

AGENDA
SAN ELIJO JOINT POWERS AUTHORITY
MONDAY SEPTEMBER 12, 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

None
6. * **CONSENT CALENDAR**
7. * APPROVAL OF MINUTES FOR THE JULY 11, 2016 MEETING AND JULY 12, 2016 SPECIAL 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. **RECYCLED WATER COST OF SERVICE AND PROPOSED WHOLESALE RATE INCREASE FOR 2016 AND 2017**

1. Accept and file the Raftelis Financial Consultants Recycled Water Rate Review and Update;
2. Approve 4% annual Recycled Water Rate increase to Santa Fe Irrigation District (SFID), San Dieguito Water District (SDWD), Olivenhain Municipal Water District (OMWD), and the City of Del Mar beginning October 1, 2016 and again beginning July 1, 2017; and
3. Discuss and take action as appropriate.

Staff Reference: General Manager

13. **SAN ELIJO JOINT POWERS AUTHORITY (SEJPA) RECYCLED WATER PROGRAM – PROPOSED WHOLESALE AGREEMENT AMENDMENT**

1. Approve the Fifth Amendment to the Agreement for Sale of Reclaimed Water to the Santa Fe Irrigation District by the San Elijo Joint Powers Authority; and
2. Discuss and take action as appropriate.

Staff Reference: General Manager

14. **ENCINITAS RANCH RECYCLED WATER EXPANSION PROJECT**

1. Review proposed draft Recycled Water Easement and Service Agreement with Encinitas Ranch Golf Authority;
2. Review proposed draft Recycled Water Easement and Service Agreement with Encinitas Ranch Community Association; and
3. Discuss and take action as appropriate.

Staff Reference: General Manager

15. **BUILDING IMPROVEMENT PROGRAM**

1. Approve building alternative selection;
2. Authorize General Manager to request Proposals for Building Final Design; and
3. Discuss and take action as appropriate.

Staff Reference: General Manager

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

1. Authorize the General Manager to compensate the County of San Diego in the amount of \$42,800 for the easement through parcel 261-191-03;
2. Authorize amendment of the professional services agreement with Kennedy/Jenks Consultants for an amount not to exceed \$70,079; and
3. 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

None

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

21. ADJOURNMENT

The next regularly scheduled San Elijo Joint Powers Authority Board Meeting will be Monday, October 10, 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: September 7, 2016

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

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

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON JULY 11, 2016
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

Catherine Blakespear, Chair

Ginger Marshall, Vice Chair

A meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, July 11, 2016, at 9:00 a.m., at the San Elijo Water Reclamation Facility at 2695 Manchester Avenue, Cardiff by the Sea, California.

1. CALL TO ORDER

Vice Chair Marshall called the meeting to order at 9:03 a.m.

2. ROLL CALL

Directors Present:

Catherine Blakespear (*arrived at 9:05 am*)
Ginger Marshall
Mark Muir
David Zito

Directors Absent:

None

Others Present:

General Manager	Michael Thornton
Director of Operations	Christopher Trees
Director of Finance & Administration	Paul Kinkel
Administrative Assistant/Board Clerk	Jennifer Basco

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch	Adriana Ochoa
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City of Solana Beach:

City Manager	Greg Wade
Director of Engineering/Public Works	Mohammad "Mo" Sammak

City of Encinitas:

Director of Engineering and Public Works	Glenn Pruijm
Public Works Management Analyst	Bill Wilson

3. PLEDGE OF ALLEGIANCE

Vice Chair Marshall led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

None

6. CONSENT CALENDAR

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

Motion carried with the following vote of approval:

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

- | | |
|--------------------|---|
| Agenda Item No. 7 | Approval of Minutes for the June 13, 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 |
| Agenda Item No. 11 | San Elijo Joint Powers Authority Updated Employee Handbook |
| Agenda Item No. 12 | Consideration of Approval of Resolution 2017-01, Entitled “Resolution of the Board of Directors of the San Elijo Joint Powers Authority Implementing an Employer-Employee Organizations Relations Resolution” |
| Agenda Item No. 13 | San Elijo Joint Powers Authority Recycled Water Program – Monthly Report |

14. ITEMS REMOVED FROM CONSENT CALENDAR

None

Chair Blakespear arrived at 9:05 a.m. and presided over the meeting at this time.

15. RECYCLED WATER COST OF SERVICE STUDY AND PROPOSED WHOLESALE RATE INCREASE

General Manager Thornton gave a brief background on the SEJPA's recycled water utility and highlighted the wholesale agreements between the SEJPA and its water purveyors. The original SEJPA wholesale agreements were developed in the 1990's and were based on "index pricing". Index Pricing is an industry accepted pricing methodology that ensures pricing is set below that of potable water. However, for the SEJPA, index pricing created pricing complexities between its multiple water purveyors. Each water purveyor had different potable water rates, which resulted in the SEJPA selling its recycled water at multiple price points that created concerns at the end user level for pricing inequality. Mr. Thornton stated that in order to resolve these issues, the SEJPA Board moved to setting the price based on cost of service principles. This established the true cost of the utility and provided the basis for a defensible pricing structure.

A financial review, conducted in 2013, indicated that the program could transition to the cost of service pricing model. Based on this information, the SEJPA reached agreement with its water purveyors for moving toward cost of service methodologies for setting future water rates. Mr. Thornton informed the Board of Directors that the SEJPA retained Raftelis Financial Consultants (RFC) to prepare a recycled water cost of service update and to develop recommendations for future rate increases. The RFC report recommends 4% annual rate increases for both uninterruptible and interruptible customers through FYE 2020. Mr. Thornton noted that Staff recommends 4% annual increases only through FYE 2018 at which time Staff will review the need for further rate increases. He stated that this recommendation will be presented to the Board at the September 2016 Board meeting, which if approved will increase the price of recycled water to \$1,410 per acre-foot beginning October 1, 2016 and \$1,466 per AF on July 1, 2017. Mr. Thornton stated that the proposed rate increase will provide adequate revenues to fund 90 days operating cash, one year of debt service, and begin funding an asset repair and replacement reserve goal.

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

1. Review the Raftelis Financial Consultants Recycled Water Rate Review and Update; and

Motion carried with the following vote of approval:

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

16. CLOSED SESSION

The Board of Directors adjourned to closed session at 9:39 a.m., pursuant to Government Code Section 54957: Employee Performance Evaluation. Title: General Manager.

The Board of Directors came out of closed session at 9:50 a.m. with no reportable action.

17. CONSIDERATION OF GENERAL MANAGER COMPENSATION PER CURRENT EMPLOYMENT AGREEMENT

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

1. Award a \$5,000 bonus to General Manager for merit performance during the June 2015 – May 2016 review period; and
2. Approve General Manager Compensation of \$191,318 for the period July 1, 2016 through June 30, 2017.

Motion carried with the following vote of approval:

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

18. GENERAL MANAGER'S REPORT

General Manager Thornton reminded the Board of Directors that a special meeting is scheduled for Tuesday, July 12, 2016 at Encina Wastewater Authority to consider administration consolidation with Encina.

19. GENERAL COUNSEL'S REPORT

None

20. BOARD MEMBER COMMENTS

None

21. ADJOURNMENT

The meeting adjourned at 9:55 a.m. The next Board of Directors meeting will be held on September 12, 2016.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE SPECIAL MEETING
HELD ON JULY 12, 2016
AT THE
ENCINA WASTEWATER AUTHORITY

Catherine Blakespear, Chair

Ginger Marshall, Vice Chair

A special meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Tuesday, July 12, 2016 at 8:30 a.m., at the Encina Wastewater Authority at 6200 Avenida Encinas, Carlsbad, CA 92011.

1. CALL TO ORDER

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

2. ROLL CALL

Directors Present

Catherine Blakespear
Mark Muir
David Zito

Directors Absent:

Ginger Marshall

General Manager

Michael Thornton

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Greg Moser

City of Encinitas:

Director of Engineering and Public Works
Public Works Management Analyst

Glenn Pruim
Bill Wilson

Encina Wastewater Authority:

City of Carlsbad
City of Encinitas
City of Vista/Buena Sanitation District
Vallecitos Water District
Leucadia Wastewater District
General Manager
General Counsel
Board Secretary

Keith Blackburn, Michael Schumacher
Kristin Gaspar, Mark Muir
Amanda Rigby, Judy Ritter
Jim Hernandez, Craig Elitharp
Allan Juliussen, Elaine Sullivan
Michael F. Steinlicht
Greg Moser
Paula D. Clowar

Others Present:

City of Carlsbad
Leucadia Wastewater District
Vallecitos Water District
City of Vista/Buena Sanitation District

Wendy Chambers
Paul Bushee
James Gumpel, Tom Scaglione
Elmer Alex, Patrick Johnson,
Greg Mayer

3. PLEDGE OF ALLEGIANCE

City of Carlsbad Councilman Schumacher led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. APPROVAL OF AGENDA

6. ENCINA WASTEWATER AUTHORITY (EWA) – SAN ELIJO JOINT POWERS AUTHORITY (SEJPA) INTEGRATION PROPOSAL

General Manager Michael Thornton and General Manager Michael Steinlicht provided an overview of the proposed first phase which is to integrate the management and administration of both organizations into a single, consolidated, team. This would provide the benefits of streamlining administration to both organizations, while allowing each to exist independently. The focus would be on developing organizational efficiencies, improving service, and capturing cost savings associated with optimized executive and administrative staffing; shared engineering, laboratory, and HR staff; and leveraged efficiencies in permitting and system operations. Additionally, staff will continue to examine opportunities to create further savings as institutional knowledge is shared and working relationships are developed. The financial goal of Phase I is a net savings of \$400,000 during the 18-month implementation period.

Approval of the recommendation would authorize the General Manager to work cooperatively with officials at the EWA and General Counsel to draft and enter into an operational agreement for implementing Phase I of the EWA – SEJPA Integration Proposal. As delineated in Section 12.1.3 of the EWA Revised Basic Agreement, unanimous approval by the Joint Advisory Committee is required for operational agreements outside the Joint System.

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

1. Authorize the General Manager to work cooperatively with EWA officials and General Counsel to draft and enter into an operational agreement for Phase I Implementation of the EWA - SEJPA Integration Proposal.

Motion carried with the following vote of approval:

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

Due to the requirement for unanimous vote in the Encina Wastewater Authority by-laws, the item did not receive enough votes to move forward.

7. ADJOURNMENT

The meeting adjourned at 9:58 a.m.

Respectfully submitted,

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

Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY**PAYMENT OF WARRANTS****17-09****For the Months of July and August 2016**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
33147	Ag Tech, LLC	Services - Biosolids Hauling	Biosolid hauling - June	12,309.38
33148	Airgas USA, LLC	Repair Parts Expense	Acetylene and marker paint valve	77.41
33149	Alliant Insurance Services, Inc	Insurance - Property	Mobile vehicle program	1,456.00
33150	Arizona Instrument	Equipment Rental/Lease	Loaner H2S analyzer	170.00
33151	AT&T	Utilities - Telephone	DSL - 05/20/16 - 06/19/16	105.61
33152	AT&T	Utilities - Telephone	Alarm service - July	402.75
33153	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping	1,297.23
33154	American Water Chemicals, Inc.	Supplies - Chemicals	Antiscalant	5,112.73
33155	BankCard Center	Various	Parts, tools, training, and supplies	4,486.39
33156	Barracuda Networks, Inc.	Utilities - Internet	Network back-up	50.00
33157	Scott Best	CSRMA Wellness Program	Health and wellness	31.47
33158	Brenntag Pacific, Inc	Supplies - Chemicals	Sodium triphosphate and citric acid	4,489.44
33159	California Water Technologies	Supplies - Chemicals	Ferric Chloride	4,241.51
33160	Calpers	Retirement Plan - PERS	Calpers	130,172.00
33161	Chemtrade Chemicals US LLC	Supplies - Chemicals	Aluminum Sulfate	5,575.97
33162	Chevron & Texaco Business Card	Fuel	Fuel - June	555.79
33163	Coast Waste Management, Inc.	Services - Grit & Screenings	Service charge - 06/05/16 - 06/30/16	148.78
33164	Comoso	Supplies - Shop & Field	Grease and oil	1,003.04
33165	Complete Office	Supplies - Office	Office supplies	110.05
33166	Corodata	Rent	Record storage - June	76.99
33167	County of San Diego	Fees - Permits	Facility permit fees	1,168.00
33168	CA Sanitation Risk Mgmt Auth.	Workers Comp. Insurance	Work compensation insurance	38,616.00
33169	CA Sanitation Risk Mgmt Auth.	Insurance - Property	Property insurance	24,992.05
33170	CWEA Membership	Dues & Memberships	Memberships	328.00
33171	DC Frost Associates, Inc.	Repair Parts Expense	Bags for heliclean - Headworks	497.17
33172	Dudek & Associates	Services - Professional	SRF loan support; SWAP and blower projects	7,061.58
33173	EDCO Waste & Recycling Service	Utilities - Trash	June	235.97
33174	Encina Wastewater Authority	Service - EWA Support	HR resource sharing	586.38
33175	Ferrellgas	Fuel	Propane	48.57
33176	Forte of San Diego	Services - Janitorial	Janitorial service - July	1,000.00
33177	Jose Garcia	CSRMA Wellness Program	Health and wellness	60.00
33178	Global Capacity	Utilities - Internet	T-1 Service - July	296.03
33179	Hach Company	Repair Parts Expense	Stopper and sleeve	691.02
33180	Home Depot Credit Services	Supplies - Shop & Field	Supplies, parts, and tools	681.90
33181	Insight Investments, LLC	Supplies - Office	Monitor and keyboard	1,066.86
33182	Jennifer Basco	Subsistence - Travel	Mileage - June	45.27
33183	Kennedy/Jenks Consultants	Services - Engineering	Land ocean outfall - Final design	37,102.61
33184	Konica Minolta	Services - Maintenance	Copier maintenance service	121.61
33185	Lawson Products Inc.	Supplies - Shop & Field	Tools, nuts, and bolts	254.91
33186	The Lawton Group	Services - Temp	Week worked - 06/13/16 - 06/17/16	311.54
33187	McMaster-Carr Supply Co.	Repair Parts Expense	Fuses, cleaner, and plumbing supplies	1,228.52
33188	Midas Shop	Vehicle Maintenance	Brakes and oil changes	1,104.61
33189	Miramar Bobcat, Inc.	Vehicle Maintenance	Forklift battery	494.42
33190	Miramar Truck Center	Vehicle Maintenance	Preventative maintenance service	1,504.08
33191	Olin Corp - Chlor Alkali	Supplies - Chemicals	Sodium Hypochlorite	3,178.99
33192	Olivehain Municipal Water District	Rent	Pipeline rental payment - June	6,862.50
33193	OneSource Distributors, Inc.	Repair Parts Expense	Shielded cable	341.33
33194	Pacific Sweeping	Services - Maintenance	Parking lot sweeping	405.00
33195	Public Employees - Retirement	Retirement Plan - PERS	Retirement - 06/18/16 - 07/01/16	12,081.61
33196	Cashier - Jennifer Basco	Petty Cash	Replenish petty cash	170.45
33197	Polydyne Inc.	Supplies - Chemicals	Clarifloc	2,856.60
33198	Preferred Benefit Insurance	Dental/Vision	Vision - July	292.60
33199	ProBuild Company, LLC	Minor Equip - Shop & Field	Parts and tools	375.61
33200	ReadyRefresh	Supplies - Lab	Kitchen and laboratory supplies	331.43
33201	Rising Tide Partners	Services - Professional	Solar energy evaluation	2,750.00
33202	Rockwell Solutions	Repair Parts Expense	Impeller and cutter bar	4,527.00

