's request, the Engagement Partner, Concurring Partner, and Managers will present the audit to the SEJPA's governing body.

The Firm will complete the audit fieldwork and issue all reports within the established timeframe, assuming no internal or external (CalPERS GASB No. 68 Reporting) SEJPA circumstances delay the audit.

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

Benefits of Choosing The Pun Group, LLP

The Pun Group, LLP is known for its professionalism, integrity, and ability to guide clients through their unique challenges. Firm policy emphasizes providing personalized client service, so our carefully chosen engagement teams are led by an experienced partner who is directly involved in the work. This philosophy allows us to provide a superior level of service.

We trust that this proposal has given you the information you need about the Firm, the Engagement Team members, overall audit approach, cost-saving measures, and audit fees. We are committed to exceeding your expectations, and we look forward to bringing our experience and expertise to the San Elijo Joint Powers Authority and providing you with the excellent level of service that you expect and deserve.

Thank You

Thank you for giving us the opportunity to introduce the Firm and submit our qualifications to provide you with audit services. Please direct inquiries to:

Mr. Kenneth H. Pun, CPA, CGMA
Managing Partner
6265 Greenwich Drive, Suite 220
San Diego, California 92122
paul.kaymark@pungroup.com
(949) 777-8821

Sincerely,

A handwritten signature in black ink that reads "The Pun Group, LLP". The signature is written in a cursive, flowing style.

The Pun Group, LLP
Certified Public Accountants and Business Advisors

APPENDICES

- ✓ *Resumes of Engagement Team*
- ✓ *Proof of Insurance*

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

Kenneth H. Pun, CPA*, CGMA
Engagement Partner

Kenneth H. Pun is the Managing Partner and the Director of the Governmental and Not-for Profit Practice of the Firm.

Prior to founding his own practice, Ken was employed by Caporicci & Larson, a specialty CPA firm recognized as one of California’s foremost experts in governmental and not-for-profit accounting, auditing, and advisory service. He started with the firm in 2001 and was promoted to Partner in 2008. He has performed numerous audits for cities, counties, transportation agencies, community college districts, other special districts, and not-for-profit healthcare entities of various sizes.

By leveraging more than fifteen years of public accounting experience with a high level of expertise, Ken is often engaged by clients as a result of premier level of service he provides, his commitment, and his innovative methods of increasing operational efficiencies and reducing costs. Ken is a trusted advisor and a leader of accounting services to governmental and not-for-profit organizations.



In addition to working with clients, Ken provides the audit teams with direction and technical guidance to ensure adherence to The Pun Group’s quality controls, and he assists with the development of the Assurance Services practice. Ken also speaks on topics related to audits and quality control and shares his expertise with clients through annual educational seminars.

EDUCATION

- ✓ BS Degree in Business Administration, emphasis in Accounting from the University of California, Riverside

**Licensed by the State of California*

PROFESSIONAL & CIVIC AFFILIATIONS

- ✓ Member, American Institute of Certified Public Accountants (AICPA)
- ✓ Member, California Society of Certified Public Accountants (CalCPA)
- ✓ Member, CalCPA Governmental Accounting and Auditing Committee
- ✓ Member, CalCPA Governmental Accounting and Auditing Conference Planning Committee
- ✓ Member, Government Finance Officers Association (GFOA)
- ✓ Member, California Society of Municipal Finance Officers (CSMFO)
- ✓ Speaker, CSMFO Conference (2014)
- ✓ Instructor, CalCPA Fall Series (2014) – Long Beach and Orange County Chapter

PROFESSIONAL EXPERIENCE

• City of Arvin	• City of Arcadia
• City of Bradbury	• City of Calexico
• City of Carpinteria	• City of Cerritos
• City of Chula Vista	• City of Clearlake
• City of Clovis	• Town of Danville
• City of Desert Hot Springs	• City of Encinitas
• City of Fairfield	• City of Gardena
• City of Hemet	• City of Hermosa Beach
• City of Huntington Park	• City of Industry
• City of Lakewood	• City of Monterey Park
• City of Morro Bay	• City of National City
• City of Placerville	• City of Poway
• City of Ridgecrest	• City of San Bernardino
• City of Solana Beach	• City of Shafter
• City of Stockton	• Alliance Medical Center
• Anderson Valley Health Clinic	• Centro Medico Community Clinic
• Desert Hot Springs Health and Wellness Foundation	• Family Health Centers of San Diego
• Industry Convalescent Hospital	• Marin City Health and Wellness Center
• McCloud Healthcare Clinic	• Mountain Valleys Health Centers
• Redwood Coast Medical Services	• Shingletown Medical Center

6265 Greenwich Drive, Suite 220, San Diego, California 92122
 Email: Ken.Pun@pungroup.com | Phone: (949) 777-8801 | Fax: (949) 777-8850

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

• Tulare Community Health Clinic	• United Health Centers of San Joaquin Valley
• Gold Coast Transit	• North County Transit District
• San Diego Metropolitan Transit System	• Shasta Regional Transportation Agency
• SunLine Transit Agency	• Las Virgenes Municipal Water District
• Las Virgenes-Triunfo Joint Powers Authority	• Encinitas Ranch Golf Authority
• Fallbrook Healthcare District	• Marina Coast Water District
• Menlo Park Fire Protection District	• Newport Coast Elementary School District
• Riverside County Flood Control and Water Conservation District	• Southwestern Community College District

CONTINUING PROFESSIONAL EDUCATION

- ✓ Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:
 - Governmental and Nonprofit Annual Update
 - Government Auditing Standards
 - GASB Basic Financial Statements for State and Local Governments
 - Single Audits: Uniform Guidance (formerly OMB Circular A-133)
 - Financial Accounting Standards Board Annual Updates
 - Statement on Standards for Accounting and Review Services Updates
- ✓ Has met the current CPE educational requirements to perform audits of governmental agencies.

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

Paul J. Kaymark, CPA*
Engagement Quality Control Reviewer



Paul J. Kaymark is an Audit Partner with the Governmental and Not-for-Profit Practice of The Pun Group, LLP. Prior to joining our firm, Paul spent over twenty-years with KPMG, McGladrey and CZFCPA being part of the governmental and not-for-profit audit services practice.

Paul has also provided significant other services to various governmental and not-for-profit entities. In these engagements, he has been involved in the strategic planning processes, design and implementation of policies and procedures manuals and operational and organizational reviews of accounting departments. He has also been involved in the implementation of performance management budgeting and planning processes, financial reviews, trend analysis, cash management practices and utility rate setting.

EDUCATION

- ✓ BS Degree in Business Administration, emphasis in Accountancy from California State University, Long Beach.

*Licensed by the State of California

PROFESSIONAL & CIVIC AFFILIATIONS

- ✓ Member, American Institute of Certified Public Accountants (AICPA)
- ✓ Member, California Society of Certified Public Accountants (CalCPA)
- ✓ Member, Government Finance Officers Association (GFOA)
- ✓ Member, California Society of Municipal Finance Officers (CSMFO)
- ✓ GFOA Certificate for Excellence in Financial Reporting – Reviewer

PROFESSIONAL EXPERIENCE

• Altadena Library District	• Antelope Valley State Water Contractors Assoc.
• Barstow Heights Community Services District	• Big Bear City Airport District
• Big Bear City Community Services District	• Bodega Bay Fire Protection District
• Casitas Municipal Water District	• Desert Recreation District
• Desert Recreation Foundation	• Diablo Water District
• East Orange County Water District	• El Toro Water District
• Festival of Arts of Laguna Beach	• Festival of Arts of Laguna Beach
• Gold Coast Transit	• Mountain Meadows Community Services District
• North County Dispatch JPA	• North Count Fire Protection District
• North of the River Municipal Water District	• Orange County Coastkeeper
• Palmdale Water District	• Palos Verdes Library District
• Port of Hueneme - Oxnard Harbor District	• Public Agencies Self Insurance System
• Rancho Santa Fe Fire Protection District	• San Diego Coastkeeper
• San Mateo Mosquito and Vector Control District	• South Bay Regional Public Communications Authority
• Stallion Springs Community Services District	• The Farm Mutual Water Company
• Trabuco Canyon Water District	• County of Ventura (Local Transportation Fund)
• Ventura County Railroad Company, LLC	• West County Agency
• West County Wastewater District	• Wilmington Cemetery District

CONTINUING PROFESSIONAL EDUCATION

- ✓ Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:
 - Governmental and Nonprofit Annual Update
 - Government Auditing Standards
 - GASB Basic Financial Statements for State and Local Governments
 - Single Audits: Uniform Guidance (formerly OMB Circular A-133)
 - Financial Accounting Standards Board Annual Updates
 - Statement on Standards for Accounting and Review Services Updates
- ✓ Has met the current CPE educational requirements to perform audits of governmental agencies.

2625 Greenwich Drive, Suite 220, San Diego, California 92122
Email: Paul.Kaymark@pungroup.com | Phone: (949) 777-8821 | Fax: (949) 777-8850

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

Gary M. Caporicci, CPA*, CGFM, CFF
GASB Implementation Specialist



Gary M. Caporicci has more than forty years of diversified business experience, including a specialization in audit and management consulting for government organizations. Gary's clients include public and private universities and colleges, city and county governments, state agencies, joint power authorities, healthcare agencies, transportation agencies, and special districts. Known for his expertise in the areas of construction and government, Gary wrote the AICPA audit guides on these topics, and he has authored many audit and accounting courses for professional groups, as well as academic institutions. He frequently speaks and lectures at many professional organizations, governmental seminars, and conferences held by industry associations, other accounting firms, and universities. In addition, he authors white papers for the California Committee on Municipal Accounting.

Prior to working with the Firm, Gary founded his own accounting practice. He also spent eleven years with a "Big Eight" professional services firm, where he was an Audit Manager and gained broad experience in a wide range of industries such as government, construction, manufacturing, mutual funds, and insurance. Prior to that, Gary held a consultant position with a "Big Four" practice and was Vice President of a national insurance and financial services company.

In 2015 Gary Caporicci was appointed to the State Retirement Advisory Committee by the State Controller.

EDUCATION

- ✓ BS Degree in Accounting and Finance from the Armstrong University

**Licensed by the State of California*

PROFESSIONAL & CIVIC AFFILIATIONS

- ✓ Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- ✓ Member, Author and Instructor, California Society of Certified Public Accountants (CalCPA)
- ✓ Past Chair, CalCPA Governmental Accounting and Auditing Committee
- ✓ Chair and Speaker, CalCPA Governmental Accounting and Auditing State Conferences
- ✓ Member, CalCPA Council
- ✓ Chair, California Committee on Municipal Accounting (CCMA)
- ✓ Member, Government Finance Officers Association (GFOA)
- ✓ Member, California Society of Municipal Finance Officers (CSMFO)
- ✓ Member, Governmental Accounting Standards Board (GASB),
- ✓ Member, Deposit and Investment Risks Disclosure Task Force (GASB No. 40)
- ✓ National Reviewer and Speaker, Government Finance Officers Association
- ✓ Adjunct Professor, National University
- ✓ Past Member, Texas Governmental Accounting and Auditing Committee
- ✓ GFOA Certificate for Excellence in Financial Reporting – Reviewer

CONTINUING PROFESSIONAL EDUCATION

- ✓ Author and instructor of various municipal accounting courses offered by CalCPA Education Foundation and local universities including:
 - Governmental and Nonprofit Annual Update
 - Government Auditing Standards
 - GASB Basic Financial Statements for State and Local Governments
 - Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- ✓ Has met the current CPE educational requirements to perform audits of governmental agencies.

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

Melissa Ochoa, CPA*
Engagement Manager



Melissa Ochoa is a Manager in The Pun Group, LLP's Assurance division. Melissa has over fifteen years of accounting and auditing experience working with governmental agencies, not-for-profit entities, and private for profit entities. Melissa also has particular expertise in conducting financial audits under GAO Yellow Book standards and compliance audits in accordance with Uniform Guidance (formerly OMB Circular A-133).

Melissa has performed audits and other attestation services for several governmental agencies throughout California including: special districts, airports, financing authorities, water, sewer, flood and sanitation districts. She has assisted these clients with publishing their Comprehensive Annual Financial Reports in compliance with GASB Statement No. 34.

Ms. Ochoa develops training materials and shares her expertise internally with other Firm professionals. Melissa is a frequent speaker at in-house seminars on topics related to government auditing standards and Single audits.

EDUCATION

- ✓ BA Degree in Business Administration, Emphasis in Accounting, from California State University, Fullerton

**Licensed by the State of California*

PROFESSIONAL & CIVIC AFFILIATIONS

- ✓ Member, American Institute of Certified Public Accountants (AICPA)
- ✓ Member, California Society of Certified Public Accountants (CalCPA)
- ✓ Member, Member of Government Finance Officers Association (GFOA)
- ✓ Member, California Society of Municipal Finance Officers (CSMFO)

RELEVANT PROJECT EXPERIENCE

• Altadena Library District	• Antelope Valley State Water Contractors Assoc.
• Barstow Heights Community Services District	• Big Bear City Airport District
• Big Bear City Community Services District	• Bodega Bay Fire Protection District
• Casitas Municipal Water District	• Desert Recreation District
• Desert Recreation Foundation	• Diablo Water District
• East Orange County Water District	• El Toro Water District
• Festival of Arts of Laguna Beach	• Festival of Arts of Laguna Beach
• Gold Coast Transit	• Mountain Meadows Community Services District
• North County Dispatch JPA	• North Count Fire Protection District
• North of the River Municipal Water District	• Orange County Coastkeeper
• Palmdale Water District	• Palos Verdes Library District
• Port of Hueneme - Oxnard Harbor District	• Public Agencies Self Insurance System
• Rancho Santa Fe Fire Protection District	• San Diego Coastkeeper
• San Mateo Mosquito and Vector Control District	• South Bay Regional Public Communications Authority
• Stallion Springs Community Services District	• The Farm Mutual Water Company
• Trabuco Canyon Water District	• County of Ventura (Local Transportation Fund)
• Ventura County Railroad Company, LLC	• West County Agency
• West County Wastewater District	• Wilmington Cemetery District

CONTINUING PROFESSIONAL EDUCATION

- ✓ Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:
 - Governmental and Nonprofit Annual Update
 - Government Auditing Standards
 - GASB Basic Financial Statements for State and Local Governments
 - Single Audits: Uniform Guidance (formerly OMB Circular A-133)
 - Financial Accounting Standards Board Annual Updates
 - Statement on Standards for Accounting and Review Services Updates
- ✓ Has met the current CPE educational requirements to perform audits of governmental agencies.

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Email: Melissa.Ochoa@pungroup.com | **Phone:** (949) 777-8822 | **Fax:** (949) 777-8850

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

Frances Kuo, CPA*, CGMA
Compliance Manager



Frances Kuo is a Senior Manager in The Pun Group, LLP's Assurance division. Frances has over ten years of accounting and auditing experience working with governmental agencies, not-for-profit entities, and employee benefit plans. Frances also has particular expertise in conducting financial audits under GAO Yellow Book standards and compliance audits in accordance with Uniform Guidance (formerly OMB Circular A-133).

Frances has performed audits and other attestation services for several municipalities throughout California including cities, counties, redevelopment agencies, public financing authorities, housing authorities, transportation agencies, and special Districts. She has assisted these clients with publishing their Comprehensive Annual Financial Reports in compliance with GASB Statement No. 34.

Ms. Kuo is the in-house instructor who provides training, both theoretical and on-the-job training, to lower level staff. She has developed training materials on the risk based audit approach, GASB Statement No. 34 reporting, Single Audits, and employee benefit plan audits.

EDUCATION

- ✓ BS Degree in Business Administration, Emphasis in Accounting, from the University of California, Riverside
- ✓ BA Degree in Economics from the University of California, Riverside

**Licensed by the State of California, Arizona and Virginia.*

PROFESSIONAL & CIVIC AFFILIATIONS

- ✓ Member, American Institute of Certified Public Accountants (AICPA)
- ✓ Member, California Society of Certified Public Accountants (CalCPA)
- ✓ Member, California Society of Municipal Finance Officers (CSMFO)

RELEVANT PROJECT EXPERIENCE

• City of Arcadia	• City of Bradbury
• City of Cerritos	• City of Carpinteria
• City of Desert Hot Springs	• City of Gardena
• City of Huntington Park	• City of Huntington Beach
• City of Hermosa Beach	• City of Hemet
• City of Industry	• City of Monterey Park
• City of Ridgecrest	• Conejo Recreation and Park District
• Las Virgenes Municipal Water District	• Marina Coast Water District
• Mountains Recreation and Conservation Authority	• San Diego Transit Corporation Retirement Plan
• Tulare Community Health Clinic	• San Diego Metropolitan Transit System
• San Diego Association of Governments	• Southwestern Community College District
• Valley Sanitary District	• Shanghai Jiao Tong University Foundation of America

CONTINUING PROFESSIONAL EDUCATION

- ✓ Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:
 - Governmental and Nonprofit Annual Update
 - Government Auditing Standards
 - GASB Basic Financial Statements for State and Local Governments
 - Single Audits: Uniform Guidance (formerly OMB Circular A-133)
 - Financial Accounting Standards Board Annual Updates
 - Statement on Standards for Accounting and Review Services Updates
- ✓ Has met the current CPE educational requirements to perform audits of governmental agencies.

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

Brendan C. Martin, CPA*

Audit Senior



Brendan Martin is a Senior Accountant at The Pun Group, LLP. He has more than three (3) years of governmental and retirement system experience that ranges from GASB audit / reporting, compliance audits, internal control reviews, and incentive distribution compliance.

In various engagements, Mr. Martin has been involved in providing significant services to various governmental entities and actively contributed and participated in the planning process, implementation of the audit work plan, and preparation of the final reports.

EDUCATION

- ✓ BA Degree in Economics from Franciscan University

*Licensed by the State of California

PROFESSIONAL & CIVIC AFFILIATIONS

- ✓ Member, American Institute of Certified Public Accountants (AICPA)
- ✓ Member, California Society of Certified Public Accountants (CalCPA)

RELEVANT PROJECT EXPERIENCE

• Altadena Library District	• Antelope Valley State Water Contractors Assoc.
• Barstow Heights Community Services District	• Big Bear City Airport District
• Big Bear City Community Services District	• Bodega Bay Fire Protection District
• Casitas Municipal Water District	• Desert Recreation District
• Desert Recreation Foundation	• Diablo Water District
• East Orange County Water District	• El Toro Water District
• Festival of Arts of Laguna Beach	• Festival of Arts of Laguna Beach
• Gold Coast Transit	• Mountain Meadows Community Services District
• North County Dispatch JPA	• North Count Fire Protection District
• North of the River Municipal Water District	• Orange County Coastkeeper
• Palmdale Water District	• Palos Verdes Library District
• Port of Hueneme - Oxnard Harbor District	• Public Agencies Self Insurance System
• Rancho Santa Fe Fire Protection District	• San Diego Coastkeeper
• San Mateo Mosquito and Vector Control District	• South Bay Regional Public Communications Authority
• Stallion Springs Community Services District	• The Farm Mutual Water Company
• Trabuco Canyon Water District	• County of Ventura (Local Transportation Fund)
• Ventura County Railroad Company, LLC	• West County Agency
• West County Wastewater District	• Wilmington Cemetery District

CONTINUING PROFESSIONAL EDUCATION

- ✓ Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:
 - Governmental and Nonprofit Annual Update
 - Government Auditing Standards
 - GASB Basic Financial Statements for State and Local Governments
 - Single Audits: Uniform Guidance (formerly OMB Circular A-133)
 - Financial Accounting Standards Board Annual Updates
 - Statement on Standards for Accounting and Review Services Updates
- ✓ Has met the current CPE educational requirements to perform audits of governmental agencies.

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SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services



CERTIFICATE OF LIABILITY INSURANCE

PUN&M-1 OP ID: S9

DATE (MM/DD/YYYY)
05/05/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Leavitt Ins Agency San Diego CA License #0B72756 3636 Nobel Drive, Suite 100 San Diego, CA 92122 Mike Pradels - Assigned	Phone: 858-259-5800 Fax: 858-259-6069	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS: sandra-bao@Leavitt.com FAX (A/C, No):	INSURER(S) AFFORDING COVERAGE INSURER A : Travelers Casualty Ins Co Amer INSURER B : Travelers Casualty Ins Co Amer INSURER C : Argonaut Midwest Insurance Co INSURER D : INSURER E : INSURER F :	NAIC # 31194 31194 19828
INSURED The Pun Group, LLP 6265 Greenwich Drive, Suite 220 San Diego, CA 92122				

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR		I6802B545975	03/01/2015	03/01/2016	EACH OCCURRENCE \$ 2,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000
						MED EXP (Any one person) \$ 5,000
						PERSONAL & ADV INJURY \$ 2,000,000
						GENERAL AGGREGATE \$ 4,000,000
						PRODUCTS - COMP/OP AGG \$ 4,000,000
						\$
A	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS SCHEDULED AUTOS NON-OWNED AUTOS		I6802B545975	03/01/2015	03/01/2016	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000
						BODILY INJURY (Per person) \$
						BODILY INJURY (Per accident) \$
						PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB EXCESS LIAB DED RETENTION \$					EACH OCCURRENCE \$
						AGGREGATE \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> Y	IJUB2B550371	03/01/2015	03/01/2016	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS OTH-ER
						E.L. EACH ACCIDENT \$ 1,000,000
						E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
						E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	E&O		IAC1193201 CLAIMS MADE	03/01/2015	03/01/2016	Per Claim \$ 1,000,000
						Aggregate \$ 3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

Evidence of Insurance

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Sandra Bao

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COST PROPOSAL

SAN ELIJO JOINT POWERS AUTHORITY
CARDIFF-BY-THE-SEA, CALIFORNIA

Proposal to Perform Financial Statement Audit Services

For the Years Ending June 30, 2016, 2017, and 2018 with two options to extend for an additional one year term

FEBRUARY 25, 2016

Kenneth H. Pun, CPA, CGMA

Managing Partner

6265 Greenwich Drive, Suite 220, San Diego, CA 92122

Phone: (949) 777-8801 | **Fax:** (949) 777-8850 | **Email:** ken.pun@pungroup.com

California CPA License Number: PAR 7601

Federal Identification Number: 46-4016990



SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

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SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

SECTION I – COST PROPOSAL

Certification

We are committed to the performance of a high quality audit at the most reasonable fee level possible, both initially and throughout the engagement. Also, our partners will provide advice and consultation as needed, at no additional cost to the San Elijo Joint Powers Authority

Name of Firm: The Pun Group, LLP
 Certified Public Accountants and Business Advisors
 6265 Greenwich Drive, Suite 220
 San Diego, California 92122

Certification: Kenneth H. Pun is entitled to represent the Firm, empowered to submit the bid, and authorized to sign a contract with the San Elijo Joint Powers Authority

Total All-Inclusive Maximum Price

Following are our total fixed fees for the Years Ending June 30, 2016, 2017, and 2018 with two options to extend for an additional one year term.