SAN ELIJO JOINT POWERS AUTHORITY**PAYMENT OF WARRANTS****17-09****For the Months of July and August 2016**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
33203	San Dieguito Water District	Utilities - Water	Recycled water	11,933.67
33204	Santa Fe Irrigation District	Utilities - Water	Recycled water	265.97
33205	Santa Fe Irrigation District	SFID Distribution Pipeline	Pipeline purchase payment - June	1,576.45
33206	San Diego Gas & Electric	Utilities - Gas & Electric	Gas and electric - 05/05/16 - 06/06/16	56,043.70
33207	Smart & Final	Supplies - Office	Kitchen supplies	224.38
33208	Southland Paving, Inc.	Retrofit Expenses	Installation of water service and meter box	4,700.00
33209	Specialty Seals & Accessories	Repair Parts Expense	Brass shaft sleeve and seal	272.16
33210	Spiess Construction Co., Inc.	Services - Contractors	Turbo blower project	11,518.75
33211	Board of Equalization	Accrued Sales Tax Payable	2nd Qtr Sales Tax	309.00
33212	Tierra Data Inc.	Services - Laboratory	Water monitoring - May and June	1,450.00
33213	Trussell Technologies, Inc.	Services - Engineering	Process engineering and evaluation	6,244.00
33214	Unifirst Corporation	Services - Uniforms	Uniforms	146.84
33215	UPS	Postage/Shipping	Mailing parts	8.39
33216	Underground Service Alert/SC	Services - Alarm	Dig alert - June	112.50
33217	Valley Chain & Gear, Inc.	Repair Parts Expense	Variable speed belts, ball bearing, and v-ring	428.75
33218	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA - 457	6,501.62
33219	Vantagepoint Transfer Agents	ICMA Retirement	ICMA 401a	2,899.20
33220	VWR International, Inc.	Supplies - Lab	Laboratory supplies	954.33
33221	West Coast Safety Supply	Supplies - Safety	Gas detector	807.69
33222	Aflac	EE Deduction Benefits	Aflac - July	627.96
33223	Airgas USA, LLC	Minor Equip - Shop & Field	Compressed gas and tools; flowmeter regulator	1,433.39
33224	Alliant Insurance Services, Inc.	Insurance - Liability	Commercial cyber liability insurance	998.98
33225	AT&T	Utilities - Telephone	DSL - 06/10/16 - 07/09/16	105.07
33226	AT&T	Utilities - Telephone	Phone service - 06/13/16 - 07/12/16	363.59
33227	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping	554.88
33228	Automation Direct	Repair Parts Expense	Micro drive and cable for remote mounting	762.50
33229	California State Lands Commission	Fees - Permits	Permit	756.48
33230	Complete Office	Supplies - Office	Office supplies	93.36
33231	Daniels Tire Corporate Admin	Vehicle Maintenance	Flat repair	25.00
33232	DMV	Services - Other	Safety records - 06/01/16 - 06/30/16	5.00
33233	Dudek & Associates	Services - Engineering	Preliminary design - Headworks	26,617.05
33234	Evantec Lab Supply	Supplies - Lab	Buffer and tubes	345.61
33235	Fisher Scientific	Supplies - Chemicals	Sodium dodecylbenzenesulfonate	219.80
33236	Forté of San Diego	Services - Janitorial	August	1,000.00
33237	Golden Bell Products	Supplies - Chemicals	Lift station degreaser	432.00
33238	Hawthorne	Services - Maintenance	Maintenance service	316.00
33239	Paul Kinkel	Subsistence - Meals	Employee performance review meeting	61.30
33240	The Lawton Group	Services - Intern Program	Week worked - 07/04/16 - 07/08/16	420.21
33241	Lee's Lock & Safe	Services - Maintenance	Locksmith service	121.23
33242	Lomas Santa Fe Country Club	Other Personnel Cost	Deposit	300.00
33243	McMaster-Carr Supply Co.	Repair Parts Expense	Plumbing parts, fuses, light bulb, glass tubes	512.69
33244	MetLife - Group Benefits	Dental/Vision	Dental - August	1,397.49
33245	Napa Auto Parts	Vehicle Maintenance	Parts	90.93
33246	Olin Corp - Chlor Alkali	Supplies - Chemicals	Sodium Hypochlorite	2,705.74
33247	Pacific Green Landscape	Services - Landscape	July	2,975.00
33248	P.E.R.S.	Medical Insurance - PERS	Health - August	19,733.86
33249	Public Employees- Retirement	Retirement Plan - PERS	Retirement - 07/02/16 - 07/15/16	12,065.84
33250	Polydyne Inc.	Supplies - Chemicals	Clarifloc	1,202.26
33251	Procopio Cory Hargreaves	Services - Legal	General and Labor & Employment - June	6,982.50
33252	Raftelis Financial Consultants	Services - Professional	Cost of service on pipeline distribution system	2,009.50
33253	Santa Fe Irrigation District	Utilities - Water	Recycled water	61.57
33254	SWRCB	Dues & Memberships	Distribution certification renewal	80.00
33255	Sun Life Financial	Life Insurance/Disability	Life and disability insurance - August	1,522.51
33256	T.S. Industrial Supply	Supplies - Shop & Field	Plumbing parts	323.68
33257	Test America	Services - Laboratory	Water sample testing	1,635.00
33258	Unifirst Corporation	Services - Uniforms	Uniform service	474.70

SAN ELIJO JOINT POWERS AUTHORITY**PAYMENT OF WARRANTS****17-09****For the Months of July and August 2016**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
33259	UPS	Postage/Shipping	Mailing parts	110.46
33260	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA - 457	6,501.62
33261	Vantagepoint Transfer Agents	ICMA Retirement	ICMA - 401a	14,150.23
33262	Verizon Wireless	Utilities - Telephone	Cell phone service - 06/08/16 - 07/10/16	904.43
33263	WageWorks	Payroll Processing Fees	Admin and compliance fee - June	134.00
33264	Calpers	Retirement Plan - PERS	Calpers Unfunded Liability paydown	135,000.00
33265	Regional Water Quality CB-SD	Fees - Permits	Application fee	75.00
33266-33268	<i>Void</i>	<i>Void</i>	<i>Void</i>	<i>Void</i>
33269	A-1 Broadway Foto	Printing	Employee ID card	12.00
33270	A-Check Global	Preemployment Screening	New employee screening	102.50
33271	AT&T	Utilities - Telephone	DSL - 06/20/16 - 07/19/2016	105.66
33272	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping; grit & screenings	1,297.23
33273	American Water Works Assoc.	Dues & Memberships	Membership	105.00
33274	Barracuda Networks, Inc.	Utilities - Internet	Network back-up	50.00
33275	Boot World, Inc.	Uniforms - Boots	Safety boots	179.78
33276	Brenntag Pacific, Inc.	Supplies - Chemicals	Sodium Hydroxide	1,571.73
33277	California Water Technologies	Supplies - Chemicals	Ferric Chloride	4,300.66
33278	Chemtrade Chemicals US LLC	Supplies - Chemicals	Aluminum Sulfate	6,199.73
33279	County of San Diego	Fees - Permits	Facility permit fees	292.00
33280	John Young	Services - Professional	SWAP Project labor compliance	800.00
33281	Dudek & Associates	Services - Professional	Recycled water expansion project	5,562.50
33282	EDCO Waste & Recycling Service	Utilities - Trash	July	237.22
33283	City of Encinitas	Service - IT Support	Admin network - July	2,500.00
33284	Forte of San Diego	Supplies - Janitorial	Supplies	385.97
33285	Home Depot Credit Services	Supplies - Shop & Field	Parts, tools, and shop supplies	460.47
33286	Jennifer Basco	Subsistence - Travel	Mileage	65.58
33287	Kennedy/Jenks Consultants	Services - Engineering	Land ocean outfall - Final design	20,641.13
33288	Paul Kinkel	Postage/Shipping	Mailing UAL payment	33.66
33289	The Lawton Group	Services - Intern Program	Week worked - 07/11/16 - 07/15/16	507.15
33290	McMaster-Carr Supply Co.	Supplies - Shop & Field	Plumbing supplies, tools, and shop supplies	460.94
33291	Mine Safety Appliances Co.	Repair Parts Expense	LEL sensor	547.56
33292	Napa Auto Parts	Vehicle Maintenance	Battery	116.42
33293	Olin Corp - Chlor Alkali	Supplies - Chemicals	Sodium Hypochlorite	2,701.30
33294	Olivenhain Municipal Water District	Rent	Pipeline rental payment - July	8,230.50
33295	Pacific Green Landscape	Services - Landscape	Sprinkler repairs	426.68
33296	Public Employees- Retirement	Retirement Plan - PERS	Retirement - 07/16/16 - 07/29/16	11,830.44
33297	Polydyne Inc.	Supplies - Chemicals	Clarifloc	1,202.26
33298	Preferred Benefit Insurance	Dental/Vision	Vision - July	292.60
33299	ProBuild Company, LLC	Minor Equip - Shop & Field	Parts and tools	68.93
33300	ReadyRefresh	Supplies - Lab	Kitchen and lab supplies	278.89
33301	Red Truck Fire & Safety Co.	Training - Safety	Fire extinguisher training class	298.95
33302	Roesling Nakamura Terada Architects	Services - Professional	SEJPA building pre-design	5,559.00
33303	RS Instruments & Services	Services - Maintenance	Annual calibration service	1,946.40
33304	RSF Security Systems	Services - Maintenance	Fix communication problem	348.00
33305	Santa Fe Irrigation District	Utilities - Water	Recycled water	1,157.48
33306	San Diego Gas & Electric	Utilities - Gas & Electric	Gas and electric - 06/06/16 - 07/06/16	57,697.45
33307	Michael Thornton	Subsistence - Travel/Rm & Bd	SRF meeting - Sacramento	403.27
33308	Christopher A. Trees	Subsistence - Travel	Mileage	117.77
33309	Trussell Technologies, Inc.	Services - Engineering	Process engineering and evaluation	9,760.00
33310	Unifirst Corporation	Services - Uniforms	Uniform service	145.62
33311	UPS	Postage/Shipping	Postal service	19.49
33312	Underground Service Alert/SC	Services - Alarm	Dig alert - July	126.00
33313	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA - 457	6,481.75
33314	Vantagepoint Transfer Agents	Retirement Plan - PERS	ICMA - 401a	2,897.77
33315	Dept. of Parks and Recreation	Licenses	Outfall easement	3,540.00
33316	Aflac	EE Deduction Benefits	Aflac - August	554.76