Fiscal Year 2015-2016			
Personnel	Hours	Standard	Standard
		Hourly Rates	Hourly Total
Partners	16	\$ 250	\$ 4,000
Managers	30	\$ 200	\$ 6,000
Senior Auditors	40	\$ 150	\$ 6,000
Staff Auditors	60	\$ 125	\$ 7,500
Subtotal	146		\$ 23,500
Out-of-Pocket expenses:			\$ -
Other-Specify:			
Less: Professional Discount			\$ (5,500)
Total maximum price for annual audit (FY2015)*			\$ 18,000
Report			Total Cost*
Audited Financial Statements of the SEJPA			\$ 18,000
SAS No. 114 - Internal Controls Letter			Included
Total All-Inclusive Price			\$ 18,000

*Based on the information provided by the San Elijo Joint Powers Authority and our understanding of the engagement, the SEJPA may not be subject to the Single Audit Act in accordance with OMB Uniform Guidance at this time. If the SEJPA applies for funds subsequent to this proposal, the fee to audit major programs will be \$3,000 each. The number of programs determined to be "major" will be based on OMB Uniform Guidance. The Engagement Team will discuss this with the SEJPA's Management before starting Single Audit work.

Total Maximum Price Addtl Audit Years Excluding Single-Audit			
Optional Years			
FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020
\$ 18,500	\$ 19,000	\$ 19,500	\$ 20,000

SAN ELIJO JOINT POWERS AUTHORITY

Proposal to Perform Financial Statement Audit Services

Rates by Partner, Supervisory, and Staff

Below is the Firm's standard hourly billing rates, delineated by staffing levels:

Auditor's Standard Hourly Billing Rates	
Position	FY 2015-16
Partner(s)	\$ 250
Senior Manager(s)	\$ 225
Manager(s)	\$ 200
Supervisor(s)	\$ 175
Senior Accountant(s)	\$ 150
Staff Accountant(s)	\$ 125
Clerical	\$ 100

The Firm's policy is to maintain flexible billing rates in order to meet the needs of clients and help them control costs. In the interest of starting our long-term relationship, we will **absorb all costs** required to familiarize ourselves with the operations and accounting systems, as well as, travel and printing costs. Additionally, our Partners will be available to provide advice and consultation as necessary to the San Elijo Joint Powers Authority. These **costs** will also be **absorbed** by the Firm.

Any supplemental reports, audits, or agreed-upon procedures not covered by this proposal may be added in a written agreement prior to commencing audit work. The Firm and the SEJPA will discuss and approve the scope and associated costs of these tasks. Any additional work will be performed at the above quoted hourly rates.

Manner of Payment

Engagement Team members are required to maintain timesheets detailing the date, number of hours, and work performed for every audit task. The Firm will collect these timesheets and bill the San Elijo Joint Powers Authority, at the rates outlined in the Total All-Inclusive Maximum Price section, in four stages: (1) at the conclusion of the planning phase, (2) at the conclusion of the interim phase, (3) at the conclusion of the Year-End phase, (4) and after presentation and acceptance of the final audit reports. Interim billings will cover a period not less than a calendar month. The billing amounts generally break down as follows:

Work Performed	% of Proposal Amount
For Planning	10%
For Interim work	40%
For Year-End work	40%
At Presentation and Acceptance of Final Reports	10%
Total	100%



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ATTACHMENT 4

AGREEMENT

THIS AGREEMENT is made and entered into on this ____ day of _____, 2016 by and between the San Elijo Joint Powers Authority, hereinafter referred to as "AUTHORITY", and The Pun Group, LLP, hereinafter referred to as "AUDITOR".

WITNESSETH:

WHEREAS, AUTHORITY requires Financial Statement Audit Services, and

WHEREAS, AUDITOR represents that it is well-qualified by reason of education and experience in these matters to perform the necessary professional services under the direction of the AUTHORITY, and

WHEREAS, AUTHORITY desires, and AUDITOR is willing, to provide professional services for the San Elijo Water Reclamation Facility owned and operated by the San Elijo Joint Powers Authority,

NOW THEREFORE, AUTHORITY and AUDITOR do hereby enter into the following agreement ("Agreement").

1. TERM OF AGREEMENT. The term of this Agreement shall be from the date this Agreement is made and entered, as first written above, until December 31, 2016, with the option of two additional one-year terms at the request of the SEJPA.
2. AUTHORITY OBLIGATIONS.
 - 2.1 INFORMATION FURNISHED BY AUTHORITY. For the purpose of aiding AUDITOR in the performance of its obligations under this Agreement, AUTHORITY shall furnish AUDITOR with all information in its possession relevant to the project and shall direct its officers, agents and employees to render all reasonable assistance to AUDITOR in connection with its performance under this Agreement. AUTHORITY is responsible for the reasonable correctness of data so furnished, but it shall likewise be the responsibility of AUDITOR to apply reasonable caution in its use and interpretation of the data and to promptly advise AUTHORITY of any incorrectness or inconsistencies in the data furnished.
 - 2.2 PAYMENT TO AUDITOR.
 - 2.2.1 DETERMINATION OF COMPENSATION. The compensation by AUTHORITY to AUDITOR for services under this Agreement as described in the attached proposal dated February 25, 2016 (Attachment #1), shall be billed on a time and material basis not to exceed \$18,000 for FY 2015-16, \$18,500 for FY 2016-17 and \$19,000 for FY 2017-18. Hourly billing rates shall not be adjusted without written consent of the Authority.
 - 2.2.2 PAYMENT OF COMPENSATION. Compensation shall be billed monthly in increments based on the work completed, and AUTHORITY shall make payment to AUDITOR within forty-five (45) calendar days of receipt of

undisputed and properly submitted invoices.

All monthly invoices from AUDITOR to AUTHORITY shall include detailed breakdowns with a summary of the hours spent by each individual, a budget summary for each task showing the original contract amount, the amount billed for the current invoice period, the amount previously billed, the amount remaining, and the percentage of work completed.

- 2.3 AUTHORITY'S PROJECT OFFICER. AUTHORITY's Project Officer, who shall be empowered to act for the AUTHORITY in accordance with law or AUTHORITY ordinance, shall be the General Manager of AUTHORITY. AUTHORITY's Project Officer or duly-authorized representative shall act on behalf of AUTHORITY in administrative matters concerning this Agreement. This includes, but is not limited to, review of invoices, correspondence, notices, proposed amendments, etc.

3. AUDITOR'S OBLIGATIONS.

3.1 SERVICES TO BE PERFORMED.

3.1.1 PROFESSIONAL SERVICES. AUDITOR shall perform the professional services as requested by the AUTHORITY for the San Elijo Water Reclamation Facility owned and operated by the San Elijo Joint Powers Authority, as fully-described in Attachment 1 and other services as requested by the Authority.

3.1.2 TOOLS, MATERIALS AND EQUIPMENT. AUDITOR will supply all tools, materials and equipment required to perform the services under this AGREEMENT.

3.1.3 PROJECT TEAM. No member of the project team shall be removed from the project team or reassigned by AUDITOR without prior approval of AUTHORITY. Such approval shall not be unreasonably withheld or delayed. AUDITOR shall immediately inform AUTHORITY should any of the key members become unavailable. The credentials of substitutes for key project members must be submitted to AUTHORITY for review and approval. An interview may also be required if so desired by AUTHORITY.

3.1.4 REPORTS. AUDITOR shall ensure that any report generated under this Agreement complies with California Government Code section 7550.

3.2 TIME PERIOD.

3.2.1 PROFESSIONAL SERVICES. AUDITOR will commence performance of services upon execution of this agreement. This Agreement shall expire on December 31, 2016, and no further work shall be performed under this Agreement after that date, unless the SEJPA exercises its option to extend the Agreement.

3.3 STATUS OF AUDITOR.

- 3.3.1 INDEPENDENT CONTRACTOR. AUDITOR and its employee(s) are engaged in an independent contractor relationship with AUTHORITY in performing all services, duties and obligations hereunder. AUTHORITY shall not exercise any control or direction over the methods by which AUDITOR will perform its services and functions. AUTHORITY's sole interest and responsibility is to ensure that the services covered by this Agreement are performed and rendered in a competent, satisfactory and legal manner. The parties agree that no services, act, commission or omission of AUDITOR or its employee(s) pursuant to this Agreement shall be construed to make AUDITOR or its employee(s) the agent, employee or servant of AUTHORITY. AUDITOR and its employee(s) are not entitled to receive from AUTHORITY vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability benefits, unemployment benefits or any other employee benefit of any kind.
- 3.3.2 PAYMENT OF INCOME TAXES. AUDITOR shall be solely responsible for paying all federal and state employment and income taxes, for carrying workers' compensation insurance and for otherwise complying with all other employment law requirements with respect to AUDITOR or its employee(s). AUDITOR agrees hold harmless, indemnify and defend AUTHORITY from any and all liability, damages or losses (including reasonable attorneys' fees, costs, penalties and fines) AUTHORITY suffers as a result of (a) AUDITOR's failure to meet its obligations.

3.4 RESPONSIBILITY OF AUDITOR.

- 3.4.1 AUDITOR shall be responsible for the professional quality, technical accuracy, timely completion, and the coordination of all services furnished by AUDITOR under this Agreement. AUDITOR shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in his analysis, reports, and other services to the extent of its negligence.
- 3.4.2 AUDITOR will perform all services under this Agreement in good faith and in the interests of AUTHORITY. In performing the services specified in this Agreement, AUDITOR agrees to comply with all federal and state laws, rules and regulations, applicable AUTHORITY policies, procedures and other directives applicable to the services to be performed. Any changes to AUTHORITY policies and procedures that relate to AUDITOR will be provided to AUDITOR in writing. Authority shall provide and AUDITOR agrees to review such policies, procedures, rules and directives the contents of which AUDITOR will be deemed to have knowledge.
- 3.4.3 AUDITOR shall perform such professional services as may be necessary to accomplish the work required to be performed under this Agreement.
- 3.4.4 Acceptance by AUTHORITY of reports, and incidental professional work or materials furnished hereunder, shall not in any way relieve AUDITOR

of responsibility for the technical adequacy of his work. Neither AUTHORITY's acceptance of, nor payment for any of the services, shall be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

- 3.4.5 Upon award of this Agreement and periodically thereafter, AUDITOR may be required to complete and file with AUTHORITY a Conflict of Interest form, to be provided to AUDITOR by AUTHORITY.
- 3.4.6 AUDITOR shall not be responsible for any time delays in the project caused by circumstances beyond AUDITOR's control.
- 3.4.7 "Negligent performance" shall include, but not be limited to, acts of AUDITOR in preparing drawings, specifications, reports, or other work under this Agreement, which are the result of AUDITOR's failure to perform in accordance with the standard of practice normally exercised in the performance of professional services of a similar nature. AUDITOR shall perform all work in accordance with the standard of care of professional services. Nothing contained herein shall serve to expand or increase the responsibility of AUDITOR to any party beyond that imposed by the common law of the State of California.
- 3.4.8 This Section 3.4 shall not limit AUDITOR's hold harmless, indemnity and defense obligation as stated in Section 5 of this Agreement.

4. INSURANCE.

4.1 AUDITOR shall provide and keep in full force and effect during the term of this Agreement the insurance policies listed below.

4.1.1 Commercial General Liability and Automobile Liability. AUDITOR shall provide and maintain the following commercial general liability and automobile liability insurance:

- (a) Coverage. Coverage for commercial general liability and automobile liability insurance shall be at least as broad as the following:
 - (i) Insurance Services Office ("ISO") Commercial General Liability Coverage (Occurrence Form CG 0001)
 - (ii) ISO Business Auto Coverage (Form CA 0001), covering Symbol 1 (any auto)
- (b) Limits. AUDITOR shall maintain limits no less than the following:
 - (i) General Liability. Combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage, and a minimum annual aggregate of Three Million Dollars (\$3,000,000).

- (ii) Automobile Liability. Combined single limit of no less than One Million Dollars (\$1,000,000) per claim.
- (c) Required Provisions.
- (i) AUTHORITY, its Member Agencies (including City of Encinitas and City of Solana Beach), and their officers, officials, directors, employees, agents, AUDITORS, representatives and volunteers (collectively referred to as “INSURED PARTIES”) are to be given additional insured status under the general liability and automobile liability policies. The coverage shall contain no special limitations on the scope of protection afforded to INSURED PARTIES.
 - (ii) AUDITOR’S insurance shall be primary insurance as respects INSURED PARTIES, and each of them. Any insurance, self-insurance or other coverage maintained by INSURED PARTIES shall not contribute to it.
 - (iii) Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to INSURED PARTIES.
 - (iv) AUDITOR’s insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of insurer’s liability.
 - (v) Such liability insurance shall include indemnification against loss from liability imposed by law upon, or assumed under contract by, AUDITOR or his/her subcontractors for 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 from the performance or execution of this Agreement by AUDITOR or his/her subcontractors. AUDITOR’s subcontractors shall be required to provide their own insurance within the applicable requirements of Section 4.
 - (vi) Such liability insurance shall cover accidents arising out of the use and operation of owned, non-owned and hired automobiles, trucks and/or other mobile equipment.
 - (vii) 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.
 - (viii) Said policies shall specifically cover any contractual liability incurred hereunder.

- 4.1.2 Professional Liability. AUDITOR further agrees to provide AUTHORITY within seven (7) days from the date of execution of this Agreement and prior to the commencement of any services under this Agreement, proof of insurance verifying that AUDITOR maintains Professional Liability Insurance (Errors and Omissions) with a combined single limit of One Million Dollars (\$1,000,000) per claim. Said Professional Liability Insurance shall be paid for by AUDITOR, and shall be maintained in full force and effect throughout the term of the Agreement.
- 4.1.3 Workers' Compensation and Employers Liability Insurance. AUDITOR shall further maintain adequate Workers' 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 with a combined single limit of no less than One Million Dollars (\$1,000,000) per claim, and shall require similar insurance to be provided by its subcontractors. A certificate shall be furnished to AUTHORITY showing compliance with above.
- 4.1.4 All insurance shall be provided on forms and through companies satisfactory to AUTHORITY. Insurance is to be obtained from California admitted insurers having a current A.M. Best rating of no less than A:VII or equivalent or as otherwise approved by DISTRICT.
- 4.1.5 Any deductible or self-insured retention must be declared to and approved by AUTHORITY. The minimum deductible or self-insured retention shall be Twenty-Five Thousand Dollars (\$25,000). In the event any deductible or self-insured retention is greater than the minimum required by this Agreement, at the option of AUTHORITY, either: the insurer shall reduce or eliminate such deductibles, or AUDITOR shall provide proof of financial responsibility satisfactory to AUTHORITY.
- 4.1.6 Within seven (7) days from the execution of this Agreement, and prior to the commencement of any services under this Agreement, a certificate of insurance signed by the insurer's representative evidencing the coverage required by this Agreement shall be furnished to AUTHORITY by direct mail from AUDITOR's insurance carrier. Such evidence shall include an additional insured endorsement signed by the insurer's representative. Such evidence shall include confirmation that cover includes or has been modified to include all provisions required by this Agreement. AUDITOR shall, upon request of AUTHORITY, deliver to AUTHORITY such policy or policies of insurance and the receipts for payment of premiums thereon.
- 4.1.7 If any of the required coverages expire during the term of this Agreement, AUDITOR shall deliver the renewal certificate(s) including the general liability and auto liability additional insured endorsements to AUTHORITY within at least ten (10) days prior to the expiration date.
- 4.1.8 In the event that AUDITOR employs subcontractors to perform any portion of the services to be performed pursuant to this Agreement, it shall be AUDITOR's responsibility to require and confirm that each

subcontractor meets the minimum insurance requirements specified in this Agreement.

5. HOLD HARMLESS, INDEMNIFICATION AND DEFENSE.

- 5.1 To the maximum extent allowable by law, AUDITOR agrees to hold harmless, indemnify and defend AUTHORITY, its Member Agencies (including City of Encinitas and City of Solana Beach), and each of their officers, officials, directors, employees, agents, AUDITORS, representatives and volunteers (collectively referred to as "INDEMNIFIED PARTIES") from and against all claims, demands, lawsuits, losses, liabilities, costs, expenses, obligations, recoveries, deficiencies and damages, including interest, penalties, reasonable attorneys' fees and costs (collectively referred to as "Liabilities") that such entities and/or persons may incur to the extent caused by the negligence, recklessness or willful misconduct, whether an act or omission, of AUDITOR, including AUDITOR's officers, officials, directors, employees, subcontractors, agents, representatives, volunteers, successors and assigns.
- 5.2 AUDITOR shall cooperate with and do whatever is necessary to protect INDEMNIFIED PARTIES as to any such Liabilities.
- 5.3 AUDITOR represents that it knows of no allegations, claims or threatened claims that the materials, services, hardware or software (collectively referred to as "AUDITOR Products") provided to AUTHORITY under this Agreement infringe on any patent, copyright or other proprietary right. AUDITOR shall hold harmless, indemnify and defend INDEMNIFIED PARTIES from all Liabilities pertaining to, arising out of, related to or in connection with an assertion or allegation that any AUDITOR Products or the use thereof, infringe any patent, copyright or other proprietary right of any third party. In the case of any such claim, suit or assertion of infringement, AUDITOR shall either, at its option, (1) procure for AUTHORITY the right to continue using the AUDITOR Products; or (2) replace or modify the AUDITOR Products so that they become non-infringing, but equivalent in functionality and performance. All provisions of Section 5 shall apply to the allegations, claims or threatened claims addressed specifically by this Section 5, subsection 5.3.
- 5.4 If AUDITOR is obligated to defend INDEMNIFIED PARTIES pursuant to this Section 5 and fails to do so after reasonable notice from AUTHORITY, INDEMNIFIED PARTIES may defend themselves and/or settle such claims, suit or assertion, and AUDITOR shall pay to INDEMNIFIED PARTIES any and all Liabilities incurred in relationship with INDEMNIFIED PARTIES' defense and/or settlement of such proceeding.
- 5.5 AUDITOR shall pay and satisfy any judgment, award, liability or decree that may be awarded, imposed or rendered against INDEMNIFIED PARTIES as a result of and all claims, demands, suits, actions, arbitrations, mediations or other proceedings whether legal, administrative or otherwise, including any settlement related thereto.
- 5.6 AUDITOR's hold harmless, indemnification and defense obligation shall not be limited in any way by any limitation on the amount or type of damages,

compensation or benefits payable by or for AUDITOR, subcontractor, supplier or other person under workers' compensation acts, disability acts or other employee acts or the insurance required by this Agreement. AUDITOR's obligation to hold harmless, indemnify and defend shall not be restricted to insurance proceeds, if any, received by INDEMNIFIED PARTIES.

5.7 AUDITOR's hold harmless, indemnification and defense obligation is intended to apply to the extent of any negligent, acts, recklessness, or willful misconduct, errors and/or omissions of AUDITOR, including its officers, officials, directors, employees, subcontractors, agents, representatives, volunteers, successors and assigns and shall survive the termination or expiration of this AGREEMENT.

6. TERMINATION.

6.1 Termination for Breach. If, during the term of this Agreement, AUTHORITY determines that AUDITOR is not faithfully abiding by any term of condition contained herein, AUTHORITY may notify AUDITOR in writing of such defect of failure to perform; which notice must give AUDITOR a ten (10) day notice time thereafter in which to perform said work or cure the deficiency. If AUDITOR has not performed the work or cured the deficiency within the number of days specified in the notice, such shall constitute a breach of this Agreement, and AUTHORITY may terminate this Agreement immediately by written notice to AUDITOR to said effect. Thereafter, except as otherwise stated, neither party shall have any further duties, obligations, responsibilities, or rights under this Agreement. In said event, AUDITOR shall be entitled to the reasonable value of its service 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. In no event, however, shall AUDITOR be entitled to receive in excess of the maximum compensation stated in Section 2, subsection 2.2.1 of this Agreement.

6.2 Termination without Cause. Either party may terminate this Agreement without cause upon thirty (30) days written notice. AUTHORITY will pay to AUDITOR for services performed prior to the termination. In no event, however, shall AUDITOR be entitled to receive in excess of the maximum compensation stated in Section 2, subsection 2.2.1 of this Agreement. No amount shall be allowed for anticipated profit, unperformed services or deliveries.

7. OWNERSHIP OF DOCUMENTS. Reports, model database, electronic maps, as herein required, are the property of AUTHORITY following payment in full to the AUDITOR for services rendered. Upon completion of all work under this Agreement, or in the event this Agreement is terminated prior to completion of all such work, all documents, plans, specifications, photograph rendering, drawings of the facility, and all other material provided to assist AUDITOR in performing under this Agreement shall be delivered forthwith to AUTHORITY. All references to AUDITOR shall be removed by AUTHORITY when reusing on a project other than that for which the document(s) were prepared or modifying any incomplete documents.

Any use of the aforesaid completed documents for other AUTHORITY projects at other sites and/or any use of the aforesaid incomplete documents without specific, written verification by AUDITOR will be at AUTHORITY's sole risk and without liability or legal

exposure to AUDITOR, and AUTHORITY shall indemnify and hold harmless AUDITOR from all claims, damages, losses and expense, including attorneys' fees, arising out of or resulting therefrom.

8. CONFIDENTIAL INFORMATION. Any written, printed, graphic or electronically or magnetically recorded information furnished by AUTHORITY for AUDITOR's use are and shall remain the sole property of AUTHORITY. AUTHORITY may provide to AUDITOR confidential information which may include, but is not limited to, information concerning AUTHORITY's employees, services and operations. AUDITOR and its employee(s) will keep this confidential information in the strictest confidence, and will not disclose it by any means to any person except with AUTHORITY approval, or when required to do so by legal or regulatory authority, and only to the extent necessary to perform the services under this Agreement. This prohibition also applies to AUDITOR's officers, officials, directors, employees, subcontractors, representatives, agents, volunteers, successors and assigns. On termination of this Agreement, AUDITOR shall promptly return any confidential information in its possession to AUTHORITY.
9. DISPUTE RESOLUTION. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, shall be submitted to mediation the cost of which shall be borne equally by the parties, if not resolved pursuant to the Government Claims Act, Government Code section 900 et seq. if applicable, and prior to the commencement of any legal action or other proceeding, unless waived by both parties in writing. Any mediation shall take place in the State of California, County of San Diego.