SAN ELIJO JOINT POWERS AUTHORITY**PAYMENT OF WARRANTS****17-09****For the Months of July and August 2016**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
33317	Ag Tech, LLC	Services - Biosolids Hauling	Biosolids Hauling - July	13,369.15
33318	Airgas USA, LLC	Supplies - Chemicals	Oxygen industrial liquid	229.93
33319	Amiad U.S.A., Inc.	Repair Parts Expense	Weavewire screen and seal	5,760.19
33320	AT&T	Utilities - Telephone	Alarm service - August	402.75
33321	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping	554.88
33322	BankCard Center	Various	Printing, office supplies, travel, and seminar	4,107.23
33323	Calpers	Services - Professional	Fees for GASB 68 reports and schedules	1,950.00
33324	Coast Waste Management, Inc.	Services - Grit & Screenings	Roll-off service	1,230.21
33325	Complete Office	Supplies - Office	Office supplies	65.18
33326	Corodata	Rent	Record storage - July	79.62
33327	Cut 'N Core, Inc.	Services - Maintenance	Water control saw, break, and remove block	940.00
33328	Dudek & Associates	Services - Professional	SRF loan support	2,348.59
33329	Fisher Scientific	Supplies - Lab	Laboratory supplies	420.64
33330	Forte of San Diego	Services - Janitorial	September	1,000.00
33331	Hardy Diagnostics	Supplies - Lab	Laboratory supplies	450.66
33332	HD Supply Waterworks, Ltd.	Repair Parts Expense	Flange	312.48
33333	Hoch Consulting, APC	Services - Engineering	Blower Replacement Project	3,335.00
33334	Kennedy/Jenks Consultants	Services - Engineering	Land ocean outfall - Final design	34,060.75
33335	Konica Minolta	Services - Maintenance	Copier maintenance service	225.62
33336	McMaster-Carr Supply Co.	Repair Parts Expense	Movable blade wall, tubes, and valves	187.47
33337	Olin Corp - Chlor Alkali	Supplies - Chemicals	Sodium Hypochlorite	2,635.93
33338	Eric ORiley	CSRMA Wellness Program	Health and wellness	60.00
33339	P.E.R.S.	Medical Insurance - PERS	Health - September	20,783.45
33340	Public Employees - Retirement	Retirement Plan - PERS	Retirement - 07/30/16 - 08/12/16	11,830.44
33341	Michael Piper	Uniforms - Boots	Safety boots	37.79
33342	Polydyne Inc.	Supplies - Chemicals	Clarifloc	11,426.40
33343	Procopio Cory Hargreaves	Services - Legal	General; labor and employment	5,255.40
33344	San Dieguito Water	Utilities - Water	Recycled water	11,699.26
33345	Siemens Industry, Inc.	Repair Parts Expense	Transducers	941.32
33346	Smart & Final	Supplies - Office	Kitchen supplies	66.06
33347	Sun Life Financial	Life Insurance/Disability	Life and disability insurance - September	1,477.06
33348	Test America	Services - Laboratory	Water sample testing	361.50
33349	Toyotalift, Inc.	Vehicle Maintenance	Annual forklift inspection	448.88
33350	Vantagepoint Transfer Agents	EE Deduction Benefits	457- ICMA	6,481.75
33351	Vantagepoint Transfer Agents	ICMA Retirement	401a - ICMA	2,948.79
33352	Verizon Wireless	Utilities - Telephone	Cell phone service and equipment	885.60
	San Elijo Payroll Account	Payroll	Payroll - 07/08/16	61,957.61
	San Elijo Payroll Account	Payroll	Payroll - 07/22/16	68,079.29
	San Elijo Payroll Account	Payroll	Payroll - 08/05/16	61,534.44
	San Elijo Payroll Account	Payroll	Payroll - 08/19/16	62,201.37
				<u>\$1,242,911.47</u>

SAN ELIJO JOINT POWERS AUTHORITY

PAYMENT OF WARRANTS SUMMARY

**For the Months of July and August 2016
As of August 22, 2016**

PAYMENT OF WARRANTS		\$ 1,242,911.47
Reference Number	17-09	

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 August 22, 2016

FUNDS ON DEPOSIT WITH	AMOUNT
LOCAL AGENCY INVESTMENT FUND <i>(JULY 2016 YIELD 0.588%)</i>	
RESTRICTED SRF RESERVE	\$ 630,000.00
UNRESTRICTED DEPOSITS	\$ 7,441,905.02
CALIFORNIA BANK AND TRUST <i>(JULY 2016 YIELD 0.01%)</i>	
REGULAR CHECKING	\$ 92,067.43
PAYROLL CHECKING	\$ 5,000.00
 TOTAL RESOURCES	 \$ 8,168,972.45

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

September 12, 2016

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

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

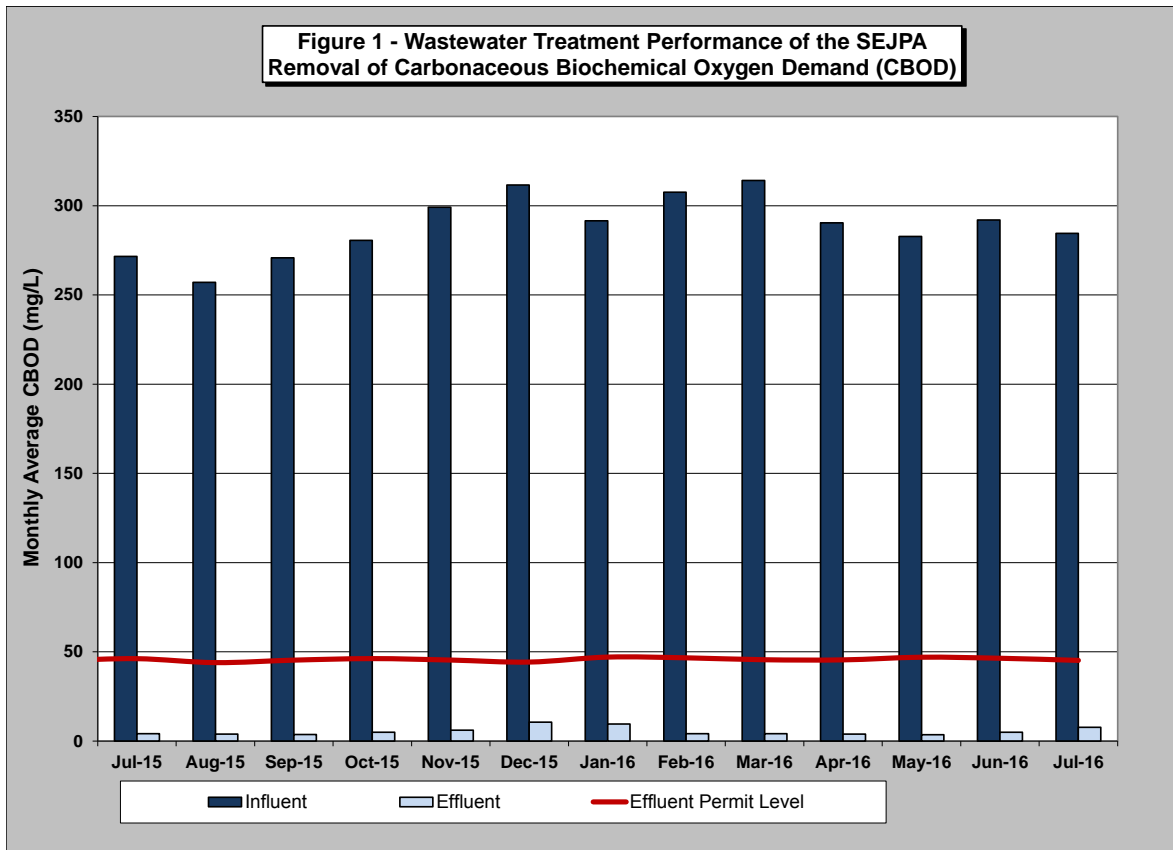
RECOMMENDATION

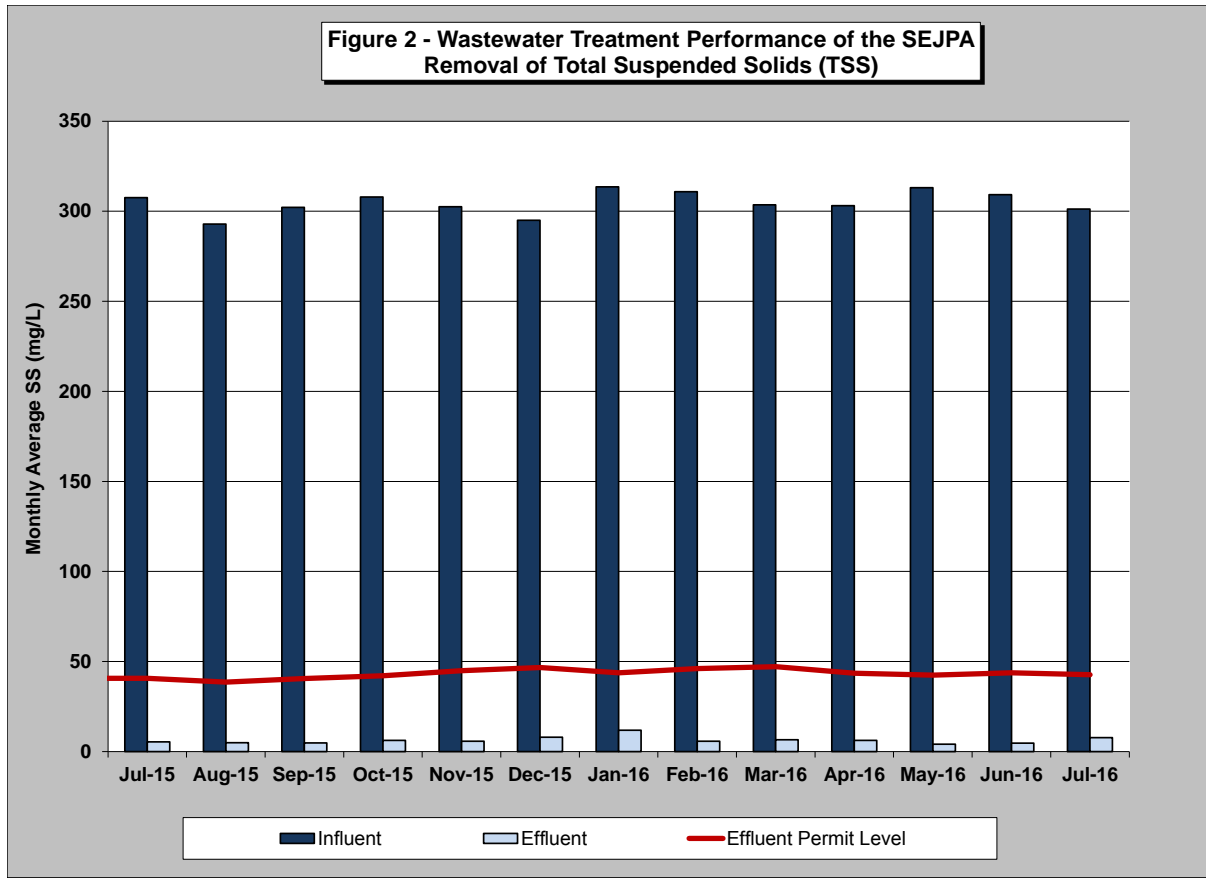
No action required. This memorandum is submitted for information only.

DISCUSSION

Monthly Treatment Plant Performance and Evaluation

Wastewater treatment for the San Elijo Joint Powers Authority (SEJPA) met all National Pollutant Discharge Elimination System (NPDES) ocean effluent limitation requirements for the months of June and July 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. Treatment levels for CBOD and TSS were 98 percent removal for both constituents in June and 97 percent removal for both constituents in July (as shown in Figure 1 and Figure 2).





Member Agency Flows

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

	June	
	<u>Influent (mgd)</u>	<u>Effluent (mgd)*</u>
Cardiff Sanitary Division	1.205	0.362
City of Solana Beach	1.055	0.317
Rancho Santa Fe SID	0.111	0.033
Total San Elijo WRF Flow	2.371	0.712

	July	
	<u>Influent (mgd)</u>	<u>Effluent (mgd)*</u>
Cardiff Sanitary Division	1.336	0.586
City of Solana Beach	1.008	0.442
Rancho Santa Fe SID	0.105	0.046
Total San Elijo WRF Flow	2.449	1.074

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

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

Table 1 (below) presents the historical average, maximum, and unit influent and effluent flow rates per month for each of the Member Agencies since June 2011. 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	EDUS	CSD	RSF	SB
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			
Feb-16	1.245	0.112	1.008	2.365	0.780	0.070	0.631	1.481	8,383	512	8,003	16,897	149	219	126	140			
Mar-16	1.267	0.116	1.023	2.406	0.763	0.070	0.616	1.449	8,388	512	8,003	16,903	151	227	128	142			
Apr-16	1.240	0.102	0.990	2.332	0.675	0.055	0.539	1.269	8,389	512	8,003	16,904	148	199	124	138			
May-16	1.238	0.117	1.002	2.357	0.505	0.048	0.409	0.962	8,389	512	8,003	16,904	148	229	125	139			
Jun-16	1.205	0.111	1.055	2.371	0.362	0.033	0.317	0.712	8,390	514	8,003	16,907	144	216	132	140			
Jul-16	1.336	0.105	1.008	2.449	0.586	0.046	0.442	1.074	8,392	514	8,020	16,926	159	204	126	145			