In the event that mediation has not been successfully concluded, any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in the State of California, County of San Diego, before one arbitrator, if not resolved pursuant to the Government Claims Act, Government Code section 900 et seq., if applicable. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures if the amount in controversy is equal or greater than Two Hundred Fifty Thousand Dollars (\$250,000), or pursuant to its Streamlined Arbitration Rules and Procedures if the amount in controversy is less than Two Hundred Fifty Thousand Dollars (\$250,000). The use of arbitration shall allow full discovery by all parties associated with the dispute or claim. Judgment on the award may be entered in any court having jurisdiction. This clause shall not preclude the parties from seeking provisional remedies in aid of arbitration from a court of competent jurisdiction. The arbitrator may, in the award, allocate all or a part of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party. If either party petitions to confirm, correct or vacate the award as provided by Chapter 4, of Title 9 of the California Code of Civil Procedure (commencing with Section 1285), the prevailing party shall be entitled as part of his or its costs to reasonable attorneys' fees to be fixed by the Court. AUDITOR agrees that AUTHORITY may consolidate an arbitration conducted under this Agreement with any other arbitration to which AUTHORITY is a party, provided that the arbitrations to be consolidated substantially involve common questions of law or fact, or AUDITOR's conduct or performance of professional services is in any way relevant to the subject of the dispute. In the event of any construction dispute that AUTHORITY is required to resolve pursuant to Public Contract Code section 20104 et seq., or any similar provision of law, the procedures for

arbitration pursuant to Public Contract Code section 20104 et seq., shall apply to all parties, including AUDITOR.

10. CONSTRUCTION DISPUTE. In the event of any construction dispute that AUTHORITY is required to resolve pursuant to Public Contract Code section 20104, et seq., or any similar provision of law, and AUDITOR's performance is at issue as determined by AUTHORITY, AUTHORITY may require, in its sole discretion, that AUDITOR participate as a party in such mediation or arbitration (including any trial de novo that may follow such arbitration) or in concurrent arbitration to resolve outstanding disputes between AUTHORITY and AUDITOR, afford the parties complete relief or avoid inconsistent results. In such event, the procedures for arbitration pursuant to Public Contract Code section 20104 et seq. shall apply to all parties, including AUDITOR, and shall control in the event of any inconsistency with Section 9 of this Agreement, regarding dispute resolution.
11. NO ASSIGNMENT WITHOUT PRIOR CONSENT. This Agreement shall not be assignable by either party without the prior written consent of the other party hereto. No assignment of this Agreement shall relieve the assignor until the Agreement shall have been assumed by the assignee. When duly assigned in accordance with the foregoing, this Agreement shall be binding upon and shall insure to the benefit of the assignee.
12. AMENDMENT OR MODIFICATION. This Agreement may not be amended or modified orally or in any manner other than by an agreement in writing signed by both of the parties.
13. AUDIT DISCLOSURE. Pursuant to Government Code section 8546.7, if this Agreement is over ten thousand dollars (\$10,000), it is subject to examination and audit of the State Auditor, at the request of AUTHORITY or as part of any audit of AUTHORITY, for a period of three (3) years after final payment under the Agreement.
14. SUBCONTRACTS. AUTHORITY has entered into this Agreement in order to receive the professional service of AUDITOR. The provisions of the Agreement shall apply to any subcontractor to AUDITOR. AUTHORITY shall have the right to approve all subcontractor agreements.
15. ENTIRE AGREEMENT. This Agreement constitutes the whole Agreement between the parties hereto with respect to the subject matter hereof, and neither party nor any of its agents or employees had made any representation except as specifically provided herein. Neither of the parties in executing or performing this Agreement is relying upon any statement or information to whosoever made or given directly or indirectly, verbally or in writing by any individual or corporation except as specifically provided herein.
16. PROHIBITED EMPLOYMENT DISCRIMINATION. In the performance of the terms of this Agreement, AUDITOR 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.

17. NOTICES. All communications, notices, and demands of any kind which either party hereto may be required or may desire to give to or serve upon the other party or any office hereof or by enclosing it in a sealed envelope and depositing it in the United States mail, postage prepaid, certified return-receipt, and addressed to the respective parties as follows:

AUTHORITY:

San Elijo Joint Powers Authority
2695 Manchester Avenue, P.O. Box 1077
Cardiff by the Sea, CA 92007-7077

AUDITOR:

The Pun Group, LLP
6265 Greenwich Drive, Suite 220
San Diego, CA 92122

18. ATTORNEYS' FEES. In the event an action is filed by either party to enforce any rights or obligations under this Agreement, including an action for declaratory relief, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs, in addition to any other relief granted by the Court.
19. AUTHORITY TO EXECUTE AGREEMENT. Both AUTHORITY and AUDITOR 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.
20. THIRD PARTY RIGHTS. Except as expressly stated herein, nothing in this Agreement shall be construed to give any rights or benefits to anyone other than AUTHORITY and AUDITOR.
21. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same agreement, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.
22. PARTIAL INVALIDITY. If any non-material provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.
23. PROVISIONS REQUIRED BY LAW. Each and every provision of law and clause required by law to be inserted in this Agreement shall be deemed to be inserted herein, and the Agreement shall be read and enforced as though they were included herein. If through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Agreement shall forthwith be physically amended to make such insertion.
24. GOVERNING LAW. This Agreement and all questions related to its validity, interpretation, performance and enforcement (including, without limitation, provisions concerning limitations of actions), shall be governed by and construed in accordance with the laws of the State of California, notwithstanding any conflict-of-laws doctrines of

such state or other jurisdiction to the contrary and without the aid of any canon, custom or rule of law requiring construction against the draftsman.

25. JURISDICTION, FORUM AND VENUE. The proper jurisdiction, forum and venue for any claims, disputes, and causes of action or other proceedings concerning this Agreement shall be located in the State of California, County of San Diego. AUTHORITY and AUDITOR agree not to bring any action or proceeding pertaining to, arising out of or related to this Agreement in any other jurisdiction, forum or venue. AUTHORITY and AUDITOR hereby submit to personal jurisdiction in the State of California for the enforcement of this Agreement and hereby waive any and all personal rights under the law of any state to object to jurisdiction within the State of California for the purpose of any legal action or proceeding to enforce this Agreement, whether on the grounds of inconvenient forum or otherwise.

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

SAN ELIJO JOINT POWERS AUTHORITY

By: _____
Michael T. Thornton, P.E.
General Manager

Date: _____

THE PUN GROUP, LLP

By: _____ (Sign)

Date: _____

Name: _____ (Print)

Title: _____

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

March 7, 2016

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: CLEAN WATER STATE REVOLVING FUND (SRF) LOAN APPLICATION;
BOARD RESOLUTIONS FOR WASTEWATER AND RECYCLED WATER
PROJECTS

RECOMMENDATION

It is recommended that the Board of Directors:

1. Adopt Resolution No. 2016-02, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Authorizing the General Manager or designee to sign, file, provide assurances, certifications, commitments, and any and all actions required on behalf of the San Elijo Joint Powers Authority (SEJPA) related to entering into a Financial Assistance Agreement with the State Water Resources Control Board (SWRCB) related to the SEJPA Wastewater Projects;
2. Adopt Resolution No. 2016-03, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Dedicating and Pledging Net Revenues of the SEJPA Wastewater Enterprise Fund and the Wastewater Enterprise Fund to the repayment of any and all SRF financing for the SEJPA Wastewater Projects;
3. Adopt Resolution No. 2016-04, Resolution of the Board of Directors of the San Elijo Joint Powers Authority of Intent to Reimburse Expenditures Related to Construction or Reconstruction of Certain Public Facilities relating to the SEJPA Wastewater Projects;
4. Adopt Resolution No. 2016-05, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Authorizing the General Manager or designee to sign, file, provide assurances, certifications, commitments, and any and all actions required on behalf of the San Elijo Joint Powers Authority (SEJPA) related to entering into a Financial Assistance Agreement with the State Water Resources Control Board (SWRCB) related to the SEJPA Recycled Water Projects;
5. Adopt Resolution No. 2016-06, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Dedicating and Pledging Net Revenues of the SEJPA Recycled Water Enterprise Fund and the Recycled Water Enterprise Fund to the repayment of any and all SRF financing for the SEJPA Recycled Water Projects;
6. Adopt Resolution No. 2016-07, Resolution of the Board of Directors of the San Elijo Joint Powers Authority of Intent to Reimburse Expenditures Related to Construction or

Reconstruction of Certain Public Facilities relating to the SEJPA Recycled Water Projects;
and

7. Discuss and take action, as appropriate.

BACKGROUND

At the July, 2015 SEJPA Board meeting, Staff presented staff reports on capital bond financing for wastewater and recycled water capital projects. The wastewater projects are derived from the 2015 Facility Plan and included 15 projects with an estimated total cost of \$22.4 million (based on April 2014 construction cost data). The recycled water projects, which include planned and ongoing capital efforts, have an estimated total cost of \$8 million; with a need to finance \$4.8 million (based on April 2015 construction information). The Board authorized the General Manager to pursue municipal bond finance proposals to fund the proposed \$22.4 million in wastewater and \$4.8 recycled water capital projects.

At the September, 2015 Board meeting, Staff reported that the proposed SEJPA capital projects could qualify for California State Revolving Fund (SRF) financing, which has lower financing costs as compared to the municipal bond market. Based on the information Staff had collected, the financing cost difference could be on the order of \$8 million over the 30-year financing term. Staff recommended that the SEJPA pursue SRF funding as the preferred financing method, with municipal bond financing as a contingency option. The Board authorized a professional agreement with Dudek for SRF and CEQA Plus support for an amount not to exceed \$123,340.

DISCUSSION

The State Water Resources Control Board (SWRCB) SRF Loan Program provides low interest loans to public agencies for construction of wastewater and recycled water facilities and improvements. SRF loans are desirable as the finance rates are approximately one-half the interest rate of the most recent General Obligation Bond Rate at the time of loan approval. However, the loan requirements can be more stringent and the process more rigorous and time consuming as compared to typical municipal bond financing.

One of the initial steps in the SRF loan approval process is submitting the Financial Security Package. This package includes several required Board Resolutions (attached). As the SEJPA is applying for two loans (one for the Wastewater Projects and the second for the Recycled Water Projects), the SEJPA must submit two sets of similar resolutions.

The resolutions can be briefly described as follows:

- Resolution No. 2016-02 and No. 2016-05 (Attachments 1 and 4), authorize the General Manager or designee to sign and file for Wastewater and Recycled Water loan applications;
- Resolution No. 2016-03 and No. 2016-06 (Attachments 2 and 5), dedicate sources of revenues to repay the loans, and;
- Resolution No. 2016-04 and No. 2016-07 (Attachments 3 and 6), adopt reimbursement resolutions.

FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

RECOMMENDATION

It is therefore recommended that the Board of Directors:

1. Adopt Resolution No. 2016-02, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Authorizing the General Manager or designee to sign, file, provide assurances, certifications, commitments, and any and all actions required on behalf of the San Elijo Joint Powers Authority (SEJPA) related to entering into a Financial Assistance Agreement with the State Water Resources Control Board (SWRCB) related to the SEJPA Wastewater Projects;
2. Adopt Resolution No. 2016-03, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Dedicating and Pledging Net Revenues of the SEJPA Wastewater Enterprise Fund and the Wastewater Enterprise Fund to the repayment of any and all SRF financing for the SEJPA Wastewater Projects;
3. Adopt Resolution No. 2016-04, Resolution of the Board of Directors of the San Elijo Joint Powers Authority of Intent to Reimburse Expenditures Related to Construction or Reconstruction of Certain Public Facilities relating to the SEJPA Wastewater Projects;
4. Adopt Resolution No. 2016-05, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Authorizing the General Manager or designee to sign, file, provide assurances, certifications, commitments, and any and all actions required on behalf of the San Elijo Joint Powers Authority (SEJPA) related to entering into a Financial Assistance Agreement with the State Water Resources Control Board (SWRCB) related to the SEJPA Recycled Water Projects;
5. Adopt Resolution No. 2016-06, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Dedicating and Pledging Net Revenues of the SEJPA Recycled Water Enterprise Fund and the Recycled Water Enterprise Fund to the repayment of any and all SRF financing for the SEJPA Recycled Water Projects;
6. Adopt Resolution No. 2016-07, Resolution of the Board of Directors of the San Elijo Joint Powers Authority of Intent to Reimburse Expenditures Related to Construction or Reconstruction of Certain Public Facilities relating to the SEJPA Recycled Water Projects; and
7. Discuss and take action, as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

- Attachment 1: Resolution No. 2016-02, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Authorizing Resolution related to the SEJPA Wastewater Projects.
- Attachment 2: Resolution No. 2016-03, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Dedicating Certain Revenues for the Repayment of State Revolving Fund (SRF) Financing from the State Resources Control Board related to the SEJPA Wastewater Projects.
- Attachment 3: Resolution No. 2016-04, Resolution of the Board of Directors of the San Elijo Joint Powers Authority of intent to Reimburse Expenditures Related to Construction or Reconstruction of Certain Public Facilities related to the SEJPA Wastewater Projects.
- Attachment 4: Resolution No. 2016-05, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Authorizing Resolution related to the SEJPA Recycled Water Projects.
- Attachment 5: Resolution No. 2016-06, Resolution of the Board of Directors of the San Elijo Joint Powers Authority Dedicating Certain Revenues for the Repayment of State Revolving Fund (SRF) Financing from the State Resources Control Board related to the SEJPA Recycled Water Projects.
- Attachment 6: Resolution No. 2016-07, Resolution of the Board of Directors of the San Elijo Joint Powers Authority of intent to Reimburse Expenditures Related to Construction or Reconstruction of Certain Public Facilities related to the SEJPA Recycled Water Projects.

ATTACHMENT 1

RESOLUTION NO. 2016-02

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS
AUTHORITY (SEJPA), SAN DIEGO COUNTY, CALIFORNIA

AUTHORIZING RESOLUTION/ORDINANCE

WHEREAS the San Elijo Joint Powers Authority (the "SEJPA") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "SEJPA Wastewater Projects"); and **WHEREAS**, the SEJPA intends to finance the construction and/or reconstruction of the SEJPA Wastewater Projects or portions of the SEJPA Wastewater Projects with monies ("SEJPA Wastewater Projects Funds") provided by the State of California, acting by and through the State Water Resources Control Board (SWRCB); and

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY (the "SEJPA"), AS FOLLOWS:

The General Manager (the "Authorized Representative") or designee is hereby authorized and directed to sign and file, for and on behalf of the SEJPA, a Financial Assistance Application for a financing agreement from the SWRCB for the planning, design, and construction of the SEJPA Wastewater Projects.

This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the SWRCB and any amendments or changes thereto.

FURTHER ACTION. This Authorized Representative is hereby authorized to take any and all further actions to implement the instant resolution(s) and complete the subject loan approval and award process, including but not limited to the authority to approve and execute any and all additional documents as may be reasonably deemed necessary.

The Authorized Representative, or his/her designee, is designated to represent the SEJPA in carrying out the SEJPA's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the SEJPA and compliance with applicable state and federal laws.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors held on this 7th day of March, 2016 by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a regular meeting of the San Elijo Joint Powers Authority Board of Directors held on March 7, 2016.

Catherine S. Blakespear, Chairperson
SEJPA Board of Directors

Michael T. Thornton, PE
Secretary of the SEJPA Board

ATTACHMENT 2

RESOLUTION NO. 2016-03

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY (SEJPA), SAN DIEGO COUNTY, CALIFORNIA, DEDICATING CERTAIN REVENUES FOR THE REPAYMENT OF STATE REVOLVING FUND (SRF) FINANCING FROM THE STATE WATER RESOURCES CONTROL BOARD

WHEREAS, the State Water Resources Control Board (SWRCB) offers funding to assist local agencies with the construction of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "SEJPA Wastewater Projects");

WHEREAS, the Board of Directors of the SEJPA has approved the SEJPA Wastewater Projects; and

WHEREAS, the SEJPA has applied for financial assistance from the SWRCB.

NOW, THEREFORE BE IT RESOLVED, by the Board of Directors of the SEJPA that they hereby dedicates and pledges Net Revenues of the San Elijo Joint Powers Authority Wastewater Enterprise Fund and the Wastewater Enterprise Fund, to the repayment of any and all Clean Water State Revolving Fund financing for the SEJPA Wastewater Projects.

BE IT ALSO RESOLVED, by the Board of Directors of the SEJPA that the SEJPA commits to collecting such revenues and maintaining such fund(s) throughout the term of such financing and until the SEJPA has satisfied its repayment obligation thereunder unless modification or change is approved in writing by the State Water Resources Control Board. So long as the financing agreement(s) are outstanding, the SEJPA's pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the foregoing fund(s) and revenue(s) without any further action necessary. So long as the financing agreement(s) are outstanding, the SEJPA commits to maintaining the fund(s) and revenue(s) at levels sufficient to meet its obligations under the financing agreement(s). If for any reason, the said source of revenues proves insufficient to satisfy the debt service of the Clean Water State Revolving Fund obligation, sufficient funds shall be raised through increased water rates, user charges, or assessments or any other legal means available to meet the SRF obligation and to operate and maintain the project.

CERTIFICATION

PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors held on this 7th day of March, 2016 by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a regular meeting of the San Elijo Joint Powers Authority Board of Directors held on March 7, 2016.

Catherine S. Blakespear, Chairperson
SEJPA Board of Directors

Michael T. Thornton, PE
Secretary of the SEJPA Board

ATTACHMENT 3

RESOLUTION NO. 2016-04

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY (SEJPA), SAN DIEGO COUNTY, CALIFORNIA

REIMBURSEMENT RESOLUTION

WHEREAS, the San Elijo Joint Powers Authority (the "SEJPA") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "SEJPA Wastewater Projects"); and **WHEREAS**, the SEJPA intends to finance the construction and/or reconstruction of the Project or portions of the SEJPA Wastewater Projects with monies ("SEJPA Wastewater Projects Funds") provided by the State of California, acting by and through the State Water Resources Control Board (SWRCB); and

WHEREAS, the SWRCB may fund the SEJPA Wastewater Projects Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"), and

WHEREAS, prior to either the issuance of the Obligations or the approval by the SWRCB of the SEJPA Wastewater Projects Funds the SEJPA desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available monies of the SEJPA; and

WHEREAS, the SEJPA has determined that those monies to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the SEJPA for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, THE SEJPA DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The SEJPA hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the SWRCB of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the SEJPA Wastewater Projects Funds is \$22,400,000.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the SEJPA will expend moneys for the construction portion of the SEJPA Wastewater Projects costs to be reimbursed with Project Funds.

SECTION 4. Each SEJPA expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, this SEJPA is not aware of the previous adoption of official intents by the SEJPA that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This resolution is adopted as official intent of the SEJPA in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of SEJPA Wastewater Projects costs.

SECTION 7. All the recitals in this Resolution are true and correct and the SEJPA so finds, determines and represents.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors held on this 7th day of March, 2016 by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a regular meeting of the San Elijo Joint Powers Authority Board of Directors held on March 7, 2016.

Catherine S. Blakespear, Chairperson
SEJPA Board of Directors

Michael T. Thornton, PE
Secretary of the SEJPA Board

ATTACHMENT 4

RESOLUTION NO. 2016-05

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY (SEJPA), SAN DIEGO COUNTY, CALIFORNIA

AUTHORIZING RESOLUTION/ORDINANCE

WHEREAS the San Elijo Joint Powers Authority (the "SEJPA") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its Recycled Water system, including certain treatment facilities, pipelines and other infrastructure (the "SEJPA Recycled Water Projects"); and **WHEREAS**, the SEJPA intends to finance the construction and/or reconstruction of the SEJPA Recycled Water Projects or portions of the SEJPA Recycled Water Projects with monies ("SEJPA Recycled Water Projects Funds") provided by the State of California, acting by and through the State Water Resources Control Board (SWRCB); and

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY (the "SEJPA"), AS FOLLOWS:

The General Manager (the "Authorized Representative") or designee is hereby authorized and directed to sign and file, for and on behalf of the SEJPA, a Financial Assistance Application for a financing agreement from the SWRCB for the planning, design and construction of the SEJPA Recycled Water Projects.

This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the SWRCB and any amendments or changes thereto.

FURTHER ACTION. This Authorized Representative is hereby authorized to take any and all further actions to implement the instant resolution(s) and complete the subject loan approval and award process, including but not limited to the authority to approve and execute any and all additional documents as may be reasonably deemed necessary.

The Authorized Representative, or his/her designee, is designated to represent the SEJPA in carrying out the SEJPA's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the SEJPA and compliance with applicable state and federal laws.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors held on this 7th day of March, 2016 by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a regular meeting of the San Elijo Joint Powers Authority Board of Directors held on March 7, 2016.

Catherine S. Blakespear, Chairperson
SEJPA Board of Directors

Michael T. Thornton, PE
Secretary of the SEJPA Board

ATTACHMENT 5

RESOLUTION NO. 2016-06

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY (SEJPA), SAN DIEGO COUNTY, CALIFORNIA, DEDICATING CERTAIN REVENUES FOR THE REPAYMENT OF STATE REVOLVING FUND (SRF) FINANCING FROM THE STATE WATER RESOURCES CONTROL BOARD

WHEREAS, the State Water Resources Control Board (SWRCB) offers funding to assist local agencies with the construction of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "SEJPA Recycled Water Projects");

WHEREAS, the Board of Directors of the SEJPA has approved the SEJPA Recycled Water Projects; and

WHEREAS, the SEJPA has applied for financial assistance from the SWRCB.