CSD: Cardiff Sanitary Division

RSF CSD: Ranch Santa Fe Community Service District

SB: Solana Beach

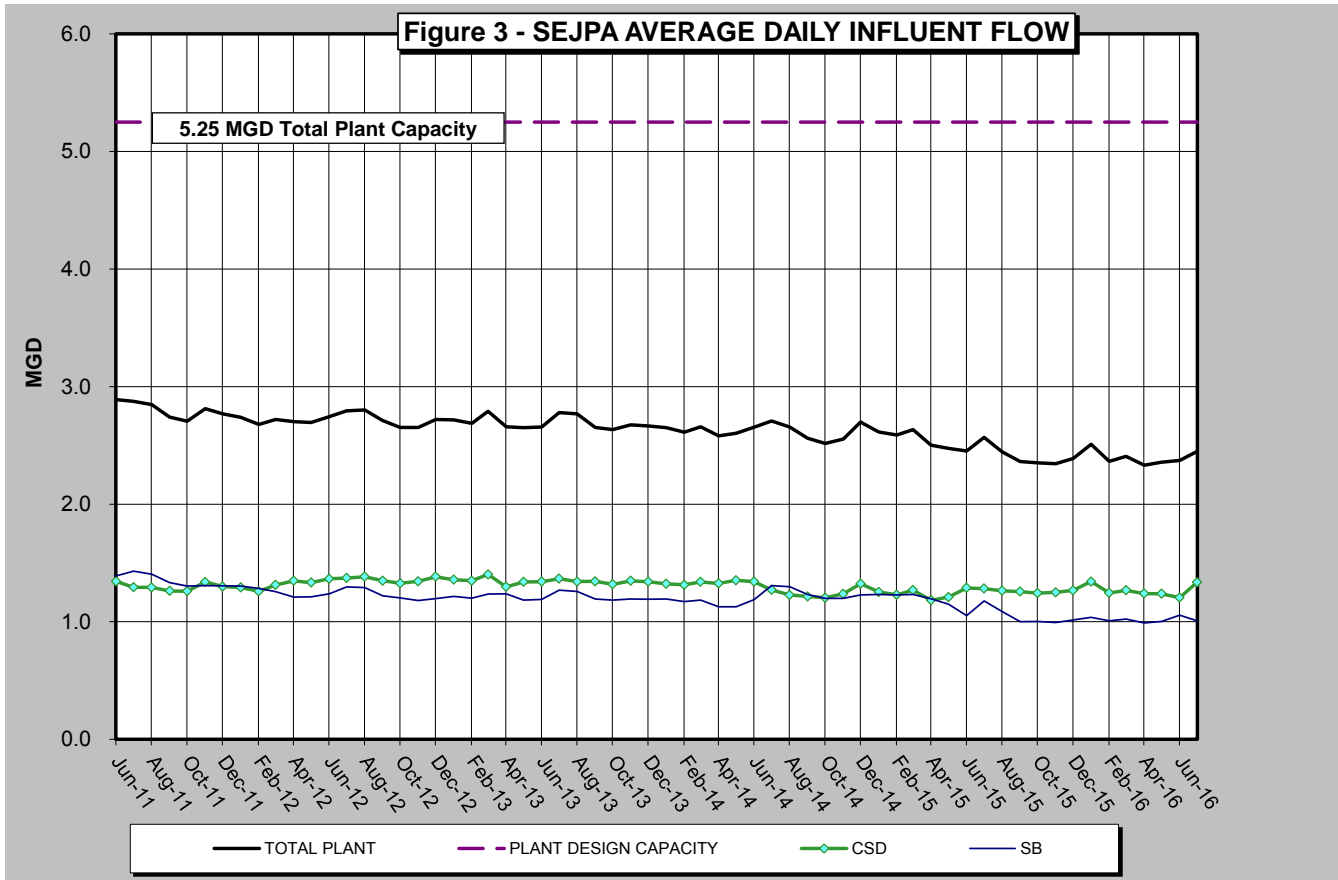
EDU: Equivalent Dwelling Unit

ASSUMPTIONS: SB average flow includes San Eljio 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 been approximately 2.5 million gallons per day (mgd). Also shown in Figure 3 is the total wastewater treatment capacity of the plant, 5.25 mgd, of which each Member Agency has the right to 2.5 mgd, and Rancho Santa Fe Community Service District leases 0.25 mgd.



City of Escondido Flows

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

	June (mgd)
Escondido (Average flow rate)	9.20
Escondido (Peak flow rate)	15.9

	July (mgd)
Escondido (Average flow rate)	8.1
Escondido (Peak flow rate)	16.9

Connected Equivalent Dwelling Units

The number of EDUs connected for each of the Member Agencies for the months of June and July is as follows:

	June (EDU)
Cardiff Sanitary Division	8,390
Rancho Santa Fe SID	514
City of Solana Beach	7,667
San Diego (to Solana Beach)	336
Total EDUs to System	16,907

	July (EDU)
Cardiff Sanitary Division	8,392
Rancho Santa Fe SID	514
City of Solana Beach	7,683
San Diego (to Solana Beach)	336
Total EDUs to System	16,926

The City of Solana Beach updates the number of connected EDUs once per year in July.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

*

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

September 12, 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 June 2016, recycled water demand was 184.89 acre-feet (AF), which was met using 184.47 AF of recycled water and 0.42 AF of supplementation with potable water. For the month of July 2016, recycled water demand was 188.66 acre-feet (AF), which was met using 188.66 AF of recycled water and 0.00 AF of supplementation with potable water.

Figure 1 (attached) provides monthly demands for recycled water since deliveries began in September 2000. Figure 2 (attached) provides a graphical view of annual recycled water demand spanning the last fifteen (15) fiscal years. Figure 3 (attached) shows the monthly recycled water demand for each June since the program began. Figure 4 (attached) shows the monthly recycled water demand for each July since the program began.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Figure 1 - MONTHLY RECYCLED WATER DEMAND