NOW, THEREFORE BE IT RESOLVED, by the Board of Directors of the SEJPA that they hereby dedicates and pledges Net Revenues of the San Elijo Joint Powers Authority Recycled Water Enterprise Fund and the Recycled Water Enterprise Fund, to the repayment of any and all Clean Water State Revolving Fund financing for the SEJPA Recycled Water Projects;

BE IT ALSO RESOLVED, by the Board of Directors of the SEJPA that the SEJPA commits to collecting such revenues and maintaining such fund(s) throughout the term of such financing and until the SEJPA has satisfied its repayment obligation thereunder unless modification or change is approved in writing by the State Water Resources Control Board. So long as the financing agreement(s) are outstanding, the SEJPA's pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the foregoing fund(s) and revenue(s) without any further action necessary. So long as the financing agreement(s) are outstanding, the SEJPA commits to maintaining the fund(s) and revenue(s) at levels sufficient to meet its obligations under the financing agreement(s). If for any reason, the said source of revenues proves insufficient to satisfy the debt service of the Clean Water State Revolving Fund obligation, sufficient funds shall be raised through increased water rates, user charges, or assessments or any other legal means available to meet the SRF obligation and to operate and maintain the project.

CERTIFICATION

PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors held on this 7th day of March, 2016 by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a regular meeting of the San Elijo Joint Powers Authority Board of Directors held on March 7, 2016.

Catherine S. Blakespear, Chairperson
SEJPA Board of Directors

Michael T. Thornton, PE
Secretary of the SEJPA Board

ATTACHMENT 6

RESOLUTION NO. 2016-07

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY (SEJPA), SAN DIEGO COUNTY, CALIFORNIA

REIMBURSEMENT RESOLUTION

WHEREAS, the San Elijo Joint Powers Authority (the "SEJPA") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "SEJPA Recycled Water Projects"); and **WHEREAS**, the SEJPA intends to finance the construction and/or reconstruction of the Recycled Water Projects or portions of the SEJPA Recycled Water Projects with monies ("SEJPA Recycled Water Projects Funds") provided by the State of California, acting by and through the State Water Resources Control Board (SWRCB); and

WHEREAS, the SWRCB may fund the Recycled Water Projects Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"), and

WHEREAS, prior to either the issuance of the Obligations or the approval by the SWRCB of the SEJPA Recycled Water Projects Funds the SEJPA desires to incur certain capital expenditures (the "Expenditures") with respect to the Recycled Waters Project from available monies of the SEJPA; and

WHEREAS, the SEJPA has determined that those monies to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the SEJPA for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, THE SEJPA DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The SEJPA hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the SWRCB of the SEJPA Recycled Water Projects Funds.

SECTION 2. The reasonably expected maximum principal amount of the SEJPA Recycled Water Projects Funds is \$4,800,000.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the SEJPA will expend moneys for the construction portion of the SEJPA Recycled Water Projects costs to be reimbursed with Recycled Water Projects Funds.

SECTION 4. Each SEJPA expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, this SEJPA is not aware of the previous adoption of official intents by the SEJPA that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This resolution is adopted as official intent of the SEJPA in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of SEJPA Recycled Water Projects costs.

SECTION 7. All the recitals in this Resolution are true and correct and the SEJPA so finds, determines and represents.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors held on this 7th day of March, 2016 by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a regular meeting of the San Elijo Joint Powers Authority Board of Directors held on March 7, 2016.

Catherine S. Blakespear, Chairperson
SEJPA Board of Directors

Michael T. Thornton, PE
Secretary of the SEJPA Board

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

March 7, 2016

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: CONSTRUCTION CONTRACT FOR BLOWER REPLACEMENT PROJECT

RECOMMENDATION

It is recommended that the Board of Directors:

1. Waive the bid irregularity that has been corrected by Spiess Construction;
2. Authorize the General Manager to enter into an agreement with San Diego Gas & Electric for On-Bill Financing of a 10-year, zero interest loan in the amount of \$500,000;
3. Authorize the General Manager to enter into a construction contract with Spiess Construction in the amount of \$560,500; and
4. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Water Reclamation Facility (SEWRF) uses Conventional Activated Sludge Treatment as an important step in achieving State and Federal water quality requirements. This treatment process has a long and successful history of providing consistent, high quality, low cost treatment. The process consists of a bioreactor tank that is specially designed to use the microorganisms within the wastewater, combined with diffused oxygen, to provide biological treatment.

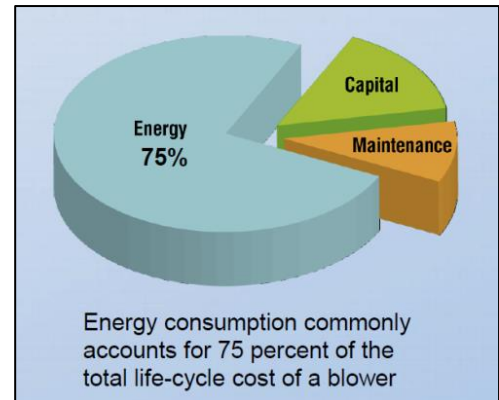
The air volume required to provide the diffused oxygen for activated sludge treatment is substantial and represents the single largest use of process air at the SEWRF. To produce this air, the facility has four 125-hp multi-stage centrifugal blowers and one 100-hp multi-stage centrifugal blower.



Multi-stage centrifugal blowers produce process air at the SEWRF.

The 125-hp blowers were installed in 1991 and are at the end of their useful life. The replacement of the 125-hp blowers was identified in the 2015 Facility Plan as a recommended project (Project No. 7).

In preparation for the project, Staff researched more energy-efficient replacements for the aging centrifugal blowers. Carollo Engineers estimates that 75% of a blower's total life-cycle cost is energy consumption. Therefore, properly sizing the blowers and using the most energy efficient equipment will provide substantial energy and cost savings. Based on engineering estimates for this project, installing three smaller Turbo blowers (75-hp) to replace three existing centrifugal blowers (125-hp) is projected to reduce energy consumption by 360,176 kWh annually. The SDG&E consultant estimates that this will save approximately \$48,000 per year. Staff has interviewed several agencies that operate turbo blowers and reviews have been positive.



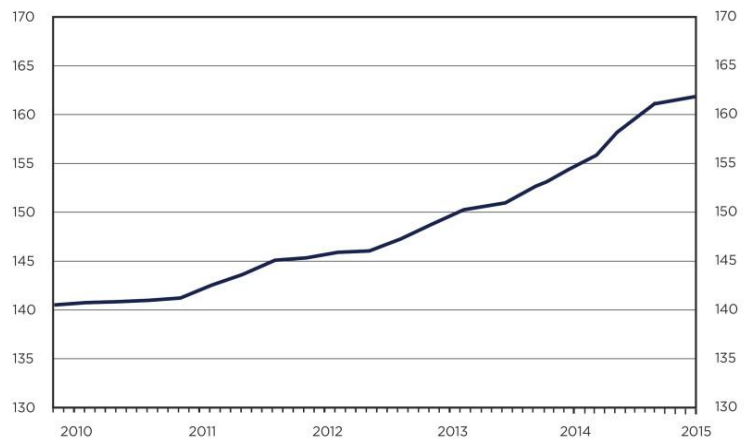
The Board approved engineering services with Hoch Consulting for the design of the blower replacement project. The consultant furnished Staff with mechanical and civil design documents that provided substantial detail for the project and cost estimate. Based on this information, Staff applied for the SDG&E Energy Efficiency Business Incentive (EEBI) program. This program provides grants and loans for approved energy efficiency projects. The SEJPA's Turbo Blower Project has been conditionally accepted by SDG&E, with a proposed project grant of \$34,981 and an interest free 10-year loan for \$500,000.

On January 14, 2016 the Notice Inviting Bids for the SEJPA Blower Replacement Project was advertised. Bids were received and publically opened on February 16, 2016.

DISCUSSION

Four bids were received for the Blower Replacement Project and the apparent low bidder is Spiess Construction. The bids were higher than anticipated due to additional work elements added into the project that were not incorporated into the Engineer's OPCC. In addition, construction costs are on the rise, which may have impacted the bids, as well. However, even with the higher than anticipated construction bid, the project is still viable and attractive due to the projected energy cost savings.

NATIONAL CONSTRUCTION COST INDEX



Rider Levett Bucknall North America

The construction bids are tabulated below:

RANK	COMPANY NAME	BASE BID
-	<i>Engineer's OPCC</i>	\$ <i>420,000.00</i>
1	Spiess Construction	\$ 560,500.00
2	NEWest Construction	\$ 578,800.00
3	SCW Contracting	\$ 619,191.00
4	Ahrens Mechanical	\$ 857,700.00

A bid protest letter was received from the second place bidder due to an irregularity in the Bid Bond. The Bid Bond Document that was submitted included a 10% bond value rather than the actual Bid Bond dollar value. The low bidder was notified of this irregularity and a correct bid bond was submitted (Attachment 1). SEJPA legal counsel agreed with this correction process.

Hoch Consulting reviewed the low bid for conformity with the construction contract requirements and concluded that the bid meet the requirement of the contract. In addition, Hoch contacted references and confirmed that the contractor has the required experience to complete this project (Attachment 2).

FINANCIAL IMPACT

The overall project budget has been revised based on the construction bids to \$693,575 including engineering design, construction, construction management, legal, administrative, and contingency costs.

Project Item	Budget
Engineering, Administration, Legal	\$49,040
Construction	\$560,500
Construction Management (7%)	\$39,235
Contingency (8%)	\$44,800
Total	\$693,575

Construction Management is budgeted as 7% of construction cost.
Contingency is budgeted as 8% of construction cost

The proposed project funding is through a combination of a \$34,981 SDG&E grant, a \$500,000 SDG&E zero interest loan, and cash available in the Wastewater Program capital fund. It is projected that the electricity savings that is obtained by using the high efficiency turbo blowers will fund the loan payment over the 10 year life of the loan.

It is recommended that the Board of Directors approve the following:

1. Waive the bid irregularity that has been corrected by Spiess Construction;
2. Authorize the General Manager to enter into an agreement with San Diego Gas & Electric for On-Bill Financing of a 10-year, zero interest loan in the amount of \$500,000;
3. Authorize the General Manager to enter into a construction contract with Spiess Construction in the amount of \$560,500; and
4. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachment 1: Corrected Bid Bond Submitted by Spiess Construction

Attachment 2: Hoch Consulting Blower Replacement Project Bid Evaluation Letter dated February 25, 2016



100 California Street, Suite 300
San Francisco, CA 94111

February 24, 2016

San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff-by-the-Sea, CA 92007

Re: Spiess Construction Co., Inc.
Blower Replacement Project
Bid Bond Dated February 10, 2016

To whom it may concern:

On behalf of our client, Spiess Construction Co., Inc., we are re-issuing the bid bond for the above referenced project to satisfy the Agency's request for a new bid bond.

This does not invalidate the bid bond that was posted at the bid opening. Using the 10% wording is an accepted industry standard in the State of California. We are simply re-issuing the bid bond as a courtesy to our client.

Travelers Casualty and Surety Company of America


Erin Bautista
Attorney-In-Fact

BOND NO. Bid Bond

BID BOND

KNOW ALL MEN BY THESE PRESENTS:

That we Spieess Construction Co., Inc.

Travelers Casualty and Surety Company of America, as PRINCIPAL, and

Travelers Casualty and Surety Company of America, as SURETY, are held and firmly bound unto the San Elijo Joint Powers Authority, 2695 Manchester Avenue, Cardiff-by-the-Sea, CA 92007, a political subdivision of the State of California, hereinafter called the OWNER, in the penal sum of TEN PERCENT (10%) OF THE TOTAL AMOUNT OF THE BID of the Principal above named, submitted by said Principal to the OWNER for the work described below for the payment of which sum in lawful money of the United States, well and truly to be made, we bind ourselves, our heirs, executors, administrators and successors, jointly and severally, firmly by these presents.

In no case shall the liability of the surety hereunder exceed the sum of Fifty Six Thousand Fifty & 00/100s Dollars (\$56,050.00).

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the Principal has submitted the above-mentioned bid to the OWNER for certain construction specifically described as follows, for which bids are to be opened on February 16, 2016 (date), or at a later date as may be established by OWNER in its sole discretion, for _____

Blower Replacement Project

NOW THEREFORE, if the aforesaid principal shall not withdraw said bid within the period specified therein after the opening of the same, or, if no period be specified, within sixty (60) days after said opening, and shall within the period specified therefore, or, if no period be specified, within ten (10) days after the prescribed forms are presented to him for signature, enter into a written contract with the OWNER, in the prescribed form, in accordance with the bid as accepted, and file the two bonds with the OWNER, one to guarantee faithful performance and the other to guarantee payment for labor and materials, as required by law, then this obligation shall be null and void; otherwise, it shall be and remain in full force and virtue.

In the event suit is brought upon this bond by the OWNER and judgment is recovered, the surety shall pay all costs incurred by the OWNER in such suit, including a reasonable attorney's fee to be fixed by the court.

Jan-16

00430 - 2

San Elijo Joint Powers Authority
Blower Replacement Project

IN WITNESS WHEREOF, We have hereunto set our hands and seals on this
24th day of February, A.D. 2016

Spiess Construction Co., Inc.

Principal

By:

Signature for Principal

SCOTT A. COLEMAN, PRESIDENT

Title

(Seal)

Travelers Casualty and Surety Company of America

Surety

By:

Signature for Surety

Erin Bautista, Attorney-in-Fact

Title

(Seal)

(See Attached Required California Notary Acknowledgment for Surety)

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) ss:
COUNTY OF)

On _____, 20__, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

NOTE:

- (a) Signature of those executing for Surety must be properly acknowledged.
- (b) The Attorney-in-fact must attach a certified copy of the Power of Attorney.

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Santa Clara

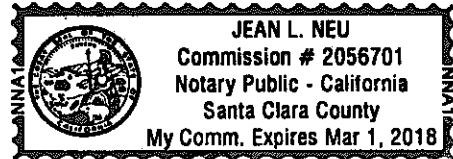
On February 24, 2016 before me, Jean L. Neu, Notary Public
(insert name and title of the officer)

personally appeared Erin Bautista
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~
subscribed to the within instrument and acknowledged to me that ~~he~~/~~she~~/~~they~~ executed the same in
~~his~~/~~her~~/~~their~~ authorized capacity(~~ies~~), and that by ~~his~~/~~her~~/~~their~~ signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)



CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) ss:
COUNTY OF)

On _____, 20____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(SEE ATTACHED ACKNOWLEDGEMENT)
Notary Public

NOTE:

- (a) Signature of those executing for Surety must be properly acknowledged.
- (b) The Attorney-in-fact must attach a certified copy of the Power of Attorney.

END OF BID BOND

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Santa Barbara)

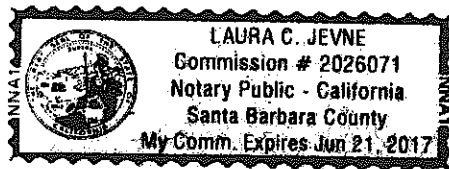
On February 25, 2016 before me, Laura C. Jevne, Notary Public
(insert name and title of the officer)

personally appeared Scott A. Coleman
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in
his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Laura Jevne* (Seal)





POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 229560

Certificate No. 006428697

KNOW ALL MEN BY THESE PRESENTS: That Farmington Casualty Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company are corporations duly organized under the laws of the State of Connecticut, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc., is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

H. Michael Vreeburg, Stephen Leveroni, Bryan D. Martin, Jean L. Neu, and Erin Bautista

of the City of San Mateo, State of California, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 18th day of June, 2015.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: [Signature]
Robert L. Raney, Senior Vice President

On this the 18th day of June, 2015, before me personally appeared Robert L. Raney, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.
My Commission expires the 30th day of June, 2016.



[Signature]
Marie C. Tetreault, Notary Public



Hoch Consulting
3255 Moccasin Avenue
San Diego, CA 92117
(tel.) 858-431-9767
ahoch@hochconsulting.com

February 25, 2016

Mr. Christopher Trees, P.E.
Director of Operations
San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff by the Sea, CA 92007

Subject: Blower Replacement Project – Bid Evaluation

Dear Mr. Trees:

This letter summarized Hoch Consulting’s evaluation of bids for the Blower Replacement Project.

BACKGROUND

The San Elijo Joint Powers Authorities (SEJPA) Blower Replacement Project, Project No. SE2015-HSTB, will construct a three new high speed turbo blowers to replace the existing centrifugal blower system. The project was publicly advertised on January 14, 2016 and January 21, 2016. A mandatory pre-bid meeting was held on January 28, 2016. Bids were received on February 16, 2016. Four bids were received by the 11:00 am deadline and subsequently opened publicly in the SEJPA board room. The bid documents define the project award to the lowest responsive bidder, as determined by the bid schedule.

QUANTITATIVE BID COMPARISON

Four bids were received for the subject project, and the results are summarized in the Table 1, along with a preliminary Opinion of Probable Construction Costs (OPCC).

RANK	COMPANY NAME	BASE BID
-	<i>Project OPCC</i>	\$ <i>420,000.00</i>
1	Spiess Construction	\$ 560,500.00
2	NEWest Construction	\$ 578,800.00
3	SCW Contracting Company	\$ 618,351.00
4	Ahrens Mechanical	\$ 857,700.00

Table 1



The following observations are made in review of these bid prices.

- The apparent low bidder was Spiess Construction Company, Inc. with a total bid of \$560,500, which is 33% above the preliminary OPCC of \$420,000.

Several factors are believed to contribute to the disparity between the preliminary OPCC and the base bid including (1) blower size, quantity, and quality changes, (2) late project additions, and (3) the bidding climate as described further below:

- *Blower Size, Quantity, and Quality Changes* – The initial project concept looked at installing one 50-hp turbo blower. During preliminary engineering it was determined that two 75-hp blowers were required to meet the full range of air demands at the SEWRF (one 75-hp to operate at low demands, two 75-hp to operate in parallel at high demands). Late in the project's design cycle, it was decided to install a full high-speed turbo blower system with 50% redundancy, which required three 75-hp blowers. Additionally, late in the project's design cycle, several final design choices were made that impact the cost of the blowers. For example, the bearing, one of the critical components in high speed turbo blowers (blowers require major overhauls when this bearing fails), was specified as having a minimum rated life of 10 years and 20,000 hard stops/starts, as opposed to some manufacturers, which only rate their bearings for 10,000 hard stops/starts. It is unclear if the cost increases due to the increased blower size, quantities, and/or quality were reflected in the latest preliminary OPCC.
- *Late Project Additions* – Between 90% and 100% design, several additions to the project were requested by SEJPA that may not have been reflected in the latest preliminary OPCC. These additions include but are not limited to: provision of a CompactLogix PLC in the existing LCP to provide controls over the new blower system AND SEJPA's existing assets, provision of a programmer to interface with SEJPA's programmer, modifications to SEJPA's LCP, and provision of new breakers.
- *Bidding Climate* – The bidding climate is likely to have impacted the final project cost. For example, all bidders identified that they would provide APG Neuros Turbo Blowers. However, the cost for the Bid Item No. 3, Turbo Blower Procurement & Installation, ranged from \$357,700 to \$479,100, indicating a 34% increase in cost from the low bidder to the high bidder for identical equipment.

The full quantitative analysis is included in Attachment A.

QUALITATIVE REVIEW OF APPARENT LOW BIDDER

Spiess Construction Co., Inc. is the apparent low bidder. Hoch Consulting reviewed their bid proposal and noted the following observations.

- Spiess Construction Co., Inc. holds a valid A – General Engineering Contractor, B – Building Contractor, C33 – Painting and Decorating, and C27 Landscaping, satisfying requirements of Section 00100 – Notice Inviting Bids.
- Spiess Construction Co., Inc. indicated one subcontractor, St. Denis Electric, for performance of the Electrical and Instrumentation work.



- Spiess Construction Co., Inc. listed several projects as relevant experience, including an effluent sampling facility for the City of Oxnard and a Wastewater Treatment Plant Centrifuge for the City of Wasco. Hoch Consulting spoke with representatives from the City of Oxnard (Thien Ng) and the City of Wasco (Bob Wren). Each representative indicated that their project included complex construction activities including installation of piping, equipment, electrical, and sitework. Both references spoke highly of Spiess Construction Co., Inc., identified that the company performed work professionally, on time, and with minimal change orders. Each representative did not hesitate to recommend Spiess Construction Co., Inc. for work at the SEWRF.
- Speiss Construction Co., Inc. attended the mandatory pre-bid meeting (Joe Hickman).
- Speiss Construction Co., Inc. acknowledged receipt of Addendum No. 1 and No. 2.
- Speiss Construction Co., Inc. submitted the required 10% bid bond, and notarized acknowledgements, declarations, and certifications. SEJPA's Legal Counsel should verify all forms are properly executed prior to award.

BID PROTESTS

Subsequent to the bid opening, NEWest Construction Company submitted a letter protesting award of the project to Speiss Construction Co., Inc. due to the claim that the Bid Bond was not executed properly. The protest letter can be found in Attachment 2. Specifically, NEWest claims that Speiss's Bid Bond is invalid because they entered "Ten Percent (10%) of the Total Amount Bid---" in lieu of a narrative value of the actual dollar amount covered under the bid (e.g. "fifty-six thousand five hundred dollars".) NEWest also claimed that "to be responsive, a bid must be in strict and full accordance with the material terms of the invitation for bid."

California Public Contract Code Section 20162, requires that the contract be awarded to the lowest responsible bidder. In Spec. Section 00200, Article 16, Paragraph 16.1 "The OWNER [SEJPA] reserves the right to reject any and all Bids and to waive any and all irregularities in Bids not involving price, time or changes in the Work." This discretion to waive inconsequential informalities or irregularities is well established under California Law. In general, issues of responsiveness are determined by looking exclusively at the face of the bid and allegations of nonresponsiveness must be evaluated from a practical, rather than speculative or hyper technical perspective. The discrepancy noted by NEWest does not appear to involve price, time, or changes in the Work and appears to argue nonresponsiveness from a minor technicality. Additionally, the bid by Speiss is responsive on its face. Pending review, analysis, and concurrence by SEJPA's Legal Counsel, Hoch Consulting believes NEWest's Bid Protest to be without merit.

RECOMMENDATION TO AWARD

Hoch Consulting prepared the bid tabulation identified above and reviewed the bid proposal by the apparent low bidder, Speiss Construction Co., Inc., as described above. Speiss Construction is currently preparing the resume of superintendent and notarized financial statement required to be submitted by the Low Bidder per Specification Section 0400, Page 4, and is sending these directly to the SEJPA. Hoch Consulting did not identify any material bid irregularities. Speiss Construction Co., Inc. is a reputable, properly licensed contractor with experience relevant to the subject project.

Hoch Consulting concludes that the apparent low bid from Speiss Construction Company is responsible and a fair bid at a reasonable price. Hoch Consulting recommends that SEJPA award the



contract for the project to Speiss Construction Co., Inc. for five-hundred sixty-thousand and five hundred dollars (\$560,500).