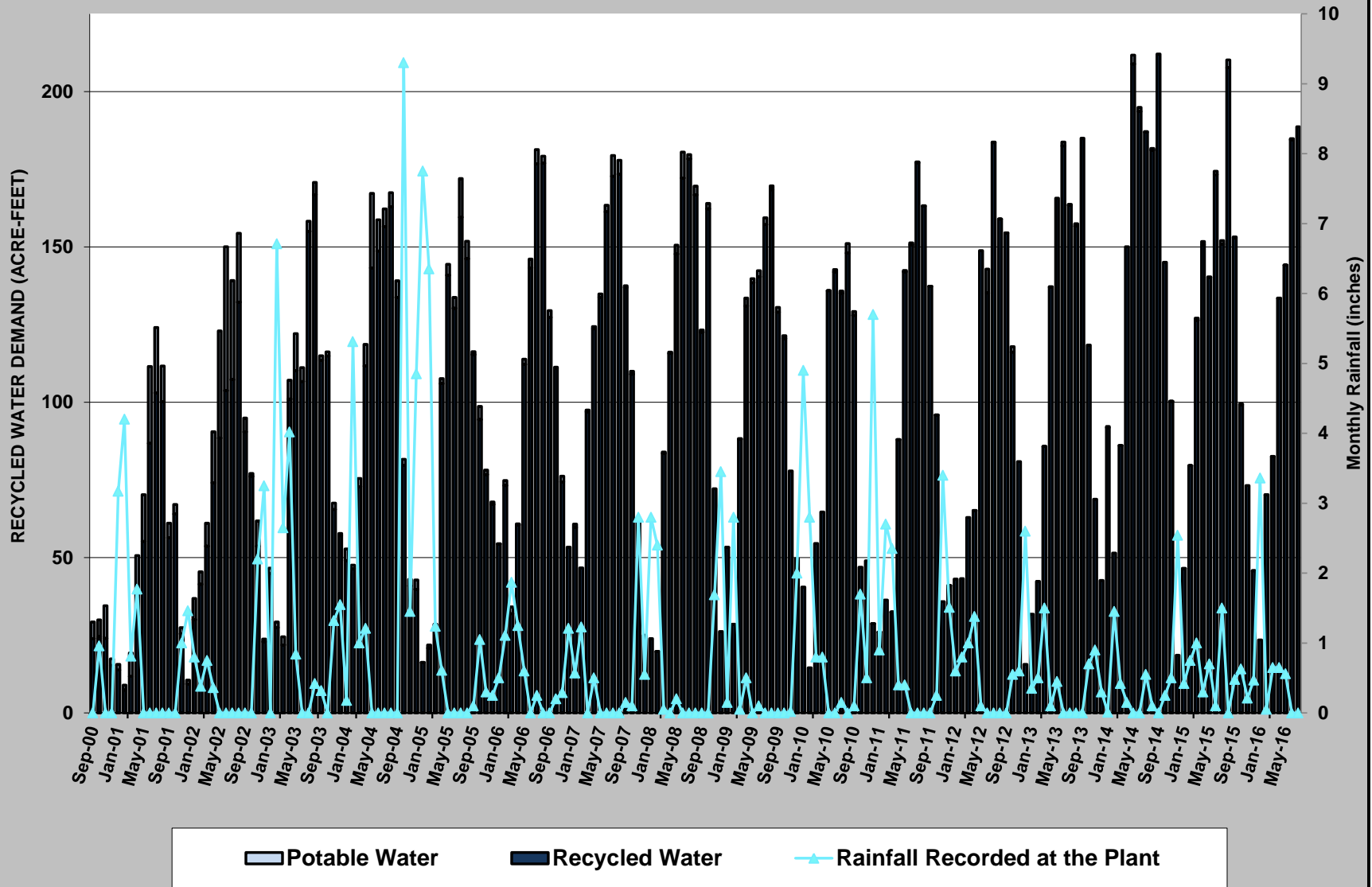


Figure 2 - RECYCLED WATER DEMAND by FISCAL YEAR

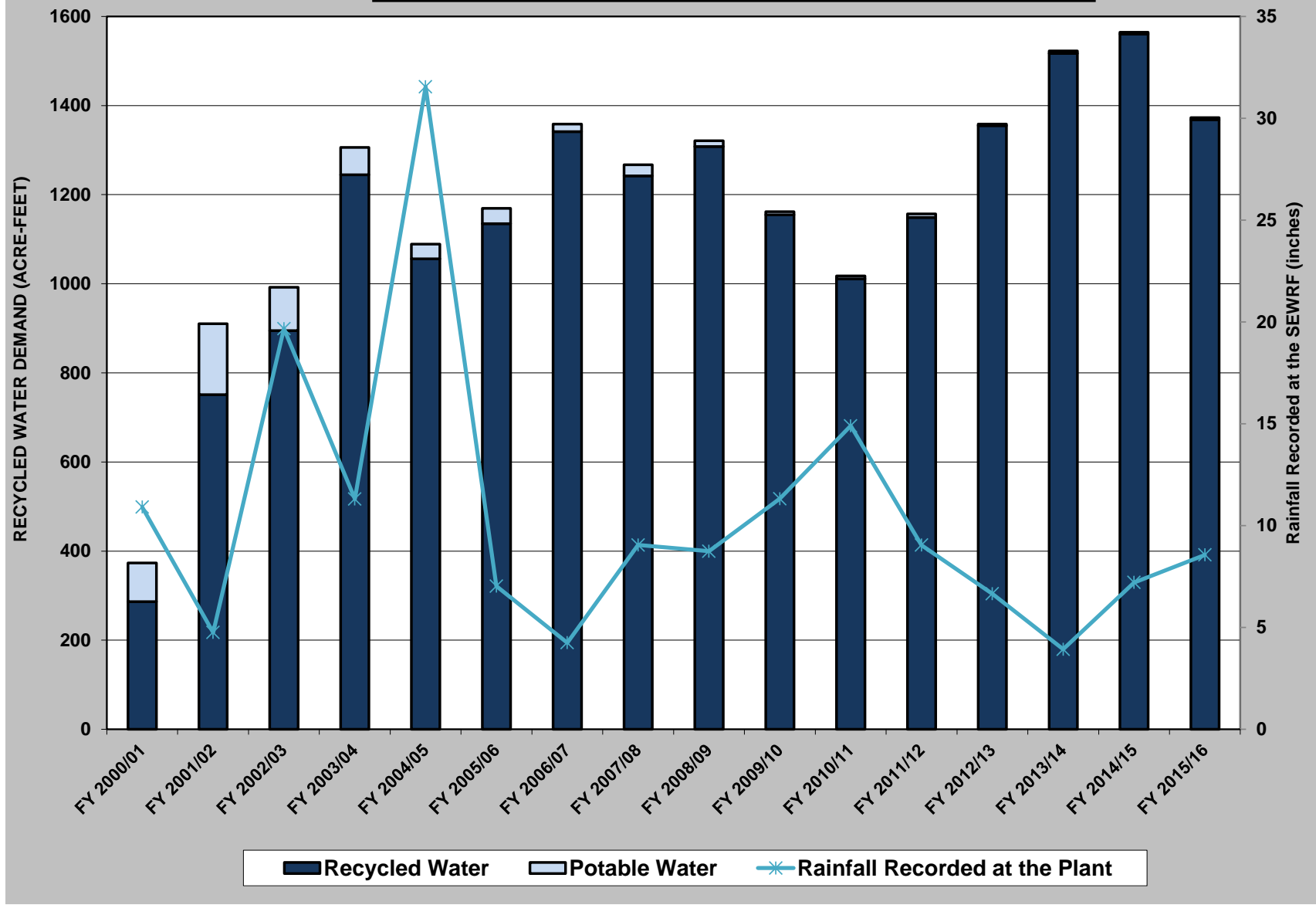


Figure 3 - JUNE RECYCLED WATER DEMAND

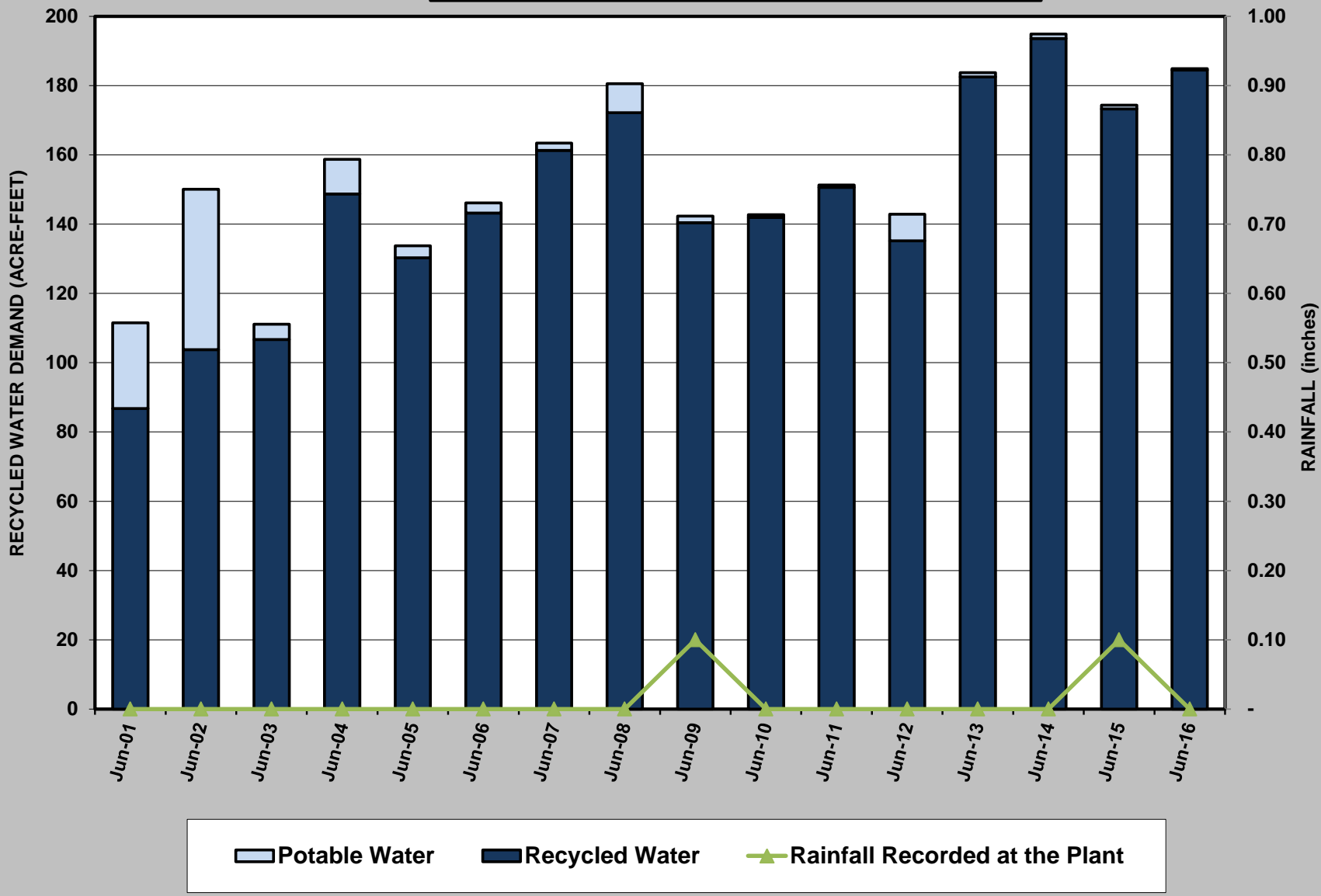
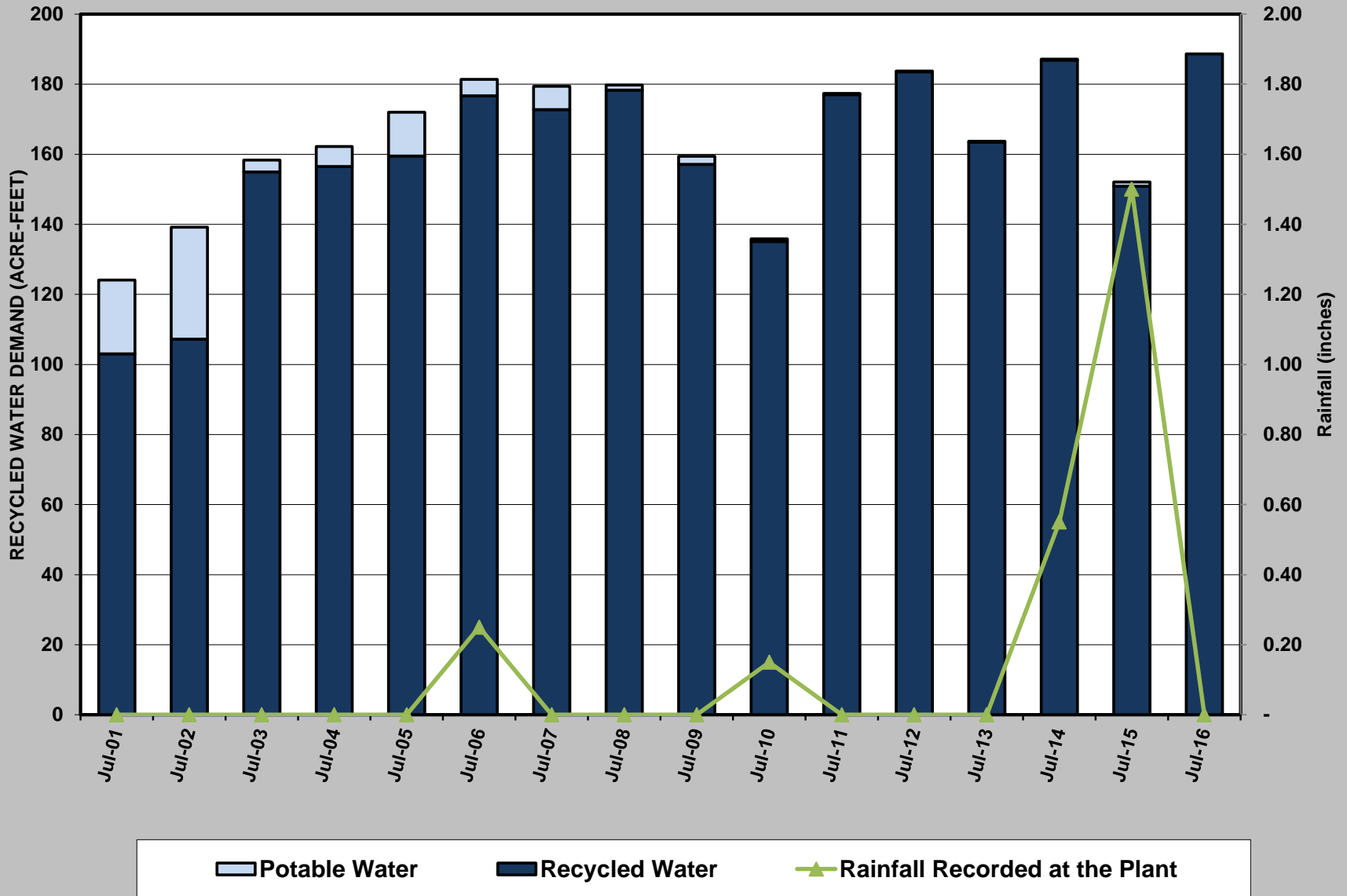


Figure 4 - JULY RECYCLED WATER DEMAND



SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

September 12, 2016

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: RECYCLED WATER COST OF SERVICE AND PROPOSED WHOLESAL
RATE INCREASE FOR 2016 AND 2017

RECOMMENDATION

It is recommended that the Board of Directors:

1. Accept and file the Raftelis Financial Consultants Recycled Water Rate Review and Update;
2. Approve 4% annual Recycled Water Rate increase to Santa Fe Irrigation District (SFID), San Dieguito Water District (SDWD), Olivenhain Municipal Water District (OMWD), and the City of Del Mar beginning October 1, 2016 and again beginning July 1, 2017; and
3. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) owns and operates a utility that wholesales recycled water to four water purveyors; Santa Fe Irrigation District (SFID), San Dieguito Water District (SDWD), Olivenhain Municipal Water District (OMWD), and the City of Del Mar; and also has an interruptible service agreement directly with the Encinitas Ranch Golf Authority (ERGA). The agreement between the SEJPA and the water purveyors provides the allowance for annual price increases as prescribed through a cost of service methodology. Similarly, the agreement with ERGA provides an opportunity for pricing adjustments in June 2017.

The SEJPA retained Raftelis Financial Consultants (RFC) to prepare a recycled water cost of service report and to develop recommendations for future rate increases. The report provides the basis for the cost of recycled water service, which was developed through a detailed review of current and estimated future expenses (operational, capital, debt, and reserve requirements) of the Recycled Water Program. The report then analyzed the program's current and estimated future revenues (water sales, grants, and incentives) to determine adequacy of revenues to meet expenses.

DISCUSSION

At the July 2016 SEJPA Board meeting, Staff presented the Recycled Water Rate Report (Attachment 1) prepared by RFC. Staff informed the Board that this item was being presented for public discussion and that it would be returned in September 2016 for consideration to accept and file the report and take action on setting future recycled water pricing.

Staff noted that although the report recommends 4% annual price increases for both the interruptible and non-interruptible customers through FYE 2020, it is Staff's recommendation to only extend this increase through FYE 2018. In 2018, the need for further rate increases can be reviewed.

Staff has provided the report to the water purveyors served by the recycled water utility. Water purveyor staff expressed appreciation for the inclusion to the process and agreed with Staff's recommendation of seeking 4% annual increases for 2016 and 2017, and then reevaluate.

The agreement with ERGA, the SEJPA's interruptible customer, is set to expire on June 30, 2017. Staff has been working with ERGA to develop an extension of this agreement. This draft agreement will be presented to the SEJPA Board as part of the Encinitas Ranch Recycled Water Expansion Project.

FINANCIAL IMPACT

Based on budgeted and projected revenues and expenses, the proposed recycled water rates will result in adequate funding for the utility in FY 2016-17 and FY 2017-18. The basis for the 4% annual rate increase is supported by the cost of service evaluation conducted by RFC to fund operating expenses, capital, debt, and repair and replacement reserves. The proposed rate increase will provide adequate revenues to fund 90 days operating cash, one year of debt service, and begin funding an asset repair and replacement reserves.

It is therefore recommended that the Board of Directors:

1. Accept and file the Raftelis Financial Consultants Recycled Water Rate Review and Update;
2. Approve 4% annual Recycled Water Rate increase to Santa Fe Irrigation District (SFID), San Dieguito Water District (SDWD), Olivenhain Municipal Water District (OMWD), and the City of Del Mar beginning October 1, 2016 and again beginning July 1, 2017; and
3. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachment 1: Raftelis Financial Consultants Recycled Water Rate Review and Update

ATTACHMENT 1



150 N Santa Anita,
Ste 470.
Arcadia, CA 91006

Phone 626 . 583 . 1894
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June 24, 2016

San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff by the Sea, CA 92007
Attention: Mr. Paul Kinkel, Director of Finance & Administration

Subject: Recycled Water Rate Review and Update

Dear Mr. Kinkel:

The San Elijo Joint Powers Authority (SEJPA) engaged Raftelis Financial Consultants, Inc. (RFC) to conduct a cost of service analysis and calculate recycled water rates in a recycled water rate study (Study). This analysis serves as a review and update of RFC's calculation of rates in Fiscal Year Ending (FYE) 2014 using a Cash Basis approach to calculating the rates.

1. Introduction

The SEJPA owns and operates a recycled water utility, which in September 2000 commenced service to Santa Fe Irrigation District (SFID), the San Dieguito Water District (SDWD), and the City of Del Mar (together the "participating water agencies"). In 2011, SEJPA began providing interruptible service to the Encinitas Ranch Golf Authority (ERGA), as part of a three way agreement between SEJPA, SDWD, and ERGA. In October 2012, SEJPA began providing recycled water service to Olivenhain Municipal Water District (OMWD).

The original recycled water system includes tertiary treatment, transmission, storage, and distribution facilities. In 2013, SEJPA completed construction of an advanced water purification (AWP) facility that reduces the Total Dissolved Solids (TDS) and expands recycled water production by 22 percent. Controlling TDS reduces the hardness of the recycled water, and was instrumental in expanding service to cooling towers and other salt-sensitive uses.

SEJPA's recycled water is used to offset potable water demands, which improves the region's water reliability. SEJPA's recycled water system has the capacity to deliver 3 million gallons per day (mgd) or approximately 1,800 to 2,000 acre-feet per year (AFY). Recycled water sales have been as high as 1,562 AFY; however, FYE 2016's sales have declined to approximately 1,368 AFY. SEJPA attributes this reduction to water conservation messaging in its service area, which has resulted in conservation of both potable and recycled water. Other recycled water suppliers have experienced similar reductions. While SEJPA supports water use efficiency, its recycled water system will be most cost-effective for all users when its average annual delivery rates are closer to the full system design capacity.

2016 Recycled Water Rate Study

San Elijo Joint Powers Authority

SEJPA's agreements with SFID, SDWD, OMWD, and the City of Del Mar include "minimum annual purchase volumes", and the interruptible service agreement with ERGA includes a minimum annual delivery volume. Table 1-1 below lists the minimum purchase commitments for each agency:

Table 1-1 – Minimum Purchase Commitments for SEJPA Recycled Water

Water Purveyors	Minimum Purchase Volume (AFY)					
	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Santa Fe Irrigation District	450	450	450	450	450	450
City of Del Mar	120	120	120	120	120	120
Olivenhain Water District	25	25	85	100	125	130
San Dieguito Water District	400	400	400	400	400	400
ERGA	200	200	200	200	200	200
Total	1,195	1,195	1,255	1,270	1,295	1,300

Providing direct interruptible service to ERGA's Golf Course storage pond has resulted in operational efficiencies for the SEJPA. In addition, the interruptible service coupled with a large water storage pond at the golf course improves system hydraulics, and allows the SEJPA to serve additional customers. In its supply agreement with OMWD, SEJPA has provided for an "infrastructure credit" or "rent back," as OMWD has constructed the recycled water distribution infrastructure within its service area. Without this infrastructure (valued at approximately \$3 million), the SEJPA could not provide recycled water service to OMWD's customers. In a similar fashion, the SEJPA purchased a recycled water pipeline from SFID with loan payments of \$450 per AF sold through the pipeline, which includes interest that varies from 1.0% to 2.5%. Since its construction, approximately 140 AF has been delivered through the SFID pipeline.