Sincerely,
HOCH CONSULTING

Adam Hoch, P.E., QSD
President/Principal Engineer

Attachments: Bid Quantitative Analysis
NEWest Protest Letter dated February 17, 2016

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

March 7, 2016

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: ADOPT THE PROPOSED MITIGATED NEGATIVE DECLARATION FOR THE
SAN ELIJO LAND OUTFALL REPLACEMENT PROJECT

RECOMMENDATION

It is recommended that the Board of Directors:

1. Adopt the Proposed Mitigated Negative Declaration for the San Elijo Land Outfall Replacement Project; and
2. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) is the managing authority for the San Elijo Ocean Outfall, which provides ocean disposal of treated wastewater for the City of Escondido and the SEJPA. The SEJPA constructed the original outfall in 1965 and extended the pipeline further into the ocean in 1974 when the City of Escondido became an outfall partner. The outfall conveys up to 25.5 million gallons per day (MGD) of treated wastewater and is considered critical wastewater infrastructure as it is in continual use. The ocean outfall crosses beneath Manchester Avenue, the San Elijo Lagoon, the North County Transit District railroad right-of-way (ROW) and the Coast Highway. The final segment of the Ocean Outfall extends 1.5 miles offshore from Cardiff State Beach. The land portion of the ocean outfall has been identified for replacement. The pipeline through the San Elijo Lagoon is approximately 50 years old, and based on the pipe material and corrosive nature of the lagoon soil, is considered to be at or near the end of its useful life. The 2015 Facility Plan identified the replacement of the land outfall as the highest priority project.

DISCUSSION

The SEJPA retained the professional services of HELIX Environmental Planning, Inc. to prepare the California Environmental Quality Act (CEQA) reporting requirements for the proposed San Elijo Land Outfall Replacement project. Based on the findings of the Initial Study Environmental Checklist, HELIX recommended that a Mitigated Negative Declaration (MND) is the appropriate environmental document for project compliance with CEQA.

This final MND was prepared by HELIX with the SEJPA as the lead agency, and is in conformance with Section 15070(a) of the CEQA Guidelines. The purpose of the MND and the Initial Study Checklist is to determine any potentially significant impacts associated with the proposed project, and to incorporate mitigation measures into the project design.

The SEJPA determined that the project will not have a significant adverse effect on the environment based on the Initial Study/Mitigated Negative Declaration performed by HELIX. Some potentially significant effects have been identified and mitigation measures have been incorporated into the project to ensure that these effects remain at less than significant levels. The MND therefore satisfies the requirements of CEQA (PRC 21000 et. seq.; 14 CCR 15000 et. seq.). These conclusions are supported by the findings in the attached San Elijo Land Outfall Replacement Project, Mitigated Negative Declaration.

The MND was distributed Friday, January 8, 2016 through Monday, February 8, 2016 for a 30-day public review period. In addition, the SEJPA conducted a Citizen Participation Meeting on January 11, 2016. At the meeting, Staff provided a PowerPoint Presentation of the project, answered questions from attendees, and provided instructions for submitting any further questions. Three MND comment letters were received: State Water Resources Control Board, California Department of Fish and Wildlife, and the California State Lands Commission. Based on the comment letters, minor revisions were made to the Final MND and responses were sent to each agency for their review. No substantive comments that change the determination of impacts or mitigation measures were received.

CEQA guidelines require the decision-making body to consider the proposed MND, and any comments received during the public review process prior to project approval. To date, all concerns raised have been addressed by the SEJPA.

Adoption of the proposed MND will complete the public review process required by CEQA.

It is therefore recommended that the Board of Directors:

1. Adopt the Proposed Mitigated Negative Declaration for the San Elijo Land Outfall Replacement Project; and
2. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachment 1: Preface to The San Elijo Land Outfall Replacement Project – Final Initial Study/Mitigated Negative Declaration (February 2016)

Attachment 2: Public Comment Letters and Responses to the proposed Mitigated Negative Declaration for the San Elijo Land Outfall Replacement Project

Note: The San Elijo Land Outfall Replacement Project – Final Initial Study/Mitigated Negative Declaration is posted on the SEJPA website at the following link: www.sejpa.org under Capital Projects/Public Notices.

SAN ELIJO LAND OUTFALL REPLACEMENT PROJECT

Final Initial Study/Mitigated Negative Declaration



February 2016



SAN ELIJO _____
JOINT POWERS AUTHORITY

2695 Manchester Avenue
Cardiff by the Sea, CA 92007

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PREFACE

This is a Final Initial Study/Mitigated Negative Declaration (IS/MND), prepared pursuant to the California Environmental Quality Act (CEQA), addressing the potential environmental effects associated with the implementation of the San Elijo Land Outfall Replacement Project (proposed project). The Draft Initial Study (IS)/MND was circulated for a 30-day public review period from January 8, 2016 to February 8, 2016 (State Clearinghouse No. 2016011018). Comments received during the public review period, as well as responses to the environmental issues raised in the comments, are provided in Appendix D of the Final IS/MND. In response to comments received on the Draft IS/MND, minor revisions and clarifications have been made to the Final MND, including the Initial Study. All revisions are shown in ~~strikeout~~ and underline in the Final IS/MND.

The San Elijo Joint Powers Authority (SEJPA), as the CEQA Lead Agency, having reviewed the IS of this proposed project, having reviewed the written comments received on the Draft IS/MND, and having reviewed the recommendation of the Lead Agency's Staff, hereby finds and declares that the proposed project will not have a significant effect on the environment as mitigated. A brief statement of the reasons supporting the Lead Agency's findings are as follows:

An IS was conducted by the SEJPA to evaluate the potential effects of the proposed project upon the environment. The IS concluded that potentially significant impacts would occur with respect to biological resources (nesting birds and sensitive vegetation) and cultural resources (unknown subsurface archaeological and/or paleontological resources); however, impacts would be less than significant with mitigation. Potential impacts to biological resources would be mitigated by (1) conducting pre-construction surveys and implementing avoidance measures if nesting birds are observed; (2) biological monitoring; (3) installing temporary construction fencing; and (4) implementing construction best management practices. Potential impacts to cultural resources would be mitigated by implementing an archaeological and paleontological monitoring and recovery program during construction. The project would result in less than significant or no impacts to the following environmental issues areas: aesthetics, agriculture and forestry resources, air quality, geology/soils, greenhouse gas emissions, hazards and hazardous materials, hydrology/water quality, land use and planning, mineral resources, noise, population and housing, public services, recreation, transportation/traffic, and utilities/services systems. Therefore, an MND has been prepared for the project. The SEJPA hereby finds that the MND reflects its independent judgment.

The documents and other materials that constitute the record of proceedings on which the SEJPA's Findings of Fact are based are located at 2695 Manchester Avenue, Cardiff by the Sea, California 92007. The custodian of these documents is Mike Konicke, Associate Engineer. This information is provided in compliance with Public Resources Code § 21081.6(a)(2) and CEQA Guidelines §15074(c). The documents and other materials that constitute the record of proceedings on which the SEJPA's adoption of the Final IS/MND is based consist of the following documents, at a minimum:

- All public notices issued by SEJPA in conjunction with the project.
- The Draft IS/MND and Final IS/MND, including all appendices and technical studies included or referenced in the Draft IS/MND and Final IS/MND.
- All comments submitted by agencies or members of the public during the 30-day public comment period on the Draft IS/MND.
- All comments and correspondence submitted to SEJPA with respect to the project.
- The Mitigation Monitoring and Reporting Program for the project (contained in Appendix E of the Final IS/MND).

Appendix D

RESPONSES TO PUBLIC COMMENTS





Edmund G. Brown Jr.
Governor

STATE OF CALIFORNIA
Governor's Office of Planning and Research
State Clearinghouse and Planning Unit



Ken Alex
Director

February 9, 2016

Mike Konicke
San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff by the Sea, CA 92007

Subject: San Elijo Land Outfall Replacement Project
SCH#: 2016011018

Dear Mike Konicke:

The State Clearinghouse submitted the above named Mitigated Negative Declaration to selected state agencies for review. On the enclosed Document Details Report please note that the Clearinghouse has listed the state agencies that reviewed your document. The review period closed on February 8, 2016, and the comments from the responding agency (ies) is (are) enclosed. If this comment package is not in order, please notify the State Clearinghouse immediately. Please refer to the project's ten-digit State Clearinghouse number in future correspondence so that we may respond promptly.

Please note that Section 21104(c) of the California Public Resources Code states that:

"A responsible or other public agency shall only make substantive comments regarding those activities involved in a project which are within an area of expertise of the agency or which are required to be carried out or approved by the agency. Those comments shall be supported by specific documentation."

These comments are forwarded for use in preparing your final environmental document. Should you need more information or clarification of the enclosed comments, we recommend that you contact the commenting agency directly.

This letter acknowledges that you have complied with the State Clearinghouse review requirements for draft environmental documents, pursuant to the California Environmental Quality Act. Please contact the State Clearinghouse at (916) 445-0613 if you have any questions regarding the environmental review process.

Sincerely,

Scott Morgan
Director, State Clearinghouse

Enclosures
cc: Resources Agency

1400 TENTH STREET P.O. BOX 3044 SACRAMENTO, CALIFORNIA 95812-3044
TEL (916) 445-0613 FAX (916) 323-3018 www.opr.ca.gov

A-1 This comment letter confirms receipt and distribution of the Draft IS/MND and documents project compliance with State Clearinghouse review requirements for the Draft IS/MND pursuant to CEQA. No further response is required.

**Document Details Report
State Clearinghouse Data Base**

SCH# 2016011018
Project Title San Elijo Land Outfall Replacement Project
Lead Agency San Elijo Joint Powers Authority

Type MND Mitigated Negative Declaration

Description The SEJPA proposes to replace the land outfall portion of the San Elijo Water Reclamation Facility (SEWRF) outfall system that extends between the SEWRF and the beach. The proposed alignment of the new land outfall would be slightly different from the existing outfall alignment in order to accommodate a trenchless construction method, horizontal direction drilling. The new pipeline would extend west approx. 80 linear feet from the existing outfall system within the existing SEWRF access road, under the access road, and across an existing flood control channel in an open trench. From there, it would turn southwestward for approx. 2,500 linear feet under Manchester Avenue, the Visitor Center parking lot, San Elijo Lagoon railroad tracks, Coast Hwy 101, and connect to the existing outfall located beneath the Cardiff State Beach.

Lead Agency Contact

Name Mike Konicke
Agency San Elijo Joint Powers Authority
Phone 760-753-6203 **Fax**
email
Address 2695 Manchester Avenue
City Cardiff by the Sea **State** CA **Zip** 92007

Project Location

County San Diego
City Encinitas
Region
Lat / Long
Cross Streets Manchester Ave./ San Elijo Water Reclamation Facility/ San Elijo Lagoon Visitor Center
Parcel No.
Township 13S **Range** 4W **Section** 26/27 **Base** Enc

Proximity to:

Highways I-5
Airports
Railways NCTD
Waterways San Elijo Lagoon, Pacific Ocean
Schools Cardiff Elem.
Land Use Public/Semi Public, Ecological Reserve/Open Space/Park, Public Right-of-Way, Transportation Corridor

Project Issues Aesthetic/Visual; Agricultural Land; Air Quality; Archaeologic-Historic; Biological Resources; Coastal Zone; Drainage/Absorption; Flood Plain/Flooding; Forest Land/Fire Hazard; Geologic/Seismic; Minerals; Noise; Population/Housing Balance; Public Services; Recreation/Parks; Schools/Universities; Sewer Capacity; Soil Erosion/Compaction/Grading; Solid Waste; Toxic/Hazardous; Traffic/Circulation; Vegetation; Water Quality; Water Supply; Wetland/Riparian; Landuse; Growth Inducing; Cumulative Effects; Other Issues

Reviewing Agencies Resources Agency; Cal Fire; Department of Conservation; Department of Fish and Wildlife, Region 5; Department of Parks and Recreation; Department of Water Resources; California Highway Patrol; Caltrans, District 11; Air Resources Board; Regional Water Quality Control Board, Region 9; State Water Resources Control Board, Division of Drinking Water; State Water Resources Control Board, Division of Financial Assistance; Native American Heritage Commission; Public Utilities Commission; State Lands Commission

COMMENTS

RESPONSES

Document Details Report
State Clearinghouse Data Base

Date Received 01/08/2016 Start of Review 01/08/2016 End of Review 02/08/2016

Note: Blanks in data fields result from insufficient information provided by lead agency.



RECEIVED
SAN ELIJO
JOINT POWERS AUTHORITY
2016 FEB -9 AM 9:46



State Water Resources Control Board

JAN 26 2016

Mike Konicke
San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff by the Sea, CA 92007

Dear Mr. Konicke:

INITIAL STUDY/MITIGATED NEGATIVE DECLARATION (IS/MND) FOR SAN ELIJO JOINT POWER AUTHORITY (JPA); SAN ELIJO LAND OUTFALL REPLACEMENT PROJECT (PROJECT); SAN DIEGO COUNTY; STATE CLEARINGHOUSE NO. 2016011018

We understand that the JPA is pursuing Clean Water State Revolving Fund (CWSRF) financing for this Project (CWSRF No. C-06-8195-110). As a funding agency and a state agency with jurisdiction by law to preserve, enhance, and restore the quality of California's water resources, the State Water Resources Control Board (State Water Board) is providing the following information on the IS/MND to be prepared for the Project.

The State Water Board, Division of Financial Assistance, is responsible for administering the CWSRF Program. The primary purpose for the CWSRF Program is to implement the Clean Water Act and various state laws by providing financial assistance for wastewater treatment facilities necessary to prevent water pollution, recycle water, correct nonpoint source and storm drainage pollution problems, provide for estuary enhancement, and thereby protect and promote health, safety and welfare of the inhabitants of the state. The CWSRF Program provides low-interest funding equal to one-half of the most recent State General Obligation Bond Rates with a 30-year term. Applications are accepted and processed continuously. Please refer to the State Water Board's CWSRF website at: www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/index.shtml.

The CWSRF Program is partially funded by the United States Environmental Protection Agency and requires additional "CEQA-Plus" environmental documentation and review. Three enclosures are included that further explain the CWSRF Program environmental review process and the additional federal requirements. For the complete environmental application package please visit: http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/srf_forms.shtml. The State Water Board is required to consult directly with agencies responsible for implementing federal environmental laws and regulations. Any environmental issues raised by federal agencies or their representatives will need to be resolved prior to State Water Board approval of a CWSRF financing commitment for the proposed Project. For further information on the CWSRF Program, please contact Mr. Ahmad Kashkoli, at (916) 341-5855.

FELICIA MARCUS, CHAIR | THOMAS HOWARD, EXECUTIVE DIRECTOR

1001 I Street, Sacramento, CA 95814 | Mailing Address: P.O. Box 100, Sacramento, CA 95812-0100 | www.waterboards.ca.gov



B-1 The San Elijo Joint Powers Authority (SEJPA) is considering to pursue financing the project (in part) through the Clean Water State Revolving Fund (CWSRF) Program. If it is decided to pursue this financing option, the SEJPA will coordinate with the State Water Board for the required CEQA-Plus environmental documentation and review process.

It is important to note that prior to a CWSRF financing commitment, projects are subject to provisions of the Federal Endangered Species Act (ESA), and must obtain Section 7 clearance from the United States Department of the Interior, Fish and Wildlife Service (USFWS), and/or the United States Department of Commerce National Oceanic and Atmospheric Administration, National Marine Fisheries Service (NMFS) for any potential effects to special-status species.

Please be advised that the State Water Board will consult with the USFWS, and/or the NMFS regarding all federal special-status species that the Project has the potential to impact if the Project is to be financed by the CWSRF Program. The JPA will need to identify whether the Project will involve any direct effects from construction activities, or indirect effects such as growth inducement, that may affect federally listed threatened, endangered, or candidate species that are known, or have a potential to occur in the Project site, in the surrounding areas, or in the service area, and to identify applicable conservation measures to reduce such effects.

In addition, CWSRF projects must comply with federal laws pertaining to cultural resources, specifically Section 106 of the National Historic Preservation Act (Section 106). The State Water Board has responsibility for ensuring compliance with Section 106, and must consult directly with the California State Historic Preservation Officer (SHPO). SHPO consultation is initiated when sufficient information is provided by the CWSRF applicant. If the JPA decides to pursue CWSRF financing, please retain a consultant that meets the Secretary of the Interior's Professional Qualifications Standards (http://www.nps.gov/history/local-law/arch_stnds_9.htm) to prepare a Section 106 compliance report.

Note that the JPA will need to identify the Area of Potential Effects (APE), including construction and staging areas, and the depth of any excavation. The APE is three-dimensional and includes all areas that may be affected by the Project. The APE includes the surface area and extends below ground to the depth of any Project excavations. The records search request should extend to a 1/2-mile beyond Project APE. The appropriate area varies for different projects but should be drawn large enough to provide information on what types of sites may exist in the vicinity.

Other federal environmental requirements pertinent to the Project under the CWSRF Program include the following (for a complete list of all federal requirements please visit: http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/forms/application_environmental_package.pdf):

- A. Compliance with the Federal Clean Air Act: (a) Provide air quality studies that may have been done for the Project; and (b) if the Project is in a nonattainment area or attainment area subject to a maintenance plan; (i) provide a summary of the estimated emissions (in tons per year) that are expected from both the construction and operation of the Project for each federal criteria pollutant in a nonattainment or maintenance area, and indicate if the nonattainment designation is moderate, serious, or severe (if applicable); (ii) if emissions are above the federal de minimis levels, but the Project is sized to meet only the needs of current population projections that are used in the approved State Implementation Plan for air quality, quantitatively indicate how the proposed capacity increase was calculated using population projections.
- B. Compliance with the Coastal Zone Management Act: Identify whether the Project is within a coastal zone and the status of any coordination with the California Coastal Commission.

B-1
cont.

COMMENTS

RESPONSES

B-1
cont.

- C. Protection of Wetlands: Identify any portion of the proposed Project area that should be evaluated for wetlands or United States waters delineation by the United States Army Corps of Engineers (USACE), or requires a permit from the USACE, and identify the status of coordination with the USACE.
- D. Compliance with the Farmland Protection Policy Act: Identify whether the Project will result in the conversion of farmland. State the status of farmland (Prime, Unique, or Local and Statewide Importance) in the Project area and determine if this area is under a Williamson Act Contract.
- E. Compliance with the Migratory Bird Treaty Act (MBTA): List any birds protected under this act that may be impacted by the Project and identify conservation measures to minimize impacts.
- F. Compliance with the Flood Plain Management Act: Identify whether or not the Project is in a Flood Management Zone and include a copy of the Federal Emergency Management Agency (FFMA) flood zone maps for the area
- G. Compliance with the Wild and Scenic Rivers Act: Identify whether or not any Wild and Scenic Rivers would be potentially impacted by the Project and include conservation measures to minimize such impacts.

Following are specific comments on the JPA's draft IS/MND:

B-2

1. Please provide copies of the United States Fish and Wildlife Service (USFWS) species records, the California Natural Diversity Database (CNDDB) list, California Native Plant Society (CNPS) list, and the National Wetland Inventory (NWI) mentioned on page 14. Please ensure that all species identified on these lists are assessed in attachment D of Appendix B, the Biological Resources Letter Report.

B-3

2. How far away is the scrub habitat where the coastal California gnatcatcher was documented as occurring, mentioned on page 15, from the Project area? When was the latest documented occurrence of the coastal California gnatcatcher in this area?

B-4

3. Page 15 mentions that the western snowy plover established nests on Cardiff State Beach in spring of 2015. Are there indications that the species would return to this nesting site in subsequent years and be impacted by the Project?

B-5

4. Do any birds of conservation concern have the possibility to occur in the area and/or be directly or indirectly impacted by the Project? Note that the CWSRF program requires that the MBTA office of the USFWS be given the opportunity to comment on a Project should any protected birds under the MBTA have the possibility to be impacted by the Project.

B-6

5. Item 5b, on page 21, states that the cultural resource CA-SDI-6850 is discussed in item 5a. However, this resource is not referenced in item 5a. Additionally, item 5a states that "No historic resources [are located] along the Project alignment." However, item 5b states that CA-SDI-6850 is located along the Project alignment. Please clarify these contradictions.

B-7

6. Item 5d, on page 22, mentions that the Native American Heritage Commission was contacted for this Project. Where the identified Native American contacts contacted and given the chance to comment on the Project?

B-8

7. Please provide the FEMA Flood Insurance Rate Map (FIRM) mentioned on page 32.

B-9

8. Please provide the wetland delineation mentioned on page 5 of the Biological Resources Letter Report. What extent of the Project occurs in a protected wetland?

B-10

9. Please provide to the State Water Board a copy of the 2014 Biological Resources Technical Report mentioned on page 27 of the Biological Resources Letter Report.

B-2 Species identified during the database reviews are addressed in the Biological Resources Letter Report prepared for the project (Appendix B of the Final IS/MND). As stated in response B-1, additional environmental documentation required for the CEQA-Plus process would be provided to the State Water Board (as the administrator of the CWSRF Program) if the SEJA decides to pursue CWSRF financing for the proposed project.

B-3 The documented locations of coastal California gnatcatcher in relation to the project impact footprint is shown on Figure 7 of the Biological Resources Letter Report prepared for the project (Appendix B of the Final IS/MND). These locations are approximately 250 feet from the closest area of proposed surface ground disturbance, which is the open trench within the Visitor Center access road. Although the proposed new land outfall pipeline appears to be closer than a horizontal distance of 250 feet from these gnatcatcher locations in Figure 7, the pipeline would be underground and installed through a trenchless method by inserting the pipeline through a receiving site within the San Elijo Water Reclamation Facility. Gnatcatchers were not observed or otherwise detected within the Biological Study Area during the 2015 general biological surveys conducted for the project, but were observed during previous surveys conducted in 2010 and 2011 as reported in the Biological Resources Technical Report prepared for the San Elijo Lagoon Restoration Project, which is cited in Section VII of the Final IS/MND.