The original recycled water sales agreements tied the price of recycled water to 85% of the potable water rate. During FYE 2014 and FYE 2015, the SEJPA decoupled the price of recycled water from the potable water rates, and developed a single unified rate for all uninterruptible service customers. This rate was based on cost of service. The ERGA interruptible contract extends to June 30, 2017 (with an optional 6-year extension), and includes annual rate increases of 5 percent. In addition to the revenue from customers, the SEJPA also receives incentives from the Southern California Metropolitan Water District (MWD) and the San Diego County Water Authority (CWA) to develop recycled water supplies. These incentives are \$250 and \$200 per AF from MWD and CWA, respectively.

2. Assumptions

The period for this study is for the fiscal years ending June 30, 2017 (FYE 2017) through June 30, 2020 (FYE 2020). Program expenses were based on actual and budgeted expense, and assumptions over the

2016 Recycled Water Rate Study
San Elijo Joint Powers Authority

planning period. The actual expense and assumptions were based on audited financial statements, estimates, current year budget, and discussions with the SEJPA’s staff. Assumptions include inflation factors, annual consumption, and payment terms for proposed new debt.

1. Recycled Water Demand

The Study assumes that the recycled water program will experience a modest increase in new water sales over the next four years as a result of new customers within the existing service areas of SDWD, SFID, OMWD, and Del Mar.

Projected usage changes across the Study period were developed with input from the SEJPA and local water districts. As noted earlier, usage reduction in FYE 2016 is due to conservation efforts in response to drought messaging. It is anticipated that usage will return to more typical levels in FYE 2017, and there are new recycled water customers planned for connection during this study period. For example, the SEJPA expects SDWD to add 20 AFY and an additional 40 AFY in FYE’s 2017 and 2018 respectively due to the addition of the Encinitas Ranch Homeowners Association and other new sites. OMWD expects to have new recycled demands associated with the Village Park Project, and SFID expects new usage associated with the extension of service along Via de la Valle. **Table 2-1** lists the SEJPA’s projected usages for the customer base during the study period. The table also provides the total revenue-generating AF by using ERGA’s minimum contracted delivery volume of 200 AFY.

Table 2-1 –Projected Usage

Customer	Usage in Acre Feet					
	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Santa Fe Irrigation District	524	507	520	540	560	570
City of Del Mar	136	123	130	132	134	136
Olivenhain Water District	144	97	155	210	240	270
San Dieguito Water District	402	400	420	460	470	475
Revenue based on AF	1,206	1,127	1,225	1,342	1,404	1,451
Encinitas Ranch Golf Authority	356	241	300	300	300	300
Total Usage	1,562	1,368	1,525	1,642	1,704	1,751
Less: ERGA Interruptible Supply (over 200 AF)	-156	-41	-100	-100	-100	-100
Total Revenue Generating Usage	1,406	1,327	1,425	1,542	1,604	1,651

2. Inflation

Assumed inflationary factors for operations and maintenance (O&M) costs are shown in **Table 2-2**. In examining program costs, it was determined that the majority of costs do not fluctuate significantly with the change in recycled water produced and delivered by the utility. Such expenses are labeled as “Fixed Costs.” The two primary expenses that fluctuate with water production and delivery are power and supplies. Labor expense has a limited fluctuation with production and for the purpose of this study is assumed to be fixed. Increase in SEJPA labor as a result of proposed studies and capital projects is assumed to be included in capital costs. To develop future operating expenses, fixed costs are multiplied by an assumed inflationary factor. Costs that vary with water production are multiplied by both an inflationary factor and by the production percentage increase. **Table 2-2** shows the percentages assumed for each fiscal year.

Table 2-2 –Inflation Factors

Inflation Factors	FYE 2018	FYE 2019	FYE 2020
Fixed Costs	3.00%	3.00%	3.00%
Labor (fixed)	3.75%	3.75%	3.75%
Power & Supplies	4.50%	4.50%	4.50%

3. Operating Expenses

The rate study was based on a review of the utility’s O&M expenses. Section 4 discusses debt service and Section 5 outlines reserve requirements. **Table 3-1** below shows the O&M expenses inflated across the study period using the inflation factors described in **Table 2-2** beginning with FYE 2018. For Utilities (Power) and Supplies, these expenses are influenced by both water sales and inflation. Capital Outlay for FYE 2018 is planned at \$10,000 is assumed to increase at 3.0% annually.

Table 3-1 – Operating and Maintenance Expenses

Operating Expenses	Actual FYE 2015	Estimate FYE 2016	Estimate FYE 2017	Projected FYE 2018	Projected FYE 2019	Projected FYE 2020
Personnel Costs	\$487,628	\$541,045	\$520,828	\$540,359	\$560,623	\$581,646
Utilities	271,491	286,549	304,000	342,053	370,942	398,326
Contracted Services	179,691	228,076	235,500	242,565	249,842	257,337
Supplies	76,348	95,803	116,609	131,205	142,287	152,791
Repair Parts	26,157	43,861	42,840	44,125	45,449	46,812
Miscellaneous	80,468	68,828	92,808	95,592	98,460	101,414
Permit/Purveyor Fees	26,800	27,398	28,000	28,840	29,705	30,596
Insurance	16,883	17,973	19,511	20,097	20,699	21,320
Capital Outlay		35,337	4,950	10,000	10,300	10,609
Total Operating Expenses	\$1,165,466	\$1,344,870	\$1,365,046	\$1,454,836	\$1,528,307	\$1,600,851

4. Debt Service

4.1 Current Debt

SEJPA’s Recycled Water Program currently has three outstanding loans: The State Revolving Fund (SRF), which funded the recycled water infrastructure; the Municipal Finance Corporation Loan, which funded the advanced water purification facility (AWP), and the SFID Pipeline Loan (SFID), which funded the purchase of the recycled water pipeline in the Santa Fe Irrigation District. The SRF Loan final payment will be made in August, 2020 (FYE 2021). The AWP Loan extends through FYE 2032. The SFID loan payment is based on AF conveyed through the pipeline with any remaining loan balance due in FYE 2033.

4.2 Capital Expenses and Proposed Debt

The SEJPA has plans for capital projects during the study period that will be funded by bond issuance, SRF loan, or other means. The largest project is related to the construction of recycled water pipelines estimated at \$2.8 million. An additional \$2.0 million is planned for other system improvements including treatment, storage, and distribution facilities for a total amount of \$4.8 million.

The total debt is estimated to be \$5.0 million to cover issuance costs. The Study assumes that this capital expense is incurred by FYE 2018 and debt service payments begin in FYE 2019. The Study assumes a 30-year repayment term, 4 percent interest rate, and a 6.5 percent debt reserve requirement.

Table 4-1 – Capital Debt (Existing and Proposed)

Debt	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
State Revolving Fund Loan	\$834,675	\$834,675	\$834,675	\$834,675	\$834,675
Municipal Finance Corporation Loan	148,153	148,153	148,153	148,153	148,153
SFID Reimbursement Agreement	15,000	15,000	15,000	15,000	15,000
Total Current Debt Service	997,828	997,828	997,828	997,828	997,828
Proposed Debt Service				287,680	287,680
Total Debt Service	\$997,828	\$997,828	\$997,828	\$1,285,508	\$1,285,508

5. Reserve Requirements and Goals

There are multiple cash reserves that a utility may utilize. Examples are bond, operating and maintenance, and asset repair and replacement (R&R) reserves.

The SEJPA currently has a bond reserve to satisfy SRF loan requirements in the amount of \$630,000, and the proposed debt has an estimated reserve requirement of \$325,000 for a total bond reserve of \$955,000. These bond reserve funds are intended to be available for system repairs to ensure the delivery and sale of recycled water. These funds are held in the Recycled Water Debt Reserve Fund, and when the loan(s) are paid off, these funds are available for R&R reserve goals.

The Recycled Water Cost of Service Study prepared by GHD, Inc. dated April 2013 suggested a range from \$2.6 million to \$3.3 million for R&R reserve goal by FYE 2021 with a target goal of \$3.0 million. The 2013 Study also provided a R&R reserve target goal of \$4.8 million by FYE 2026. The 2016 Cost of Service Study includes the required bond reserve funding as well as providing consideration for the R&R reserve goals recommended in the 2013 Study. Rate calculations (Section 6) provide allowances for R&R funding goals at levels similar to those forecasted in the 2013 Study.

6. Rate Calculation

To determine the recycled water rates, the rates must cover operating expenses, debt service payments, and fund reserves in order for the program to be sustainable. As noted in Section 1, the SEJPA provides both uninterruptible and interruptible recycled water service. To normalize the rate calculation, recycled water sales to ERGA are assumed to be 200 AFY, which is the minimum required delivery per agreement. Furthermore, the Study assumes the SEJPA will qualify for MWD and CWA incentives through FYE 2020.

In developing future rate calculations, funds available for R&R reserve goals were the difference between expenses and revenues received. Three rate scenarios were evaluated to determine the viability to meet expense demand and reserve goal funding needs. Tables 6-1, 6-2, and 6-3 consider future rate increases of 3%, 4%, and 5%, respectively.

2016 Recycled Water Rate Study
San Elijo Joint Powers Authority

Table 6-1 – 3.0% Rate Calculation for Recycled Water with MWD and CWA Incentives

	Estimate FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Operating Expenses	\$1,344,870	\$1,365,046	\$1,454,836	\$1,528,307	\$1,600,851
Debt Service	997,828	997,828	997,828	1,285,508	1,285,508
Repair & Replacement Goal	53,870	268,082	459,561	284,621	375,980
Total costs to be recovered	\$2,396,568	\$2,630,956	\$2,912,225	\$3,098,436	\$3,262,339
Total AF for Calculation	1,327	1,425	1,542	1,604	1,651
Cost per AF	\$1,806	\$1,846	\$1,889	\$1,931	\$1,976
Less: MWD and CWA Incentives	-450	-450	-450	-450	-450
Price per AF to Customers	\$1,356	\$1,397	\$1,439	\$1,481	\$1,526
Increase Year over Year		3.0%	3.0%	3.0%	3.0%

Table 6-2 – 4.0% Rate Calculation for Recycled Water with MWD and CWA Incentives

	Estimate FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Operating Expenses	\$1,344,870	\$1,365,046	\$1,454,836	\$1,528,307	\$1,600,851
Debt Service	997,828	997,828	997,828	1,285,508	1,285,508
Repair & Replacement Goal	53,870	288,638	503,377	354,316	475,306
Total costs to be recovered	\$2,396,568	\$2,651,512	\$2,956,041	\$3,168,131	\$3,361,665
Total AF for Calculation	1,327	1,425	1,542	1,604	1,651
Cost per AF	\$1,806	\$1,860	\$1,917	\$1,975	\$2,036
Less: MWD and CWA Incentives	-450	-450	-450	-450	-450
Price per AF to Customers	\$1,356	\$1,410	\$1,467	\$1,525	\$1,586
Increase Year over Year		4.0%	4.0%	4.0%	4.0%

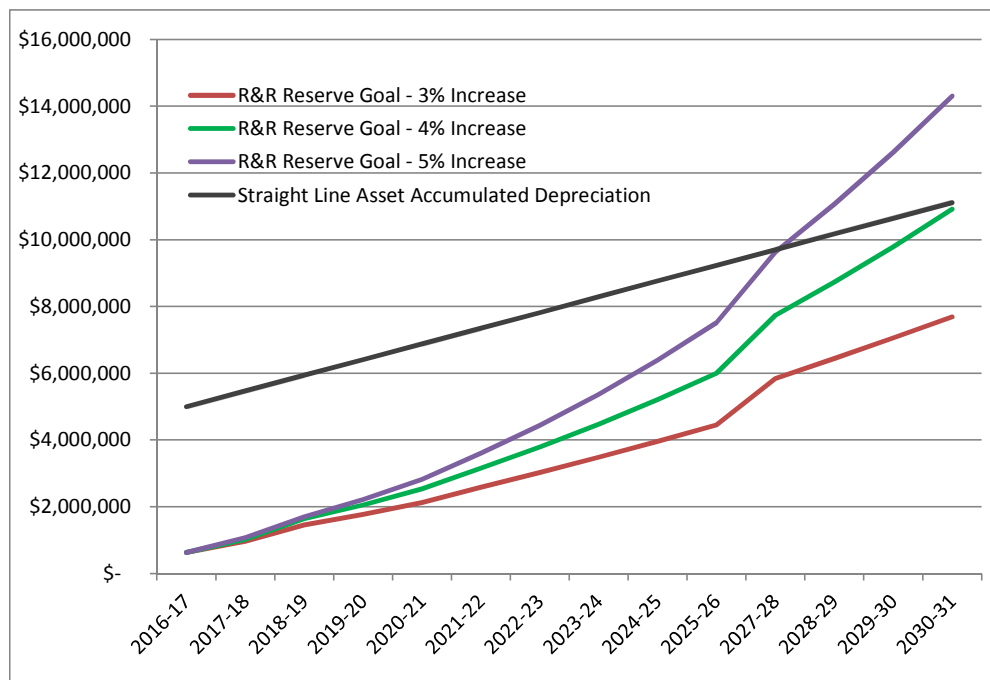
2016 Recycled Water Rate Study
San Elijo Joint Powers Authority

Table 6-3 – 5.0% Rate Calculation for Recycled Water with MWD and CWA Incentives

	Estimate FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Operating Expenses	\$1,344,870	\$1,365,046	\$1,454,836	\$1,528,307	\$1,600,851
Debt Service	997,828	997,828	997,828	1,285,508	1,285,508
Repair & Replacement Goal	53,870	307,653	545,747	425,820	578,611
Total costs to be recovered	\$2,396,568	\$2,670,527	\$2,998,411	\$3,239,635	\$3,464,970
Total AF for Calculation	1,327	1,425	1,542	1,604	1,651
Cost per AF	\$1,806	\$1,874	\$1,945	\$2,020	\$2,098
Less: MWD and CWA Incentives	-450	-450	-450	-450	-450
Price per AF to Customers	\$1,356	\$1,424	\$1,495	\$1,570	\$1,648
Increase Year over Year		5.0%	5.0%	5.0%	5.0%

The 4% rate scenario provides R&R goal reserve funding of \$3 million in FY 2023 and \$4.8 million by FYE 2025, which is approximately similar to the funding goals stated in the 2013 Study. Based on the three future rate scenarios, the 4% rate provides adequate reserve goal balances at the lowest rate increase.