B-4 There are no specific indicators that the western snowy plover would nest at Cardiff State Beach. As indicated in Item 4.a of the IS, there is a low potential for this species to nest on the beach and impacts to the western snowy plover are not anticipated to occur as a result of the project. Mitigation is identified in the MND (BIO-1) that requires

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- B-4 cont. pre-construction surveys if construction would start during the western snowy plover breeding season (March 1 to September 30) to determine absence or presence of this sensitive species and avoidance measures if western snowy plover nests are observed.
- B-5 As discussed in Item 4.a of the IS, sensitive and non-sensitive bird species are known to occur within the project area and may potentially be impacted by the project. Mitigation measures are identified in the MND (BIO-1 and BIO-2) that would mitigate impacts. As stated in response B-1, additional environmental documentation required for the CEQA-Plus process would be provided to the State Water Board (as the administrator of the CWSRF Program) if the SEJPA decides to pursue CWSRF financing for the proposed project.
- B-6 There is no contradictory information in Items 5.a and 5.b of the IS. Item 5.a addresses historical resources, and Item 5.b addresses archaeological resources. The identified resource in Item 5.b (CA-SDI-6850) is an archaeological resource, but not a historical resource. Therefore, the statement that no historical resources were identified in the records search or field survey is accurate. Minor text revisions were made in Item 5.b of the Final IS/MND to provide additional clarification.
- B-7 Native American tribes identified by Native American Heritage Commission were contacted regarding the project. The Native American consultation process is ongoing.
- B-8 FEMA Flood Insurance Rate Maps are available to view on the FEMA website (<https://msc.fema.gov/portal>). As stated in response B-1, additional environmental documentation required for the CEQA-Plus process would be provided to the State Water Board (as the administrator of the CWSRF Program) if the SEJPA decides to pursue CWSRF financing for the proposed project.
- B-9 Jurisdictional delineation data utilized in the Biological Resources Letter Report is depicted on Figure 8 of the Biological Resources Letter Report. As shown in Figure 8 and discussed in Item 4.c in the IS, no impacts to wetlands would occur as a result of the project. Trenchless construction methods (i.e., horizontal directional drilling) would be used to install the outfall pipe below the lagoon, thereby avoiding impacts to wetlands. As stated in response B-1, additional environmental documentation required for the CEQA-Plus process would be provided to the State Water Board (as the administrator of the CWSRF Program) if the SEJPA decides to pursue CWSRF financing for the proposed project.
- B-10 As stated in response B-1, additional environmental documentation required for the CEQA-Plus process would be provided to the State Water Board (as the administrator of the CWSRF Program) if the SEJPA decides to pursue CWSRF financing for the proposed project.

COMMENTS

RESPONSES

- B-11 10. Please add the western snowy plover and ridgeway rail to attachment D of the Biological Resources Letter Report.
- B-12 11. Attachment D of the Biological Resources Letter Report states that there is a moderate potential for the federally endangered Pacific pocket mouse to occur in the coastal sage scrub habitat of the biological survey area. However, potential impacts to the species are not discussed in the IS/MND or the Biological Resources Letter Report. Is there a possibility for the Project to directly or indirectly impact the Pacific pocket mouse?
- B-13 12. For the CWSRF program, ensure that the Cultural Study meets Section 106 requirements. Please also provide copies of the records search results; a statement of qualifications; a map displaying identified resources in relation to the Project APE; a map displaying what was surveyed and how; and copies of Native American correspondence.
- B-14 13. Also note that the CWSRF program requires an alternative analysis discussing environmental impacts be included in either the CEQA documents or in the Project's technical report.

B-15 Please provide us with the following documents applicable to the proposed Project following the JPA's California Environmental Quality Act (CEQA) process: (1) one copy of the draft and final IS/MND, (2) the resolution adopting the IS/MND and making CEQA findings, (3) all comments received during the review period and the JPA's response to those comments, (4) the adopted Mitigation Monitoring and Reporting Program (MMRP), and (5) the Notice of Determination filed with the San Diego County Clerk and the Governor's Office of Planning and Research, State Clearinghouse. In addition, we would appreciate notices of any hearings or meetings held regarding environmental review of any projects to be funded by the State Water Board.

Thank you for the opportunity to review the JPA's draft IS/MND. If you have any questions or concerns, please feel free to contact me at (916) 341-5686, or by email at Amanda.Dwyer@waterboards.ca.gov, or contact Ahmad Kashkoli at (916) 341-5855, or by email at Ahmad.Kashkoli@waterboards.ca.gov.

Sincerely,



Amanda Dwyer
Environmental Scientist

Enclosures (3)

1. Clean Water State Revolving Fund Environmental Review Requirements
2. Quick Reference Guide to CEQA Requirements for State Revolving Fund Loans
3. Basic Criteria for Cultural Resources Reports

cc: State Clearinghouse
(Re: SCH# 2016011018)
P.O. Box 3044
Sacramento, CA 95812-3044

B-11 These two species have been added to Appendix D of the Biological Resources Letter Report prepared for the project.

B-12 The assessment of moderate potential to occur within the study area for the Pacific pocket mouse is based on the presence of this species' preferred habitat types, which includes (among others) coastal sage scrub on marine terraces. Coastal sage scrub is mapped within the study area, but would not be impacted by implementation of the project (refer to Table 3 in the Final IS/MND and Figure 7 in the Biological Resources Letter Report). Additionally, there are no documented locations of the Pacific pocket mouse within the study area. Therefore, impacts to this species are not expected as a result of the project.

B-13 As stated in response B-1, additional environmental documentation required for the CEQA-Plus process would be provided to the State Water Board (as the administrator of the CWSRF Program) if the SEJPA decides to pursue CWSRF financing for the proposed project.

B-14 As stated in response B-1, additional environmental documentation required for the CEQA-Plus process would be provided to the State Water Board (as the administrator of the CWSRF Program) if the SEJPA decides to pursue CWSRF financing for the proposed project.

B-15 The State Water Board has been added to the distribution list in the Final IS/MND (Section VI). As stated in response B-1, additional environmental documentation required for the CEQA-Plus process would be provided to the State Water Board (as the administrator of the CWSRF Program) if the SEJPA decides to pursue CWSRF financing for the proposed project.



State of California – Natural Resources Agency
DEPARTMENT OF FISH AND WILDLIFE
South Coast Region
3883 Ruffin Road
San Diego, CA 92123
(858) 467-4201
www.wildlife.ca.gov

EDMUND G. BROWN JR., Governor
CHARLTON H. BONHAM, Director



February 8, 2016

Mr. Mike Konicke, Associate Engineer
San Elijo Joint Powers Authority
2695 Manchester Drive
Cardiff by the Sea, CA 92007
konickem@sejpa.org

Subject: Comments on the Mitigated Negative Declaration for the San Elijo Land Outfall Replacement Project, San Elijo Joint Powers Authority, SCH#2016011018

Dear Mr. Konicke:

The California Department of Fish and Wildlife (Department) has reviewed the above-referenced San Elijo Land Outfall Replacement Project Mitigated Negative Declaration (MND) and the Outfall Preliminary Design Report (OPDR) dated June, 2015. The following statements and comments have been prepared pursuant to the Department's authority as Trustee Agency with jurisdiction over natural resources affected by the project (California Environmental Quality Act, [CEQA] Guidelines § 15386) and pursuant to our authority as a Responsible Agency under CEQA Guidelines section 15381 over those aspects of the proposed project that come under the purview of the California Endangered Species Act (Fish and Game Code § 2050 *et seq.*) and Fish and Game Code section 1600 *et seq.* The Department also administers the Natural Community Conservation Planning (NCCP) program.

The project site is located in the community of Cardiff by the Sea, west of Interstate 5. The project site extends from the San Elijo Water Reclamation Facility (SEWRF) just north of Manchester Avenue to Cardiff State Beach, encompassing an area southwest across San Elijo Lagoon. The project site is located entirely within the Coastal Zone.

The project proposes to replace the land outfall portion of the outfall system that currently consists of a 50-year old asbestos cement (AC) pipe. The proposed alignment of the new land outfall would be altered. The proposed land outfall pipeline would consist of 30-inch diameter high density polyethylene or fusible polyvinyl chloride (PVC) pipe that would extend west from the existing PVC outfall system at the SEWRF, within the existing access road. The pipe would extend west approximately 80 feet from the connection point, under the access road, and across an existing flood control channel. Construction of this segment of the pipe would occur within an open trench and may require removal of up to 30 feet of the existing flood control channel. A new connection to the existing Escondido outfall regulator structure would be installed within the driveway to the San Elijo Lagoon Visitor Center. Other pipeline work would occur within the trench in this area, including: replacement of the existing AC Cardiff Pump Station Force Main with a 10-inch diameter ductile iron (DI) pipe to connect to the existing 14-inch Olivenhain Pump Station sewer pipeline; a 10-inch diameter DI pipe that would connect with an existing above grade DI pipe; and an existing 200-foot-long, 10-inch diameter DI pipe mounted on the inside wall of the existing box culvert would be removed. The proposed outfall pipe would travel approximately 2,500 feet under Manchester Avenue, the Visitor Center parking lot, San Elijo Lagoon, the railroad tracks, Coast Highway 101, and then connect to the

Conserving California's Wildlife Since 1870

C-1 This comment provides introductory statements and no further response is required.

Mr. Mike Konicke, Associate Engineer
 San Eljo Joint Powers Authority
 February 8, 2016
 Page 2 of 2

existing outfall located beneath Cardiff State Beach. Installation of this segment of the pipe would be conducted utilizing horizontal directional drilling (HDD), a trenchless construction method. Prior to the HDD, an approximately 100 linear foot long, 60-inch steel casing pipe would be installed under Coast Highway 101 via an auger bore. The new pipe would tie into the existing ocean outfall pipe located approximately 15 feet below ground level at the beach. A manhole would be constructed on the beach for this connection and buried beneath the sand. The connection would be constructed in an open trench. Additional sand and/or rip rap would be placed within the area of disturbance on this portion of the beach in coordination with the City of Encinitas Dunes Restoration Project. The HDD launch site would be located on the beach, and the receiving site at the SEWRF. The new land outfall would be located at a maximum depth of approximately 65 feet below ground surface. Once the new outfall is complete and operational, the existing land outfall pipeline would be dewatered, its ends would be capped, and it would be abandoned in place.

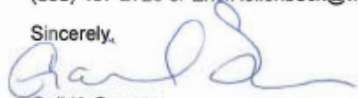
The Department offers the following comments and recommendations to assist the San Eljo Joint Powers Authority in avoiding or minimizing potential project impacts on biological resources.

Part 4.c of the MND states that no impacts would occur to the wetland areas of the San Eljo Lagoon, but part II.B of the OPDR states that geotechnical risk exists and that hydro fracture and settlement are possible with HDD. In order to minimize risk of impacts to the biological resources of the lagoon, the Department recommends the final MND address the development of the following:

1. A HDD Work Plan outlining aspects of site specific training, project specific activity hazard analysis, and identification of responsibility for stop work authority.
2. A Risk Management Plan identifying risk and mitigation for inadvertent release of drilling fluids into sensitive habitat that could result from exceedances of tolerances from design line, borehole collapses, un-drillable obstructions, and stuck product or hydrolock.
3. A HDD Remediation Plan describing spill prevention measures (including spill kit response items and procedures, and how spills directly under the lagoon could be accessed and corresponding impacts to habitat mitigated). The plan should include monitoring measures with notification protocols, documentation responsibilities and provisions for corrective actions related to the drilling process and any potential impacts on the lagoon.

We appreciate the opportunity to comment on the referenced MND. Questions regarding this letter and further coordination on these issues should be directed to Eric Hollenbeck at (858) 467-2720 or Eric.Hollenbeck@wildlife.ca.gov.

Sincerely,



Gail K. Sevrens
 Environmental Program Manager
 South Coast Region

ec: Doreen Stadlander, U.S. Fish and Wildlife Service
 Scott Morgan, State Clearinghouse

C-2 Accidental release of fluids due to hydrofracture, inadvertent spillages, or slurry returns into sensitive habitat as a result of the horizontal directional drilling process would be avoided through contractor specifications, which require preparation and implementation of an Inadvertent Return and Surface Spill Contingency Plan to control drilling fluids. The Final IS/MND has been revised (Section II under Project Construction) to include these contractor specifications as a matter of project design.

STATE OF CALIFORNIA

EDMUND G. BROWN JR., Governor

CALIFORNIA STATE LANDS COMMISSION
 100 Howe Avenue, Suite 100-South
 Sacramento, CA 95825-8202



Established in 1938

February 8, 2016

JENNIFER LUCCHESI, Executive Officer
 (916) 574-1800 Fax (916) 574-1810
 California Relay Service TDD Phone 1-800-735-2929
 from Voice Phone 1-800-735-2922

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 Contact FAX: (916) 574-1885

File Ref: SCH # 2016011018

Mike Konicke
 San Elijo Joint Powers Authority
 2695 Manchester Avenue
 Cardiff by the Sea, CA 92007

Subject: Draft Mitigated Negative Declaration (MND) for San Elijo Land Outfall Replacement Project, San Diego County

Dear Mr. Konicke:

The California State Lands Commission (CSLC or Commission) staff has reviewed the subject MND for the San Elijo Land Outfall Replacement Project (Project), which is being prepared by the San Elijo Joint Powers Authority (SEJPA). The SEJPA, as the public agency proposing to carry out the Project, is the lead agency under the California Environmental Quality Act (CEQA) (Pub. Resources Code, § 21000 et seq.). The CSLC is a trustee agency for projects that could directly or indirectly affect sovereign lands and their accompanying Public Trust resources or uses. Additionally, because the Project involves work on sovereign lands, the CSLC will act as a responsible agency.

CSLC Jurisdiction and Public Trust Lands

The CSLC has jurisdiction and management authority over all ungranted tidelands, submerged lands, and the beds of navigable lakes and waterways. The CSLC also has certain residual and review authority for tidelands and submerged lands legislatively granted in trust to local jurisdictions (Pub. Resources Code, §§ 6009, subd. (c), 6301, 6306). All tidelands and submerged lands, granted or ungranted, as well as navigable lakes and waterways, are subject to the protections of the Common Law Public Trust.

As general background, the State of California acquired sovereign ownership of all tidelands and submerged lands and beds of navigable lakes and waterways upon its admission to the United States in 1850. The State holds these lands for the benefit of all people of the State for statewide Public Trust purposes, which include but are not limited to waterborne commerce, navigation, fisheries, water-related recreation, habitat preservation, and open space. On tidal waterways, the State's sovereign fee ownership extends landward to the mean high tide line, except for areas of fill or artificial accretion

D-1 This comment provides introductory statements and no further response is required.

Mike Konicke

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or where the boundary has been fixed by agreement or a court. On navigable non-tidal waterways, including lakes, the State holds fee ownership of the bed of the waterway landward to the ordinary low water mark and a Public Trust easement landward to the ordinary high water mark, except where the boundary has been fixed by agreement or a court. Such boundaries may not be readily apparent from present day site inspections.

Portions of the proposed replacement pipeline will occupy State-owned lands within the San Elijo Lagoon (Lagoon) and must receive authorization from the CSLC before the Project can commence. CSLC staff is currently processing an application from the SEJPA for a new lease for the existing ocean outfall and the existing and proposed pipeline within the Lagoon. Currently, the ocean outfall is under Lease No. PRC 3228.9, a General Lease – Public Agency Use, to the SEJPA. Additionally, State-owned land within the Lagoon is leased to California Department of Fish and Wildlife (CDFW) Lease No. PRC 5328.9, a General Lease- Public Agency Use, for wildlife refuge management. Any new lease to SEJPA must be consistent with the existing lease to CDFW. Authorization for the existing pipelines, including the ocean outfall, and the proposed Project will be considered by the CSLC at a future public meeting, pending adoption of the MND and the mitigation measures by the SEJPA. For questions regarding CSLC land management and leasing, please consult with Ken Foster in the CSLC's Land Management Division (see contact information below).

Project Description

SEJPA proposes to replace the land outfall portion of the San Elijo Water Reclamation Facility (SEWRF) outfall system that extends between the SEWRF and the beach to meet the agency's objectives and needs as follows:

- Replace an existing pipeline;
- Reduce impacts to wetlands from trenching; and
- Abandon the old pipeline.

From the Project description in the MND, CSLC staff understands that the Project would include the following components:

- Horizontal Directional Drilling (HDD) Launching Site. The 60-inch casing pipeline (assembled at the SEWRF) would be installed approximately 65 feet below ground surface by HDD launched from a pilot bore (rectangular area of approximately 200 feet by 100 feet) on the beach. The area would be limited to beach and not encroach into the high tide line or mean high water mark, as defined by the Army Corps of Engineers. The new pipeline would tie into the existing ocean outfall pipeline located approximately 15 feet below ground level at the beach.
- HDD Receiving Site. The HDD (installing 60-inch casing pipeline) would be received on the SEWRF centralized at the grassy area in front of the SEWRF. The access driveway and the flood control channel may be utilized temporarily during pipeline fabrication and layback. The flood control channel would be protected by the contractor during construction activities.

D-1
cont.

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February 8, 2016

It would take approximately 4 months (16 weeks) to carry out the entire Project as explained below:

- 6 to 8 weeks to complete the HDD;
- 1 week to insert the pipeline from the SEWRF and pull it from the beach;
- 2 weeks to make the final connection on the beach side to the existing ocean outfall pipeline; and
- 2 weeks to connect to the regulator structure via a single trench crossing Manchester Avenue.

Environmental Review

CSLC staff requests that the SEJPA consider the following comments on the Project's MND.

General Comments

1. Mitigation Monitoring Program (MMP): CSLC staff requests that all mitigation measures proposed for the Project be compiled in a MMP (see <http://www.slc.ca.gov/Info/Reports/Mohave/5.0.pdf> as an example). Pursuant to State CEQA Guidelines section 15097, the lead agency is required to adopt the MMP in conjunction with approving the Project. As a responsible agency, the CSLC will rely on the MMP for its consideration of the Project.
2. Old Pipeline Removal: According to the MND, page 3, "Once the new outfall is complete and operational, the existing land outfall pipeline would be dewatered, its ends would be capped, and it would be abandoned in place" As a property owner, the Commission's preference is the complete removal of the old pipeline if feasible. CSLC staff requests that the Final MND include an environmental analysis of pipeline removal. This analysis will be considered as part of the CSLC staff report for the SEJPA lease application.
3. CSLC Required Permits and Approvals: Table 1 on page 4 states that CSLC's permit or approval for the Project is an "Easement." As explained in "CSLC Jurisdiction and Public Trust Lands" above, the existing and proposed pipeline will occupy State-owned lands within the Lagoon and will require a lease or lease amendment from the CSLC before the Project can commence. Once the MND and MMP are finalized and adopted by SEJPA, the Project will be scheduled for CSLC authorization using the completed environmental analysis.
4. CDFW Concurrence Documentation: CDFW should also be included in Table 1 (page 4) because CSLC's property involved in the Project is currently leased to CDFW for wildlife management.

- D-1 cont.
- D-2 A Mitigation Monitoring and Reporting Program is included as Appendix E in the Final IS/MND.
- D-3 Removal of the existing pipeline was considered, but determined to be not feasible principally due to environmental constraints associated with the San Elijo Lagoon. Removal of the existing pipeline would require one or more open trenches across the San Elijo Lagoon, which would result in substantial impacts to wetlands, other sensitive habitat, and potentially sensitive species.
- D-4 Table 1 in the Final IS/MND has been revised to note that a lease or lease amendment is required from the State Lands Commission.
- D-5 Table 1 in the Final IS/MND has been revised to include concurrence from the California Department of Fish and Wildlife of a lease or lease amendment.

Biological Resource

5. Spill Response and HDD Fluid Release Monitoring and Contingency Plan (Plan): Although the HDD was selected to be a trenchless method to avoid impacts to wetlands, there is still the possibility of HDD fluid releases from the operation. CSLC staff requests the Plan (specific for HDD and not general "appropriate standard spill prevention practices and clean-up materials" as stated in Mitigation Measure BIO-5 on page 18) be included in the Final MND to further reduce possible environmental impacts from carrying out proposed Project-related activities. CSLC requests that this Plan be included as a mitigation measure to the MND and MMP.

6. Consultations with Resource Agencies: Based on the database searches discussion on page 14, it was not clear if CDFW or U.S. Fish and Wildlife Service staff were consulted about the sensitive species and habitats databases results. CSLC staff requests that results of these databases be provided in the Final MND in addition of results of consultations with the specific Agency staff for a comprehensive biological resources analysis.

Cultural Resources

7. Compliance with Assembly Bill (AB) 52: The MND does not discuss how it complies with AB 52 effective July 1, 2015. CSLC requests that the Final MND add an additional question "Cause a substantial adverse change in the significance of a tribal cultural 16 resource as defined in Public Resources Code section 21074?" to the Cultural Resources checklist (page 20) (see "question c" on page 3-36 as an example at <http://www.slc.ca.gov/Info/Reports/Mohave/3.5.pdf>). CSLC also requests that the Final MND address this question and explain if and how appropriate tribes were consulted to comply with AB 52.

8. Title to Resources: The MND should also mention that the title to all abandoned shipwrecks, archaeological sites, and historic or cultural resources on or in the tide and submerged lands of California is vested in the State and under the jurisdiction of the CSLC (Pub. Resources Code, § 6313). CSLC staff requests that the SEJPA consult with Assistant Chief Counsel Pam Griggs (see contact information below) should any cultural resources on State lands be discovered during construction of the proposed Project. In addition, CSLC Staff requests that the following statement be included in MMP: "The final disposition of archaeological, historical, and paleontological resources recovered on State lands under the jurisdiction of the CSLC must be approved by the Commission."

Recreation

9. Beach Closure for HDD Launching: Based on the discussion and figures provided in the MND, there will be a rectangular area of approximately 200 feet by 100 feet that will be used as the HDD launching site. However, there is no discussion (page 39) of this public recreational beach area being inaccessible to the public while carrying out proposed Project-related activities. CSLC staff requests that the Final MND

D-6 Accidental release of fluids due to hydrofracture, inadvertent spillages, or slurry returns into sensitive habitat as a result of the horizontal directional drilling process would be avoided through contractor specifications, which require preparation and implementation of an Inadvertent Return and Surface Spill Contingency Plan to control drilling fluids. The Final IS/MND has been revised (Section II under Project Construction) to include these contractor specifications as a matter of project design.

D-7 Species identified during the database reviews are addressed in the Biological Resources Letter Report prepared for the project (Appendix B of the Final IS/MND). Coordination with the U.S. Fish and Wildlife Service and California Department of Fish and Wildlife is ongoing in conjunction with the regulatory permits being obtained for the project.

D-8 The Final IS/MND has been revised to include this additional IS Checklist question and associated discussion/analysis (see Item 5.e in the Final IS/MND).

D-9 It is acknowledged that abandoned shipwrecks, archaeological sites, and historic or cultural resources on or in the tide and submerged lands of California are under the jurisdiction of the State Lands Commission. If such resources are encountered within areas under State Lands Commission jurisdiction during project construction, the SEJPA will consult with the State Lands Commission.

D-10 The proposed staging area on the beach would not prevent access to Cardiff State Beach. While an approximately 250-foot by 100-foot area on the beach would be temporarily fenced and utilized for construction activities for approximately four months, it would not block access to the beach or north-south access on the beach. Pedestrians and beachgoers would be able walk along the beach within this area without being impeded or redirected due to the staging area. Approximately 14 on-street parallel parking spaces along the west side of Coast Highway 101

COMMENTS

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Mike Konicke

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cont.

adequately address possible impacts to recreation on the beach. If there are impacts to recreation as a result of the Project, then appropriate mitigation measures should be included in the MND and MMP to ensure the impacts are reduced to a less-than-significant level.

Thank you for the opportunity to comment on the MND for the Project. As a responsible and trustee agency, the CSLC will need to rely on the Final MND for the issuance of any amended or new lease as specified above. Therefore, staff requests that you consider our comments prior to adoption of the Final MND.

D-11

Please send copies of future Project-related documents, including electronic copies of the Final MND, MMP, Notice of Determination (NOD) when they become available. Please refer questions concerning environmental review to Afifa Awan, Environmental Scientist, at (916) 574-1891, or via e-mail at Afifa.Awan@slc.ca.gov. For questions concerning archaeological or historic resources under CSLC jurisdiction, please contact Assistant Chief Counsel Pam Griggs at (916) 574-1854, or via e-mail at Pamela.Griggs@slc.ca.gov. For questions concerning CSLC leasing jurisdiction, please contact Ken Foster, Public Land Manager, at (916) 574-1869, or via e-mail at Kenneth.Foster@slc.ca.gov.

Sincerely,



Cy R. Oggins, Chief
Division of Environmental Planning
and Management

cc: Office of Planning and Research

- A. Awan, CSLC
- K. Colson, CSLC
- K. Foster, CSLC
- P. Griggs, CSLC
- J. Ramos, CSLC

D-10 cont. would be temporarily displaced for the four-month construction period to accommodate construction vehicle access; however, the temporary loss of 14 spaces would not substantially affect the existing public parking or accessibility to the beach, as public parking is provided along portions of this stretch of Coast Highway 101 and in a public parking lot in the area. No significant impacts to recreation or public use areas would occur. The Final IS/MND (see Item 15.a) has been revised to address these temporary impacts.

D-11 The State Lands Commission is included on the distribution list in the Final IS/MND (Section VI).

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

March 7, 2016

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: REVIEW PROCESS FOR SELECTING BOARD MEMBER ALTERNATES AND VOTING

RECOMMENDATION

It is recommended that the Board of Directors:

1. Discuss and take action, as appropriate.

BACKGROUND

At the January 2016 SEJPA Board meeting, Director Muir requested that, at a future Board meeting, staff provide a briefing on the process for selecting Board Member alternates.

DISCUSSION

The SEJPA formation agreement (revised 2008) provides allowances for the Board to select Board Member alternates. Each member agency (City of Encinitas and the City of Solana Beach) may appoint an alternate to serve in the absence of a regular member of the SEJPA Board. The alternate must be a current council member or an employee of the member agency.

For the process of Board voting, each Board Member (regular or alternate) has one vote. When a regular member of the SEJPA Board is absent, the alternate member may vote or if an alternate member has not been assigned or is not present, the regular member of the SEJPA Board of the same member agency is entitled to cast their vote and a vote on behalf of the absent member. Three members constitute a quorum for the transaction of business and the affirmative vote of three members is required for any action of the SEJPA Board.

If the member agency elects to appoint an alternate member, then written notification to the SEJPA is required to recognize the appointment (Section 2.3(b)). The joint powers agreement is silent on whether the alternate, or the remaining regular board member, has priority in voting on behalf of an absent member. To provide greater clarity, SEJPA Board may desire to

develop policy to specify the notice procedure and to establish priority of voting on behalf of absent members.

FISCAL IMPACT

There is no fiscal impact associated with reviewing the selection process of Board Member alternates.

RECOMMENDATION

It is recommended that the Board of Directors:

1. Discuss and take action, as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachment 1: Restatement of Agreement between Cardiff Sanitation District and Solana Beach Sanitation District Establishing the San Elijo Joint Powers Authority

**RESTATEMENT OF
AGREEMENT BETWEEN CARDIFF SANITATION DISTRICT
AND SOLANA BEACH SANITATION DISTRICT
ESTABLISHING THE SAN ELIJO JOINT POWERS AUTHORITY**

This agreement is entered into this 25th day of June, 2008 by and between the City of Encinitas, as successor to the Cardiff Sanitation District, a county sanitation district, and the City of Solana Beach, as successor to the Solana Beach Sanitation District, a county sanitation district, (hereinafter referred to as the "parties" or "Member Agencies"), pursuant to the laws of the State of California.

RECITALS

A. The Cardiff Sanitation District and the Solana Beach Sanitation District jointly constructed and operated a water pollution control facility known as the San Elijo Water Pollution Control Facility, pursuant to a joint powers agreement, commonly referred to as the "Basic Agreement."

B. The Basic Agreement was superseded by the "Agreement Between Cardiff Sanitation District and Solana Beach Sanitation District Establishing A Joint Powers Authority For The Operation, Maintenance, Construction, Upgrade and Expansion Of A Joint Sewage System," dated June 17, 1987. That agreement created the San Elijo Joint Powers Authority (hereinafter "SEJPA"), as a separate public entity with the power to own, operate, maintain and upgrade the San Elijo Water Pollution Control Facility. Under the terms of that agreement, SEJPA was empowered to exercise the authority of the sanitation districts to provide for the transmission, collection, treatment, disposal of sewage and wastewater, and to develop water reclamation facilities, and was vested with all of their rights, obligations, liabilities and duties.

C. Upon the dissolution and merger of the Solana Beach Sanitation District with the City of Solana Beach on July 1, 1990, and the dissolution and merger of the Cardiff Sanitation District with the City of Encinitas on October 18, 2001, these cities became entitled to continue to exercise the rights of the county sanitation districts in accordance with Government Code Sections 56886, 57461 and 57462, with respect to the provision of sewer service pursuant to the contracts under which the San Elijo Joint Powers Authority was created and operated.

D. The agreement establishing the SEJPA was amended a number of times between 1989 and 2005. It is the intent of the parties to supersede the June 1987 agreement, as so amended, by the adoption of this "Restatement of Agreement Between Cardiff Sanitation District and Solana Beach Sanitation District Establishing the San Elijo Joint Powers Authority," (hereinafter the "Agreement.") The purpose of this Agreement is to incorporate prior amendments into a single document, update the Agreement, and to clarify and supplement the duties and responsibilities of SEJPA and the parties.

In consideration of these recitals and the mutual covenants contained herein, the Member Agencies agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1. For the purposes of this agreement, the words and terms defined in this Article have the meaning established by this Article, unless from the context of the paragraph, sentence, phrase or clause in which the word or term appears it is evident that a different meaning is intended. Unless otherwise defined, the words or terms used in this agreement shall have their customary and common meanings.

Section 1.2. "Act" means the Joint Exercise of Powers Act, Title 1, Division 7, Chapter 5, (commencing with Section 6500) of the California Government Code.

Section 1.3. "Joint System" means the San Elijo Water Pollution Control Facility, consisting of the land, the sewage treatment plant, the Escondido Regulator Structure and the San Elijo Ocean Outfall, as well as the San Elijo Water Reclamation Facility, the Oak Crest and Lomas Santa Fe Reservoirs, Lomas Santa Fe Booster Pump Station and the associated recycled water distribution systems.

Section 1.4. "Joint Facilities" means the Joint System together with all other facilities, improvements, land and other works acquired, installed, operated, or maintained by SEJPA pursuant to this agreement.

Section 1.5. "MGD" means million gallons per day. Unless otherwise specified, the term MGD is used in reference to treatment capacity determined by average daily dry weather flow.

Section 1.6. "Member Agency" means either the City of Solana Beach, as successor to the Solana Beach Sanitation District, or the City of Encinitas, as successor to the Cardiff Sanitation District. When used in the plural, the term shall mean both cities.

Section 1.7. "Person" means person, corporation, partnership, joint venture, public entities, or unincorporated association of any type or nature.

Section 1.8. "Plant" is a term used to refer generally to the San Elijo Water Pollution Control Facility and San Elijo Water Reclamation Facility, and may include either the Joint System or the Joint Facilities, depending upon the context of the sentence in which the term is used.

Section 1.9. "SEJPA" means the San Elijo Joint Powers Authority created by this Agreement.

Section 1.10. "Transmission facilities" means sewers, pipes, force mains, laterals, pump stations, meters and other improvements for the collection or transmission of sewage, wastewater or reclaimed water.

ARTICLE 2

CREATION OF AUTHORITY/ SEJPA BOARD

Section 2.1. This Agreement is made pursuant to the Act, providing for the joint exercise of powers common to the Member Agencies. The purpose of this Agreement is to establish a single agency authorized to manage, operate, maintain and expand the Plant for the treatment and disposal of sewage or wastewater and for the treatment, storage, transmission, sale and disposal of recycled water, and to determine the joint and separate obligations of the Member Agencies concerning the transmission, treatment, disposal and reclamation of sewage and wastewater within the respective service territories of the Member Agencies.

Section 2.2. The San Elijo Joint Powers Authority ("SEJPA") is hereby created. The San Elijo Joint Powers Authority is a public entity, separate and apart from the Member Agencies.

Section 2.3. Organization of SEJPA Board

(a) The SEJPA shall be governed by a Board consisting of four members. Two members of the SEJPA Board shall be members of the City Council of the City of Solana Beach and two members shall be members of the City Council of the City of Encinitas. Each Member

Agency may appoint an alternate to serve in the absence of a regular member of the SEJPA Board, who must also be a council member or an employee of the Member Agency.

(b) Each member of the SEJPA Board shall serve a term determined by the appointing authority. A member may serve any number of consecutive terms. A member or alternate member shall be disqualified to serve on the SEJPA Board if the member ceases to hold office on the city council of the appointing Member Agency, or in the case of an employee alternate, ceases to be an employee of the appointing Member Agency. Alternate members, if any, shall serve at the pleasure of the appointing authority. Each Member Agency shall provide written notice to SEJPA of any appointments made, and of any vacancies which may occur. However, the Board of SEJPA shall have the power to determine when a vacancy exists, in accordance with Government Code Section 1770, *et seq.*, for the purposes of conducting its business and notifying the Member Agencies of the need for an appointment.

(c) Each member of the SEJPA Board may receive compensation for each day of service to the joint powers authority, as defined by resolution adopted by the SEJPA Board. The rate of compensation, total per diem and annual compensation available, and compensable services established by such resolution shall not exceed the limits set forth in Water Code Sections 20201 and 20202. Such a resolution may be effective upon its adoption, but shall in no event have retroactive effect. It shall provide compensation of not less than the amount of \$160.00 per meeting for each regular, adjourned or special meeting of the SEJPA Board. Members shall also be reimbursed for actual and necessary expenses for travel and meetings as authorized by the SEJPA Board.

Section 2.4. Meetings of the SEJPA Board

(a) Annually, the SEJPA Board shall establish the time, date and place of its regular meetings; provided however, that the SEJPA Board shall hold at least one regular meeting every two months.

(b) All meetings of the SEJPA Board shall be noticed, called, held, and conducted in accordance with the Ralph M. Brown Act.

(c) The SEJPA Board shall keep minutes of all meetings, except for authorized closed sessions. The minutes shall be prepared as soon as practicable after each meeting of the SEJPA Board and a copy shall be delivered to each member of the Member Agencies, and to their respective city managers.

Section 2.5. Voting; Tie Votes

(a) Each member of the SEJPA Board shall have one vote. When a regular member of the SEJPA Board is absent, the regular member of the SEJPA Board of the same Member Agency shall be entitled to cast a vote on behalf of the absent member.

(b) Three members shall constitute a quorum for the transaction of business except that less than a quorum may adjourn any meeting from time to time. The existence of a quorum shall be determined based on the number of members present.

(c) The affirmative vote of three members of the SEJPA Board shall be required for any action of the SEJPA Board.

(d) Whenever, after consideration of a matter for two meetings, the SEJPA Board is unable to decide the matter because of a tie vote, the issue shall be referred to the City Councils of the Member Agencies for resolution within 45 days, except as otherwise provided in Sections 4.7 and 6 of this Agreement.

(e) The SEJPA Board may adopt, amend or repeal by-laws, rules or regulations for the conduct of its meetings and other business.

(f) The voting procedures established by this section, including the ability of one member to cast a vote on behalf of another member from the same Member Agency under the described circumstances, shall only apply to duly noticed regular and special meetings of the SEJPA Board. The voting procedures established by this section shall not apply to any standing or ad hoc committee of SEJPA.

ARTICLE 3

OFFICERS AND EMPLOYEES OF SEJPA BOARD

Section 3.1. Election of Officers

(a) By the second meeting of each calendar year, the SEJPA Board shall appoint a chairperson and vice-chairperson and shall establish the time and place for its regular meetings. The chairperson shall conduct and may call meetings of the SEJPA Board, adopt resolutions and ordinances, and execute contracts and other documents, and take such other actions as may be legally required or authorized by the SEJPA Board on behalf of the joint powers authority.

(b) The vice-chairperson shall act and perform all of the chairperson's duties in the absence of the chairperson.

Section 3.2. Secretary

(a) The general manager of the SEJPA will serve as the secretary to the Board. The Board may appoint any deputy secretaries as may be necessary or convenient. The secretary shall be responsible for preparing the minutes of the SEJPA Board, attesting to the signatures of the chairperson, vice-chairperson, or general manager on all resolutions, ordinances, contracts or other documents, and keeping all files and records of the SEJPA.

(b) The secretary shall cause a copy of this Agreement, and all amendments, to be filed with the Secretary of State pursuant to the Act.

(c) The secretary of the SEJPA is designated as the official for service of process or other documents on the SEJPA, and is authorized to accept service of process or other documents on behalf of the SEJPA, together with any deputy secretaries, if so authorized by the SEJPA Board.

Section 3.3. Treasurer; Auditor

(a) The SEJPA Board may appoint the general manager or other qualified officer, employee, or consultant of the SEJPA as treasurer, pursuant to the provisions of Section 6506.6 of the Act.

(b) The treasurer shall be the depository and shall have custody of all of the accounts, funds and money of the SEJPA from whatever source.

(c) The treasurer shall have the duties established by Sections 6505 and 6505.5 of the Act. SEJPA shall contract with a certified public accountant to perform the annual audit.

(d) Pursuant to Section 6505.1 of the Act, the treasurer shall have charge of, handle and have access to all accounts, funds and money of the SEJPA and all records of the SEJPA relating thereto. The secretary shall have charge of, handle and have access to all other records of the SEJPA.

(e) The SEJPA Board shall establish the amount of the official bond required of the treasurer and general manager. The premium of the bond shall be a proper charge against SEJPA.

Section 3.4. General Manager

(a) The SEJPA Board shall appoint a general manager of SEJPA. The general manager will be a qualified, registered engineer, or a qualified, registered designee of an engineering firm with experience in managing sewage and wastewater treatment facilities.

(b) The general manager shall be responsible for the administrative operations of the SEJPA under the direction and control of the SEJPA Board. The general manager shall be responsible for the effective functioning of the SEJPA and the physical facilities owned and operated by the SEJPA.

(c) The general manager shall have the following powers in addition to those powers necessary and proper to the effective administration of the SEJPA, and not by way limitation on those powers:

(1) To participate in the design of and supervise the construction of any improvements to, or expansion of, the SEJPA facilities authorized or contemplated by this agreement;

(2) To execute any contract for capital costs, costs of special services, equipment, materials, supplies, maintenance or repair that involves an expenditure by the SEJPA of less than \$35,000; or any contract with any consultant (except for consultants to perform the duties of the auditor or treasurer) for services, the cost of which is included in the budget for the then current fiscal year, and which involve an expenditure by the SEJPA of less than \$35,000;

(3) To employ and approve payroll for all personnel of the SEJPA required for administration, maintenance and operation of the Joint Facilities and all other employees authorized by the SEJPA's budget or by the SEJPA Board;

(4) To expend funds of the SEJPA and enter into contracts, not exceeding in the aggregate expenditures of \$75,000 of funds of the SEJPA, whenever required for urgent sewer maintenance or repair work or in the event of any emergency to keep the Joint Facilities in operation or to restore them to operating condition. Following the exercise of this authority, the general manager shall make the report required by section 22050 of the Public Contract Code regarding the necessity of the actions taken. For the purposes of this authorization, urgent sewer maintenance or repair work and emergency work is that required as a result of a physical condition of the Plant or any of the Joint Facilities which threatens the public health or safety or the environment, and requires immediate remedial action in order to avoid the threat to the public health or safety or to the environment;

(5) To approve demands for payments by the SEJPA of \$35,000 or less, provided such demands are made pursuant to a valid contract to which the SEJPA is a party,

or are demands for payment for items for which funds have been approved in the adopted SEJPA budget;

(6) To prepare and submit to the SEJPA Board, in time for revision and adoption by it prior to June 30 of each year, the annual budget for the next succeeding fiscal year referred to in Section 6.1;

(7) To apply for all permits, licenses, or approvals necessary for operation of the Joint Facilities from any local, state or federal government or agency with jurisdiction over the facilities of the SEJPA, and to file all reports required by any local, state or federal government or agency with jurisdiction over the facilities of the SEJPA, unless otherwise directed to the contrary by the SEJPA Board; and

(8) Generally to supervise the acquisition, construction, management, maintenance and operation of the Joint Facilities.

(9) To process, investigate, respond to and resolve claims filed against SEJPA, and to settle claims in amounts not exceeding \$50,000 (or the maximum amount authorized pursuant to Government Code section 935.4), provided that the SEJPA Board may, by resolution, reduce the settlement authority of the general manager.

(d) The general manager shall perform such other duties as may be delegated by the SEJPA Board, and shall report to the SEJPA Board at such times and concerning such matters as the SEJPA Board may require.

(e) The general manager shall on an ongoing basis inform the city manager of each party of the operation of the SEJPA and of the decisions of the general manager in operating and administering the SEJPA which affect the Member Agencies.

Section 3.5. General Counsel

(a) The SEJPA Board shall appoint General Counsel of SEJPA on such terms and conditions as it may see fit. General Counsel shall be a person or firm with experience with public law and the operations of utilities.

(b) General Counsel shall advise SEJPA officials in all legal matters pertaining to SEJPA business. General Counsel shall frame all ordinances and resolutions required by the Board. General Counsel shall perform other legal services as required from time to time by the Board. Notwithstanding the foregoing, the SEJPA Board may also retain Special Counsel, as needed.

Section 3.6. Other Employees and Consultants

(a) The SEJPA Board shall have the power to appoint and employ such other employees, consultants, advisers and independent contractors as may be necessary for the purposes of this Agreement.

(b) Except as expressly approved by the SEJPA Board, none of the officers, agents, or employees directly employed by the SEJPA Board shall be deemed, by reason of their employment by the SEJPA to be employed by either Member Agency, or by reason of their employment by the SEJPA to be subject to any of the requirements of either Member Agency.

ARTICLE 4

POWERS

Section 4.1. The SEJPA shall exercise, in a manner provided in this agreement, the powers common to each of the county sanitation districts organized under Health & Safety Code section 4700, et seq. (which created this joint powers authority) as necessary to the accomplishment of the purposes of this Agreement.

As provided in the Act, SEJPA shall be a public entity separate from the Member Agencies. The SEJPA shall have the power to finance, acquire, construct, manage, maintain and operate the Joint Facilities.

In exercising its powers hereunder, the SEJPA shall use its best efforts to maximize water reclamation, beneficial use of biogas and re-use of biosolids.

Section 4.2. The SEJPA shall have the authority to finance, construct, acquire, manage, operate and maintain any improvements or facilities necessary to upgrade the Joint Facilities.

Section 4.3. The SEJPA shall have the authority to finance, construct, acquire, manage, operate and maintain any improvements or facilities necessary to expand the treatment capacity of the Plant in order to provide wastewater treatment capacity necessary to serve the continuing needs of the property within areas served by the Member Agencies and such other territories as it may, by contract or otherwise, be authorized to serve.

Section 4.4. The SEJPA is, in its own name, authorized to do all acts necessary for the exercise of the foregoing powers, including, but not limited to, any or all of the following:

- (a) To make and enter into contracts.

- (b) To employ agents, employees, advisors, consultants and independent contractors.
- (c) To acquire, construct, manage, maintain or operate any buildings, works, or improvements.
- (d) To acquire, hold or dispose of property.
- (e) To sue and be sued in its own name.
- (f) To incur debts, liabilities or obligations, provided that no debt, liability or obligation shall constitute a debt, liability or obligation of either Member Agency.
- (g) To apply for, accept, receive and disburse grants, loans and other aid from any agency of the United States of America or of the State of California.
- (h) To purchase insurance, including, but not limited to, general liability, property and worker's compensation insurance.
- (i) To invest any money in the treasury pursuant to Section 6505.5 of the Act that is not required for the immediate necessities of the SEJPA, as the SEJPA determines is advisable, in the same manner and upon the same conditions as local agencies, pursuant to Section 53601 of the Government Code of the State.
- (j) To carry out and enforce all the provisions of this Agreement.
- (k) To act as lead agency for purposes of the California Environmental Quality Act with regard to any upgrade or expansion of the Joint Facilities.
- (l) To establish charges and fees for sewage treatment and other services provided by the SEJPA.

Section 4.5. The SEJPA shall have the power to issue revenue bonds under the Act, commencing with Section 6540, the Revenue Bond Act of 1941, commencing with Section 51300 of the Government Code, the Mello-Roos Community Facilities Act, commencing with Government Code Section 53330, or other provisions of law applicable to joint powers authorities, or to finance Joint Facilities expansion or upgrade by any other revenue-based financing method which either Member Agency is authorized to use.

Section 4.6. The SEJPA is authorized to charge to each Member Agency its proportionate or contracted share of the maintenance, operation, financing, construction, acquisition or expansion of the Joint Facilities, or the debt service on any revenue bonds. The Member Agencies agree to levy within their respective service areas service, stand-by,

annexation, connection and other fees and charges as authorized by law as may be necessary to pay the charges established by the SEJPA.