Graph 6-1 – Projected R&R Reserve Goals – 3%, 4% and 5% Rate Increases



6.1 Uninterruptible Customer Rate (\$/AF)

The uninterruptible customer rate is intended to recover the costs associated with providing uninterruptible service. This requirement was determined to be 4.0 percent greater than the prior year’s rate. The rate was calculated by dividing the total expenses by the total uninterruptible recycled water AF usage, plus the contractual minimum water AF usage for interruptible service. For FYE 2017 this rate is \$1,410 per AF shown in Table 6-2 above.

6.2 Interruptible Customer Rate (\$/AF)

The interruptible rate was calculated in RFC’s September 2015 Cost of Service Report. The rate will increase by 5 percent for FYE 2017 at which time the agreement expires. The rate structure beginning FYE 2018 used a 4 percent increase. This rate is consistent with the uninterruptible rate and produces adequate results.

7. Cash Fund Balances

To determine whether the proposed rates provide sustainability, Cash Fund Balances were analyzed to confirm adequate cash reserves. The operating cash reserve goal is based on 90 days of operating expense plus one year’s debt service. The R&R cash reserve goal includes the Debt Reserve Requirement as discussed in Section 5.

Table 7-1 below shows the estimated cash balances for the Recycled Water Fund:

Table 7-1 – Cash Fund Balances

	Estimate FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Operating Cash Reserve Goal	\$741,720	\$1,217,877	\$1,361,537	\$1,667,584	\$1,685,721
Debt and R&R Cash Reserve Goal	630,000	630,000	1,020,862	1,643,785	2,056,046
Total Cash	\$1,371,720	\$1,847,877	\$2,382,399	\$3,311,369	\$3,741,767

The Operating Cash Reserve Goal falls below 90 days of operating expense for FYE 2016 and 2017; however, the goal is met in FYE 2018 and subsequent years.

8. Conclusion

Based on the analysis shown in the Study, RFC recommends a 4.0 percent annual increase in rates for both the uninterruptible customers and interruptible customer. Larger rate increases could be justified by the analysis, however customer usage could be impacted by pricing, and the potential reduction in usage could more than offset the revenue increase of the higher rate. This effort also revealed that increasing recycled water sales, without substantial capital investment, provides the greatest benefit to the financial foundation of the utility. Conversely, should future sales decrease, the rates may need to be increased to meet the revenue requirements. The recycled water utility does include safe guards such as minimum purchase contracts with the water districts and ERGA, which provides protection from significant declines in water sales. The utility also receives financial incentives from MWD and CWA that help meet the programs' financial needs. These incentives have an expiration date of FYE 2025, but can be retired early based on certain financial measurements. Based on information provided, it does not appear that these incentives will expire during the review period of this Study. However, this situation should be monitored annually as financial events such as receiving grant funding or significant deviations of the price of recycled water from potable water rates can reduce or eliminate incentives in any year. Loss of incentive funding will erode R&R funding goals and likely require a review of future recycled water rates.

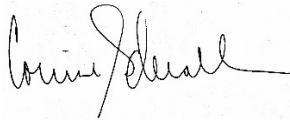
RFC's staff is grateful for the opportunity to work with and the support of SEJPA's staff.

Sincerely,

Raftelis Financial Consultants, Inc.



Sudhir Pardiwala
Executive Vice President



Corrine Schroll
Consultant

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

September 12, 2016

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO JOINT POWERS AUTHORITY (SEJPA) RECYCLED WATER PROGRAM - PROPOSED WHOLESALE AGREEMENT AMENDMENT

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the Fifth Amendment to the Agreement for Sale of Reclaimed Water to the Santa Fe Irrigation District by the San Elijo Joint Powers Authority; and
2. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) operates a recycled water utility that sells recycled water to four water purveyors; Santa Fe Irrigation District (SFID), San Dieguito Water District (SDWD), Olivenhain Municipal Water District (OMWD) and the City of Del Mar; and also has an interruptible service agreement directly with the Encinitas Ranch Golf Authority. The purveyors then sell the recycled water to end customers. The SEJPA owns the majority of the recycled water infrastructure system including treatment, storage, and pipelines. The water districts generally own only the recycled water meter that measures the customer's usage and provide customer billing and other needed administrative services. The SEJPA works collaboratively with the water purveyors to provide seamless utility and customer service, as well as to meet regulatory quality control and oversight requirements.

The SEJPA has individual wholesale water agreements with each water purveyor that includes pricing structure, water quality, and minimum purchase volume.

Since the execution of the original wholesale agreement with SFID approximately 20 years ago, SFID and the SEJPA have worked together to amend their agreement for contractual items such as meter fees, price per acre-foot, and the minimum quantity of water to be purchased. The current agreement amendment is set to expire January 1, 2017.

DISCUSSION

As the Recycled Water utility has matured, the Board has supported moving away from pricing the recycled water product from a potable water index to a cost of service methodology. This has provided consistent pricing from the SEJPA to the water purveyors. This proposed

amendment with SFID continues this model of consistency as it further aligns terms and conditions with the more recent recycled water amendments of OMWD, SDWD, and Del Mar. The proposed agreement period will end on June 30, 2021 with price increases of no less than 2% and no more than 5% based on a cost-of-service methodology.

SFID is scheduled to present the proposed agreement to their Board for consideration on September 15, 2016.

It is therefore recommended by Staff to:

1. Approve the Fifth Amendment to the Agreement for Sale of Reclaimed Water to the Santa Fe Irrigation District by the San Elijo Joint Powers Authority; and
2. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachment 1: Fifth Amendment to the Agreement for Sale of Reclaimed Water to the Santa Fe Irrigation District by the San Elijo Joint Powers Authority

ATTACHMENT 1

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

This Fifth Amendment to the Agreement for Sale of Reclaimed Water, hereinafter referred to as the "Fifth Amendment," is made and entered into this 1st day of October 2016, by and between the San Elijo Joint Powers Authority, a joint powers authority, hereinafter referred to as the "San Elijo JPA," and the Santa Fe Irrigation District, a California irrigation district, hereinafter referred to as the "Reclaimed Water Purveyor."

RECITALS

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

WHEREAS, a Second Amendment of the Purveyor Agreement was executed on November 22, 2010 in order to modify the pricing structure for a two year period;

WHEREAS, a Third Amendment of the Purveyor Agreement was executed on October 23, 2012 in order to modify the pricing structure for a two year period;

WHEREAS, a Fourth Amendment of the Purveyor Agreement was executed on January 1, 2014 in order to modify the pricing structure for a three year period; and

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

WHEREAS, the parties are interested in amending the terms of the Purveyor Agreement to extend the term to June 30, 2021, adjust the cost of reclaimed water to the Reclaimed Water Purveyor pursuant to Section 11 of the Purveyor Agreement, adjust the pricing for reclaimed water from indexed pricing to a rate based on cost of service principles, and set minimum quantity commitments for reclaimed water delivery.

WHEREAS, the majority of the San Elijo JPA Reclaimed Water Program infrastructure debt will be retired in FY 2020-21 and this will be considered a trigger event whereby the parties may re-evaluate both price and quantity of water delivered under this contract by mutually agreeable amendment. The re-evaluation of the price of water delivered under this Agreement shall be based on a cost-of-service analysis.

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

1. The provision of this Fifth Amendment shall apply to the sale of reclaimed water by the San Elijo JPA to the Reclaimed Water Purveyor commencing October 1, 2016, through June 30, 2021.

2. For the term of this Fifth Amendment, the pricing provisions of Section 11 of the Purveyor Agreement are suspended and San Elijo JPA and the Reclaimed Water Purveyor agree that the cost of reclaimed water charged by the San Elijo JPA to Reclaimed Water Purveyor shall increase as follows:
 - a) Commencing October 1, 2016, the reclaimed water rate shall be increased 4% to a price of \$1,410 per acre-foot.
 - b) Commencing July 1, 2017, the reclaimed water rate shall be increased 4% to a price of \$1,466 per acre-foot.
 - c) From July 1, 2018 through June 30, 2021, the rate charged by SEJPA to SFID for recycled water shall escalate at a rate no less than 2% annually and no greater than 5% annually as prescribed through a cost-of-service methodology. In the event that the parties do not reach an agreement on the applicable rate by July 1, a rate increase of three percent (3%) shall go into effect through June 30 of the following year provided that either party may (1) initiate arbitration to determine if a different increase between two percent (2%) and five percent (5%) is appropriate for the applicable July 1 to June 30 time period, or terminate the agreement upon one (1) years' written notice to the other party. In the event either party initiates arbitration, the Parties shall bear their own costs and fees incurred related to such arbitration.
3. For the term of this Fifth Amendment, the Reclaimed Water Purveyor agrees to purchase from the San Elijo JPA no less than four hundred-fifty (450) acre-feet ("AF"). In the event Reclaimed Water Purveyor fails to accept the minimum 450 AF per year, Reclaimed Water Purveyor agrees to pay for the difference between the AF accepted by the Reclaimed Water Purveyor during the fiscal year and the minimum 450 AF at the applicable reclaimed water rate stated in this Fifth Amendment.
4. For the term of this Fifth Amendment the San Elijo JPA shall make available and deliver a minimum reclaimed water supply of 620 acre-feet per year ("Supply Minimum") to Reclaimed Water Purveyor, which may be requested in whole or in part, at Reclaimed Water Purveyor's option.
5. For the term of this Fifth Amendment, the Reclaimed Water Purveyor and the San Elijo JPA agree that the Administrative Costs, as defined in Section 5, shall be waived. In lieu of payment by the San Elijo JPA, the Reclaimed Water Purveyor shall collect its administrative costs through the application of a meter fee to the end customer.
6. For the term of this Fifth Amendment, the supplemental water pricing provisions of Section 9 of the Purveyor Agreement are suspended and San Elijo JPA and the Reclaimed Water Purveyor agree the price of domestic potable water used for Supplemental Water as defined in Section 9 of the agreement shall be equal to the wholesale price of recycled water as set by this amendment. The Reclaimed Water Purveyor shall invoice the San Elijo JPA for Supplemental

Water, including applicable meter fees associated with the Supplemental Water supply meter.

The expiration of the provisions of this Fifth Amendment shall not affect the term of the Purveyor Agreement. Except as expressly provided herein, the remaining terms and conditions of the Purveyor Agreement shall remain in full force and effect. Upon expiration of the provisions of this Fifth Amendment, and unless the parties execute a written agreement otherwise, the terms of the Purveyor Agreement, including any other duly executed amendment thereto and excluding this Fifth Amendment, shall apply.

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

**SAN ELIJO
JOINT POWERS AUTHORITY**

SANTA FE IRRIGATION DISTRICT

By: _____

By: _____

Name: Michael T. Thornton, P.E.

Name _____

Its: General Manager

Its: _____

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

September 12, 2016

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: ENCINITAS RANCH RECYCLED WATER EXPANSION PROJECT

RECOMMENDATION

It is recommended that the Board of Directors:

1. Review proposed draft Recycled Water Easement and Service Agreement with Encinitas Ranch Golf Authority;
2. Review proposed draft Recycled Water Easement and Service Agreement with Encinitas Ranch Community Association; and
3. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) works in partnership with the local water districts and cities to reduce potable water consumption by using recycled water, where applicable. Through these collaborative efforts, the SEJPA successfully led a grant pursuit of Round 4, Proposition 84 Integrated Regional Water Management (IRWM) funding. The SEJPA and its partners were awarded \$2.5 million for the *101 Conservation Project*. The final award decision was given by the State in January 2016 and the SEJPA is currently awaiting the grant agreement. However, the SEJPA and its project partners have approval to proceed with project activity and incur reimbursable costs.

One of the components of the 101 Conservation Project is to expand recycled water service to the Encinitas Ranch Community Association (ERCA), Encinitas Park Trails, and Fox Point Farms. This project is estimated to conserve 45 acre-feet (14.6 million gallons) of potable water per year. In June 2016, the SEJPA Board approved Staff's recommendation to proceed with the project and awarded the design and permitting contract to the engineering firm Dudek. Staff has completed the California Environmental Quality Act (CEQA) documentation for the project and it is now in the design and local permitting phase of work.

DISCUSSION

The proposed project includes installing approximately 1.5 miles of small diameter (4-inch to 6-inch) recycled water pipe and a booster pump station to provide adequate water pressure to the customers. The ideal location of the booster station is near Quail Gardnes Drive and Paseo de Las Flores. The Encinitas Ranch Golf Authority (ERGA) has expressed a willingness to negotiate a “no cost” easement for the pump station on golf course property in return for continued recycled water service (see Attachment 1). The terms of the proposed service agreement is similar to the existing agreement that expires next year. Furthermore, the agreement includes recycled water annual price increases of 4%, which is consistent with the recommendations from the recently completed Recycled Water Cost of Service report. It is Staff’s conclusion that extending recycled water service to ERGA through the proposed service agreement is beneficial to both SEJPA and ERGA. It is anticipated that Staff will provide the final agreement to the SEJPA Board next month for approval consideration.