Section 4.7. All casualty losses resulting from claims for damages or litigation, and all related attorneys' fees, investigative fees, and other expenses, shall be deemed included within the operation and maintenance expenses of the Joint Facilities and shall be processed, investigated, and resolved by SEJPA. SEJPA shall bill, and the Member Agencies shall pay for such casualty losses and related expenses in proportion to their flow in the Joint System as part of their regular operation and maintenance expense payments pursuant to Sections 6.7 and 6.8 of this Agreement, unless said loss or expense is solely the result of actions by one member agency, in which case that member agency shall be solely responsible for payment of loss or expense.

Section 4.8. The powers of the SEJPA shall be exercised in the manner provided in the Act, in the applicable revenue bond laws, in the Federal Water Pollution Control Act, and in the Porter-Cologne Water Quality Control Act; and, except for those powers set forth in any Bond Law and in Article 2 of the Act, as the same now reads or may be hereafter amended, shall be subject, to the extent required by Section 6509 of the Act, to the restrictions upon the manner of exercising such powers that are imposed upon County Sanitation Districts in the exercise of similar powers.

Section 4.9. Unless otherwise specified by resolution of the Member Agency passed in connection with the issuance of bonds or other financing methods for the financing or refinancing of improvements, the debts, liabilities and obligations of the SEJPA shall not be the debts, liabilities and obligations of either Member Agency.

Section 4.10. The SEJPA is hereby designated lead agency for the purposes of the California Environmental Quality Act as it applies to all undertakings for expansion or upgrade of the Joint Facilities, unless otherwise agreed by the Member Agencies.

Section 4.11. The SEJPA may allow either Member Agency to conduct temporary operations, provided that: (1) such Member Agency agrees to defend, indemnify and hold harmless both the SEJPA and the other Member Agency against any costs, damages, or liabilities arising out of such operations involving the Joint Facilities; and (2) SEJPA determines that such use will not be injurious to, nor interfere with the lawful operation of the Joint Facilities; and (3) the Member Agency bears any and all costs which SEJPA may incur which arise out of such

operations. The Board of SEJPA may authorize the general manager to permit such operations on such terms and conditions as it may specify.

ARTICLE 5

METHODS OF PROCEDURE: CAPITAL COSTS

Section 5.1. The Member Agencies previously conveyed their respective property interests in the Plant to the SEJPA, together with rights of access over, across, and through any real property owned by the Member Agencies necessary for the operation of the Plant. All real or personal property, facilities, improvements, fixtures or other property interests necessary for operation, maintenance, upgrade, or expansions of the Joint Facilities shall be acquired in the name of the SEJPA.

Section 5.2. The Member Agencies previously transferred all records, accounts, funds and money relating to the Joint Facilities to SEJPA.

Section 5.3. The SEJPA is responsible for operation and maintenance of the Joint Facilities. Either Member Agency may contract with the SEJPA to perform operation and maintenance of the transmission and collection systems, or other non-Joint Facilities of the Member Agency, provided that all costs and liabilities incurred by SEJPA, its employees, officers or agents, arising out of SEJPA's operation or maintenance of such systems or facilities for one Member Agency shall be discharged by payment by such Member Agency; and further provided that such Member Agency shall defend, indemnify and hold harmless the other Member Agency from all liabilities arising out of SEJPA's operation or maintenance of such systems or facilities.

Section 5.4. Work performed by one Member Agency at the request of the SEJPA for the SEJPA, the SEJPA shall hold harmless, defend, and indemnify said Member Agency.

Section 5.5. SEJPA may undertake all steps and procedures necessary to plan, finance, construct and operate any upgrade or expansion of the Joint Facilities, as approved by the SEJPA Board, including, but not limited to, preparation of plans and specifications; acquisition of permits, licenses, rights-of-way and land, construction, issuance of bonds, acceptance of grants and any other activity necessary or convenient to the accomplishment of the project.

ARTICLE 6

BUDGET; ADMINISTRATION MAINTENANCE AND OPERATION COSTS; OTHER COSTS AFTER COMPLETION OF CONSTRUCTION OF THE PROJECT

Section 6.1. The SEJPA Board shall adopt a budget for administration, maintenance and operation costs, capital costs, costs of special services, capital reserve expenses (if any) and bond interest and redemption expenses (if any) annually prior to June 30 of each year. If the SEJPA Board fails to adopt a budget by June 30 of any year (i.e., the end of the agency's fiscal year), SEJPA shall continue to operate using the budget approved for administration, maintenance and operation costs, bond interest and redemption expenses, and other non-discretionary spending, for the preceding year, and until such time as a budget is approved. The Member Agencies shall be obligated to continue to make timely payments to SEJPA based upon such prior year's budgeted amounts until such time as a budget is approved by the SEJPA Board.

Section 6.2. The SEJPA shall cause to be kept accurate and correct books of account, showing in detail the capital costs, costs of special services, maintenance and operation costs, and planning and construction costs of the Joint Facilities and all financial transactions of the SEJPA relating to the Joint Facilities, which books of account shall correctly show any receipts and also any costs, expenses or charges paid or to be paid by all or any of the Member Agencies hereunder, and also records of the sewage flow from each of the Member Agencies or other users, together with the strength of effluent delivered from each of the Member Agencies or other users. Said books and records shall be open to inspection at all times during normal business hours by any representative of the Member Agencies, or by any accountant or other person authorized by the Member Agencies to inspect said books or records.

Section 6.3. After adoption of the annual budget prior to June 30 of each year, pursuant to Section 6.1, the SEJPA shall furnish to each of the Member Agencies an estimate of the total annual maintenance and operation costs, capital costs, costs of special services, capital reserve expenses (if any), bond interest and redemption expenses (if any), and the proportion thereof allocated to each Member Agency for the ensuing fiscal year.

Section 6.4. Each Member Agency, and other public entity using the Plant, shall provide facilities to meter or measure the total of all wastewater, grease, sludge, sediment, or other material discharged or delivered to the Joint Facilities, including equipment to facilitate the

monitoring of the characteristics of the material so discharged by such agency. Meters or measuring devices shall be read, waste characteristics established, and the charges based thereon determined as often as required for each Member Agency to make the deposits in the maintenance and operation fund of the SEJPA. The allocation of maintenance and operational costs between the Member Agencies for wastewater treatment and/or disposal will be based on the average daily flows and may be also be based, in part, upon the strength of effluent delivered from each of the Member Agencies or other users, as reported to the SEJPA Board monthly, for the calendar year ending prior to the beginning of each fiscal year. The methodology to be used for allocation of costs based on the effluent delivered by the Member Agencies shall be included in and adopted as part of the annual budget approved by the Member Agencies. Dischargers utilizing the San Elijo Ocean Outfall for disposal of flows which are not treated at the San Elijo Water Pollution Control Facility will not be charged for wastewater treatment operations, but will be required to pay for operation and maintenance of the outfall. Dischargers solely utilizing the plants solids handling, treatment, and/or disposal, will be charged based on a case-by-case basis determined by the general manager.

Section 6.5. The SEJPA shall maintain a Wastewater Operation & Maintenance fund, a Water Reclamation fund, and a Capital Improvement fund. All monies in these funds shall be paid out for the administration, maintenance and operation costs of the Joint Facilities, upon approval of demands for payment by the general manager, or the SEJPA Board as provided in this Agreement, and in accordance with Section 6505.5 of the Act.

Section 6.6. The SEJPA shall establish a Capital Reserve Fund. The annual capital reserve expenses of the SEJPA for each component of the Joint Facilities shall be allocated by the SEJPA to the Member Agencies on the basis of equal ownership. All moneys received in payment of capital reserve expenses shall be paid out as directed by the SEJPA Board and upon approval of demands for payment by the general manager, as provided in this Agreement, and in accordance with Section 6505.5 of the Act.

Section 6.7. Each Member Agency agrees to pay the SEJPA its allocated share of the total estimated annual costs and expenses of the SEJPA in periodic payments within 30 days of receipt of invoice. The SEJPA shall submit to each Member Agency a final detailed statement of the final costs and expenses for the fiscal year, allocated in the same manner as estimated expenses were allocated, within 30 days after completion of the fiscal year end audit, whereupon

final adjustments of debits and credits shall be made by the SEJPA. If the amount of any allocated share of any estimated item of expense due from a Member Agency was less than the final allocation of such item to the Member Agency, the Member Agency shall forthwith pay the difference to SEJPA. If the amount of any allocated share of any estimated items of expense due from Member Agency was in excess of the final allocation of such item to that Member Agency, SEJPA shall credit such excess to the appropriate account of such agency.

Section 6.8. Each Member Agency shall provide the funds required to be paid by it to the SEJPA under this Agreement, from any source of funds legally available for such purposes, subject only to the limitations of the Porter-Cologne Water Quality Control Act and the Federal Water Pollution Control Act.

ARTICLE 7

CAPACITY RIGHTS

Section 7.1.

(a) Based upon completion of expansion as described in the 1989 agreement between the parties, each Member Agency has a right to 50 percent of the available treatment capacity of the Plant (equal to 2.625 MGD each, as of the date of this Agreement). However, to the extent a portion of this capacity is leased to the Rancho Santa Fe Community Services District, the parties agree that such demands shall be supplied equally from the capacity of each Member Agency. Nothing in this section shall be construed to grant any rights to the Rancho Santa Fe Community Services District.

(b) Neither Member Agency shall issue sewer treatment commitments, availability letters, or permits totaling more than 100 percent of its allocated capacity rights. The SEJPA shall meter the amount of sewage from each Member Agency being treated at the Plant. When the SEJPA finds that a Member Agency is utilizing 75 percent or more of its maximum capacity rights, SEJPA shall immediately notify the Member Agency in writing. The Member Agency shall immediately take steps to reduce its use of the Plant so as to be within its maximum capacity rights. If a Member Agency is unable to reduce its use of the Plant it shall either;

1. Purchase or lease capacity from the other Member Agency, at a price negotiated between the Member Agencies, if the other Member Agency has surplus or unused capacity rights; or

2. At its own expense, provide for modifications to pumping and conveyance or treatment facilities so as to accommodate its excess use of the Plant.

Should any party fail to comply with the provisions of this Section, SEJPA may take any necessary action under Section 7.3 or Section 7.5.

Section 7.2. Transfers.

Either Member Agency may contract with any person, firm, association, corporation or public agency for any portion of its maximum capacity rights under this Agreement, but no such contract shall relieve the Member Agency of any of its obligations under this Agreement.

Either Member Agency may sell any portion of its maximum capacity to the other Member Agency. Upon such sale, the SEJPA Board will adjust the maximum capacity of the Member Agencies to reflect the sale.

Section 7.3. At no time shall the flow to or into the Plant from a Member Agency exceed the party's capacity rights. The SEJPA shall have the power to limit the sewage treatment commitments, availability letters or permits, or the sewage flowing to or into the Plant from a party to the capacity rights of that party. The SEJPA shall have the power to prohibit the discharge to the Plant of any substance in a concentration which exceeds the maximum limit that may have been established by resolution or ordinance of the SEJPA, or of either party, as necessary to safeguard the sewage treatment processes of the Plant. The SEJPA shall cause the combined effluent treatment of the Plant to be monitored, as well as the combined discharge, to determine whether federal and/or state discharge requirements or permit limits are being met. In addition, the SEJPA shall cause the effluent of each Member Agency to be monitored. If the combined effluent of the Plant, at the point of ultimate discharge into the receiving water, fails at any time to meet all discharge requirements or permit limits, the Member Agency responsible for each violation shall be solely responsible for any fines or penalties levied or criminal sanctions imposed. In this regard, the Member Agency responsible for any such violation shall hold harmless the SEJPA and the non-violating Member Agency from all liability and damages, fines or penalties, incurred by them or any of them as a direct and proximate result of such violation, including, but not limited to, legal, engineering and administrative expenses, and direct or indirect damages incurred by the SEJPA or any non-violating Member Agency as a result of a cease and desist order, or court injunction from any state or federal agency restricting construction within the jurisdictional limits of the SEJPA or the Member Agency. Upon

notification of any such violation, the Member Agency in violation shall take prompt, corrective action as necessary to meet said discharge requirements or permit limits.

Section 7.4. The Member Agencies agree that the SEJPA shall be empowered, in any case in which the SEJPA is a party, to a grant contract with the State of California or the United States of America, to impose to the extent permitted by law on each of the Member Agencies, the duty of compliance with all conditions in such grant contract, and each Member Agency agrees to comply with such conditions by enactment of appropriate ordinances, regulations or otherwise.

Section 7.5. Each Member Agency, as required by law, shall adopt and maintain a uniform industrial waste ordinance that will establish criteria for, and restrictions on, the nature and quality of industrial waste discharged either directly or indirectly into the Plant. The SEJPA, acting through the general manager with the approval of the SEJPA Board, shall be responsible for the design, implementation and operation of a program for inspection and monitoring all industrial waste produced in each Member Agency and discharge into the Plant, including field inspection employees of the SEJPA. The industrial waste ordinance of each Member Agency will authorize field inspection employees of the SEJPA to act as enforcement agents of the Member Agency with power to inspect and issue notices for violations of such ordinance; provided that all actual prosecutions for violations of such ordinances (including, without limitation, levying of fines, disconnection of discharge lines, and civil and criminal court actions) shall be the exclusive responsibility of the respective parties. All costs and expenses of the SEJPA under this section shall be allocated by the SEJPA to the parties on the basis of the actual costs incurred for each party and as a part of maintenance and operation costs provided for in Section 6.3.

Section 7.6. Each Member Agency, and any other agency using the plant, shall adopt and enforce ordinances, resolutions, rules and regulations, regulating the type and condition of sewage and wastewater permitted to be discharged into the transmission facilities under the control of the Member Agency or other agency, and shall prohibit users of every kind and nature from discharging any sewage, wastewater or storm water which would be detrimental to the Joint Facilities or any part thereof. Each Member Agency, and any other agency, shall comply with all applicable laws of the United States, the State of California, or any other city having jurisdiction over the collection, transmission, treatment and disposal of sewage, wastewater or

storm water. For the purposes of this Section, laws shall include statutes, ordinances or regulations duly adopted by a regulatory agency of the United States or the State of California.

Section 7.7. To the maximum extent practicable, no party to this Agreement shall permit excessive infiltration of surface or storm water into the Joint Facilities or its transmission facilities.

Section 7.8. The SEJPA is hereby authorized to take any and all legal or equitable actions, including, but not limited to seeking injunctive relief or specific performance, as necessary to enforce this Agreement.

ARTICLE 8

RIGHT TO EXPAND

Section 8.1. Notwithstanding anything in this Agreement to the contrary, if the SEJPA fails to expand the Plant to meet the service needs of a Member Agency, either Member Agency may undertake any expansion to the Joint Facilities deemed necessary by the Member Agency to provide service within the service territory of the Member Agency. The party undertaking the expansion shall be responsible for all costs associated with such expansion and shall be entitled to all capacity resulting from the expansion.

ARTICLE 9

PREVIOUS AGREEMENTS

Section 9.1. Prior agreements between the Member Agencies shall be of no force and effect after the date of this Agreement, except insofar as it defined the rights and obligations of the parties with regard to the Joint System prior to the date of this Agreement. Such prior agreements may be used to interpret this Agreement as it pertains to the operation, maintenance and ownership of the Joint System.

Section 9.2. The Agreement between the Rancho Santa Fe Community Services District, SEJPA, and the Cardiff and Solana Beach Sanitation Districts for treatment and disposal of 0.25 MGD of sewage, as amended through January 3, 1991, shall be administered by SEJPA on behalf of the Member Agencies.

Section 9.3. SEJPA is hereby delegated the duties and assigned the rights of the Cardiff Sanitation District and the Solana Beach Sanitation District, and either or both of them under the Agreement between Buena, Cardiff, Fairbanks Ranch, Rancho Santa Fe, Solana Beach, and

Whispering Palms Sanitation Districts; regarding a Joint Sewage Collection and Transmission Operation Center dated November 17, 1981.

Section 9.4. The SEJPA shall administer the San Elijo Ocean Outfall Agreement dated October 4, 2000, and as amended from time to time, between the SEJPA and the City of Escondido.

ARTICLE 10

OBLIGATION FOR TRANSMISSION SYSTEM

Section 10.1. Each Member Agency shall be responsible for the maintenance, operation, expansion and installation of all transmission facilities located within the service territory of the Member Agency. A Member Agency may delegate this responsibility to the SEJPA; provided, however, that the Member Agency shall remain responsible for all costs and liabilities arising out of the assumption of this responsibility by SEJPA.

Section 10.2. The Member Agencies shall share the maintenance and operating costs of any transmission facility, not part of the Joint Facilities, used jointly by both parties, in proportion to the actual use by the respective parties.

Section 10.3. Meters used to measure the flow from a Member Agency to the Joint Facilities shall be operated and maintained as part of the Joint Facilities.

ARTICLE 11

RECLAIMED WATER AND OTHER BY-PRODUCTS

Section 11.1. All reclaimed water, biosolids and other by-products of the Joint Facilities operation shall be the property of the SEJPA.

Section 11.2. The SEJPA may sell any reclaimed water, groundwater, biosolids other byproducts of the Joint System.

Section 11.3. Before selling reclaimed water, groundwater, biosolids or other byproduct to any person other than a Member Agency, the SEJPA shall offer the product to the Member Agencies. The Member Agencies shall have 60 days to accept the offer.

ARTICLE 12

TERMINATION

Section 12.1. This Agreement shall continue until terminated by an agreement executed by the parties, such agreement being authorized by a four-fifths vote of the governing body of each Member Agency. Such agreement shall provide for the disposition of the assets and liabilities of SEJPA.

Section 12.2. Notwithstanding section 12.1, either Member Agency may terminate this Agreement by giving the other party not less than 12 months written notice of its intent to withdraw from SEJPA. In such event, the withdrawing party shall remain liable for payment of its pro rata share of any debts or legal obligations of the SEJPA which are outstanding at the time of withdrawal, including but not limited to obligations to repay any loan, grant or other indebtedness incurred for the purpose of developing or constructing any wastewater or water recycling facility. The withdrawing party shall also be responsible for any and all costs or expenses of the non-withdrawing party incurred as a result of the termination, such as the costs of permit modifications to maintain Joint Facilities' operations or obtaining lenders' consents to modify obligees on outstanding grants, leases or loans. The withdrawing party may transfer its interests in the assets of SEJPA to any other public agency with authority to operate a wastewater and water recycling facility, provided that: (1) the non-withdrawing party shall have a right of first refusal to acquire the assets of the withdrawing party on terms and conditions no less favorable than those on which the withdrawing party is transferring the assets to another public agency; and (2) the transferee shall either have no right to manage or govern the operations of the wastewater or water recycling facilities (i.e., the non-withdrawing party shall have sole right and responsibility for management and governance of the operations of the Joint Facilities) following the transfer, or the terms and conditions of the transfer affecting the operations of the Joint Facilities (including the transferee's proposed governance rights, if any) shall be acceptable to and approved by the non-withdrawing party. The non-withdrawing party shall have a reasonable period of time to exercise its rights under this paragraph.

ARTICLE 13

MISCELLANEOUS PROVISIONS

Section 13.1. Notices required to be given to any party under this agreement shall be delivered either personally or by first class mail, postage pre-paid, addressed as follows:

City of Solana Beach	City of Encinitas
City Manager	City Manager
635 S. Highway 101	505 S Vulcan Ave
Solana Beach, California 92075	Encinitas, California 92024

provided that either party may give notice, in writing, of a different address to which notices shall be given in the future.

Section 13.2. Each party to this Agreement shall, to the maximum extent feasible, prohibit the Joint Facilities from being used for any purpose other than the treatment, disposal or reclamation of wastewater, groundwater or stormwater, unless such other use is lawful and mutually agreed to by the parties to this Agreement, in writing, to be in their best interests.

In the event that any portion of the Joint Facilities is used for such other purposes, any lease payments, rents, or other income derived from such use shall inure to the benefit of the SEJPA.

Section 13.3. Time is of the essence in this agreement.

Section 13.4. Whenever this Agreement requires consent or approval, such consent or approval shall not be unreasonably withheld.

Section 13.5. This Agreement shall be governed by the laws of the State of California.

Section 13.6. This Agreement may be amended at any time, or from time to time, except as limited by contract with the holders of bonds issued by the SEJPA, or by applicable regulations or laws of any jurisdiction having authority, by one or more supplemental agreements executed by all the parties, either as required in order to carry out any of the provisions of this Agreement or for any other purpose, including, without limitation, adjustment of capacity rights or addition of new parties (including any legal entities or taxing areas heretofore or hereafter created) in pursuance of the purposes of this Agreement.

Section 13.7. Should any part, term, or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the State, or otherwise be rendered

unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Section 13.8. This Agreement shall be binding upon and shall inure to the benefit of the successors of the Member Agencies. No party may assign any right or obligation hereunder without the written consent of the other Member Agencies.

Section 13.9. Either Member Agency may amend or modify its service territory at any time, provided however, that no modification shall alter the capacity rights of a Member Agency or include the service territory of the other Member Agency without the consent of the other Member Agency and an amendment to this Agreement.

IN WITNESS WHEREOF, the parties hereto have, by resolution, caused this Agreement to be executed on the day and year set opposite the name of each of the parties.

City of Solana Beach, as successor to the
SOLANA BEACH SANITATION DISTRICT

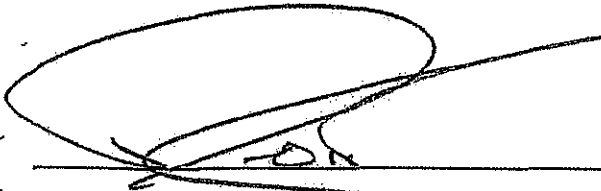
DATED: 6-25-2008

ATTEST:

City Clerk

APPROVED AS TO FORM

City Attorney


CITY MANAGER
CITY of SOLANA BEACH
DAVID OTT

City of Encinitas, as successor to the
CARDIFF SANITATION DISTRICT

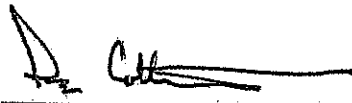
DATED: 6-23-08

ATTEST:

City Clerk, Deputy

APPROVED AS TO FORM

City Attorney


CITY MANAGER
CITY of ENCINITAS
PHIL COTTON