Staff also supports the proposed draft Recycled Water Easement and Service Agreement with ERCA (see Attachment 2). The recycled water easement is at no cost and will provide the SEJPA the most cost effective alignment for installing the recycled water pipelines for this project. The recycled water service agreement includes an infrastructure fee (\$141,600) to be paid by ERCA for building the booster pump station. In addition, the agreement also includes a minimum purchase volume of 15 acre-feet per year for a period of 20 years. It is anticipated that Staff will also provide the ERCA final agreement to the SEJPA Board next month for approval.

FINANCIAL IMPACT

There is no anticipated cost for the public review of the proposed draft agreements.

Overall, the estimated cost of the Encinitas Ranch Recycled Water Expansion Project is \$1.16 million. Funds committed to the project are \$116,840 with \$48,976 spent to date. As noted, the SEJPA has secured an IRWM grant (101 Conservation Project), which includes this Project. Of the total grant award, the Project is targeted to receive approximately \$525,000. Furthermore, the SEJPA and the Project participants have agreed to cost sharing for the booster pump station and for a minimum annual purchase volume of recycled water (see draft Recycled Water Service agreement). In total, the grant funding and cost sharing by the project customers is approximately half of the project costs.

It is therefore recommended that the Board of Directors:

1. Review proposed draft Recycled Water Easement and Service Agreement with Encinitas Ranch Golf Authority;
2. Review proposed draft Recycled Water Easement and Service Agreement with Encinitas Ranch Community Association; and
3. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachment 1: Draft Recycled Water Easement and Service Agreement with Encinitas Ranch Golf Authority

Attachment 2: Draft Recycled Water Easement and Service Agreement with Encinitas Ranch Community Association

ATTACHMENT 1

SURPLUS RECYCLED WATER AGREEMENT BETWEEN SAN ELIJO JOINT POWERS AUTHORITY, SAN DIEGUITO WATER DISTRICT, AND ENCINITAS RANCH GOLF AUTHORITY

This Surplus Recycled Agreement (“AGREEMENT”) is made and entered into by and among the San Elijo Joint Powers Authority, a joint powers authority organized and operated pursuant to California Government Code Section 6500 et seq. (“SEJPA”), the San Dieguito Water District, a municipal water district (“DISTRICT”), and Encinitas Ranch Golf Authority (“CUSTOMER”), who may collectively be referred to as the “Parties” or individually, as a “Party.”

RECITALS:

WHEREAS, the SEJPA is a producer of recycled water in accordance with the requirements of Order No. 2000-10, Master Recycled Water Permit for the production and purveyance of Recycled Water for San Elijo Joint Powers Authority, San Dieguito Water District, Santa Fe Irrigation District, and City of Del Mar as adopted by the California Regional Water Quality Control Board, San Diego Region (“Regional Water Board”) on March 8, 2000, which incorporate California’s Title 22 Regulations, and amendments thereto; and

WHEREAS, the SEJPA anticipates that it can produce more recycled water than can be beneficially used by its existing customers during the term of this AGREEMENT; and

WHEREAS, the DISTRICT is responsible for the purvey of potable and recycled water within its service area; and

WHEREAS, the CUSTOMER desires recycled water for use on the Encinitas Ranch Golf Course, a municipal golf course of approximately 164 acres that is located within the City of Encinitas and within the DISTRICT’s service area, and incorporated by reference herein (the “Property”) and has facilities necessary to accept and store substantial quantities of recycled water on the Property for its subsequent use, and therefore CUSTOMER is uniquely situated to accept recycled water service on an interruptible basis; and

WHEREAS, the CUSTOMER has an existing recycled water storage system consisting of open surface ponds that have in excess of 10 million gallons of surplus storage capacity that could be available for peak flow storage of recycled water during the wet season (November through April) and recycled water irrigation storage in dry season (May through October); and

WHEREAS, the SEJPA has the ability to provide its surplus recycled water to the Property on behalf of the DISTRICT; and

WHEREAS, the DISTRICT consents to the provision of recycled water service to the Property by the SEJPA; and

WHEREAS, the Parties, recognizing that the use of reclaimed water is a positive and achievable future means of helping to meet the growing water demands within the DISTRICT

and Southern California, have determined that it is in their mutual best interests for the SEJPA to deliver its surplus recycled water to the Property on the DISTRICT's behalf pursuant to the terms of this AGREEMENT;

AGREEMENT

NOW, THEREFORE, in consideration of these recitals and the covenants contained herein, the Parties agree as follows:

SECTION 1. SCOPE OF AGREEMENT

The subject matter of this AGREEMENT is the mutual rights and obligations of the Parties with respect to the sale and delivery of surplus recycled water by the SEJPA, on behalf of the DISTRICT, to CUSTOMER for the Property. This AGREEMENT is not intended to cover, and does not include or authorize, the sale and delivery of recycled water to other DISTRICT customers.

SECTION 2. DELIVERY OF RECYCLED WATER

The SEJPA shall, on the DISTRICT's behalf, transport and deliver surplus recycled water to the CUSTOMER for use on the Property in accordance with the terms and conditions of this AGREEMENT. The DISTRICT hereby designates the SEJPA its agent for providing recycled water to the CUSTOMER on the DISTRICT's behalf as stated in this AGREEMENT. To optimize pumping costs, the SEJPA shall first attempt to deliver the recycled water to the CUSTOMER on the weekends and holidays; and during the hours of 8 p.m. to 6 a.m., Monday through Friday, as this provides the lowest energy costs to the SEJPA. Delivery of recycled water may also occur during the hours of 6 a.m. and 8 p.m. to the CUSTOMER, but this will be at the sole discretion of the SEJPA.

SECTION 3. OWNERSHIP, OPERATION, AND MAINTENANCE RESPONSIBILITIES

The SEJPA shall be responsible for the operation and maintenance of its recycled water treatment, storage and distribution system up to the recycled water service meter. The SEJPA shall be responsible for the operation, maintenance, and reading of the service meter. The SEJPA shall be responsible for invoicing the CUSTOMER and reporting recycled water usage to the DISTRICT.

The SEJPA shall not be responsible for the installation, operation, and maintenance of any irrigation pipelines, pumps, sprinklers, storage facilities, and appurtenances located downstream of the SEJPA's recycled water service meter. CUSTOMER shall be solely responsible for such infrastructure. CUSTOMER shall also be responsible for compliance with any and all regulatory requirements associated with the storage of recycled water on the Property, and shall provide SEJPA with satisfactory evidence of such compliance, upon request.

SECTION 4. RECYCLED WATER QUALITY

SEJPA will provide CUSTOMER with nonpotable water that has been treated to Title 22 standards for recycled water. The SEJPA will only deliver reclaimed water that meets the requirements of the Water Reclamation Law, Water Code section 13500, et. seq., including section 13521 of the Water Code regarding statewide standards, and of ORDER NO. 2000-10 MASTER RECYCLED WATER PERMIT, adopted by the California Regional Water Quality Control Board, San Diego Region, which incorporate California's Title 22 Regulations.

SECTION 5. RECYCLED WATER QUANTITY

The SEJPA shall deliver to the Property surplus recycled water produced by the SEJPA that remains available after the SEJPA has served the SEJPA's other customers, including any amounts necessary for health and safety reasons. The SEJPA guarantees a minimum quantity to the Property of approximately 200 acre feet on an annual basis. The CUSTOMER agrees that the actual amount of surplus recycled water delivered by the SEJPA to the Property may be more than this anticipated amount, but the SEJPA shall have no liability to the CUSTOMER for any differences between the anticipated amount of surplus recycled water to be delivered and the actual amount of surplus recycled water that is delivered to the Property. Recycled water service to the Property may be reduced or interrupted on an hourly or daily basis if no surplus recycled water is available or anticipated to be available after the SEJPA has served the SEJPA's other customers.

The Parties understand and agree that this AGREEMENT shall not limit the SEJPA's ability to enter into new or amended recycled water contracts, the SEJPA may do so at its sole discretion without any liability to the Parties pursuant to this AGREEMENT.

SECTION 6. RECYCLED WATER DELIVERY PRESSURE

Surplus recycled water provided by the SEJPA at the DISTRICT's recycled water meter for the Property shall be at a minimum of 25 psi. At the SEJPA's cost, new service connections can be added to the PROPERTY to improve or optimize the delivery of recycled water.

SECTION 7. RECYCLED WATER STORAGE

The CUSTOMER shall provide 10 million gallons of recycled water storage for mutual benefit for both the CUSTOMER and the SEJPA. The storage system shall be comprised of existing water storage ponds located at the Encinitas Ranch Golf Course. The ponds shall provide the CUSTOMER with irrigation water storage and provide the SEJPA with wet weather peak flow storage. SEJPA shall have system control to allow recycled water into the storage system, provided that the Customer shall be responsible for ensuring that its storage capacity monitoring system is operational and providing accurate available capacity readings to SEJPA. The Customer understands that SEJPA shall rely on the accuracy of those readings, and the Customer shall be responsible to immediately notify SEJPA in the event the Customer's storage capacity monitoring system is not operational or for any reason is not providing accurate readings. Once the storage system is full, no new water shall enter the storage system. The Customer shall have final authority to determine if its storage system is full, and in such event shall immediately notify SEJPA. The Customer shall be responsible to install and maintain sufficient safe guards at all times to ensure that the Customer's storage system is not over filled.

SECTION 8. COMPLIANCE WITH REGULATORY REQUIREMENTS

The CUSTOMER is responsible for adhering to the SEJPA's and the DISTRICT's Rules and Regulations for Recycled Water Service, as may be amended from time to time, and to the applicable California Department of Health Services, the San Diego Regional Water Quality Control Board, and the San Diego County Department of Environmental Health regulations and

specifications. The CUSTOMER shall comply with such regulations and specifications during the term of this AGREEMENT.

SECTION 9. CUSTOMER PAYMENT TO THE SEJPA FOR RECYCLED WATER PRICE

The CUSTOMER shall pay the SEJPA a fixed annual cost for the delivery of surplus recycled water in accordance with this AGREEMENT. The cost of water is as follows:

Contract Year	Annual Increase	Annual Water Cost	Quarterly Payment
2017-18	4%	\$258,830	\$64,708
2018-19	4%	\$269,183	\$67,296
2019-20	4%	\$279,951	\$69,988
2020-21	4%	\$291,149	\$72,787
2021-22	4%	\$302,794	\$75,699
2022-23	4%	\$314,906	\$78,727
2023-24	4%	\$327,503	\$81,876

The Contract Year shall begin July 1 and end June 30. CUSTOMER shall make quarterly payments to the SEJPA by the 3rd Monday of each July, October, January, and April for each contract year of this agreement.

SECTION 10. CONSTRUCTION UNDER CORTESE-KNOX-HERTZBERG ACT OF 2000

The Parties acknowledge and agree that this AGREEMENT and services provided hereunder are for the purposes of the SEJPA providing surplus recycled water on behalf of the DISTRICT to the Property, and it is not subject to Government Code section 56133 relating to the provision of extraterritorial services.

SECTION 11. ACCESS TO RECORDS

The Parties shall keep and maintain proper books and records. Such records shall include, but not be limited to, all entries concerning the quantity and quality of recycled water delivered to the CUSTOMER by the SEJPA on behalf of the DISTRICT during the term of this AGREEMENT, all tests performed by or on behalf of a Party concerning the quality of recycled water, all reports and associated records required by Order No. 2000-10, all complaints, investigations, or other reports associated with the production and delivery of recycled water, and all cost information, capital expenditures, maintenance records, and other financial data associated with the production and delivery of recycled water to the DISTRICT. All such records except those exempt from disclosure by law shall, upon written request, be made available and subject to inspection by any duly authorized representative of any Party, the DISTRICT, the San Diego County Water Authority, the Metropolitan Water District of Southern California, the California and San Diego County Departments of Health Services, and the

California Water Quality Control Board, San Diego Region, within ten (10) days after receipt of such notification.

SECTION 12. NOTICE

Notices required or permitted under this AGREEMENT shall be sufficiently given if in writing and if either served personally upon the party to whom it is directed or by deposit in the United States mail, postage prepaid, certified, return receipt requested, addressed to the Parties at the following addresses:

DISTRICT: San Dieguito Water District
160 Calle Magdalena
Encinitas, CA 92024
Attention: General Manager

SEJPA: San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff by the Sea, CA 92007
Attention: General Manager

CUSTOMER: Encinitas Ranch Golf Authority
505 South Vulcan Avenue
Encinitas, CA 92024

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

The Parties agree that the attorney for a party listed above shall have the authority to deliver notices on such Party's behalf to the other Parties.

If notice is personally served on a Party in compliance with this section, it shall be deemed delivered, given and received on the date of service. If notice is mailed to Party in compliance with this section, it shall be deemed delivered, given and received upon the earlier of: (i) four (4) calendar days from the date of deposit in the United States mail, or (ii) the date of receipt as indicated on the return receipt.

SECTION 13. AMENDMENTS

This AGREEMENT may not be amended, changed or modified except by a writing duly executed by all of the Parties hereto.

SECTION 14. ASSIGNMENT

Neither this AGREEMENT nor any interest therein nor any monies due or to become due thereunder shall be assigned, hypothecated or otherwise disposed of without the prior written consent of the parties to this AGREEMENT, which consent shall not be unreasonably withheld.

SECTION 15. EFFECTIVE DATE

This AGREEMENT shall become effective upon the signature of the CUSTOMER, DISTRICT, and the SEJPA.

SECTION 16. TERM OF THE AGREEMENT

The term of this AGREEMENT shall commence on July 1, 2017, unless earlier terminated by any Party pursuant to Section 17. The Parties may agree to an optional extension of the term of this AGREEMENT for seven (7) additional years. The terms and conditions of the optional seven (7) year extension shall remain the same as to the first seven (7) year agreement. Any Party requesting the optional extension of term shall serve written notice of such request on all other Parties no later than January 1, 2024. The other Parties shall each serve written notice within sixty (60) calendar days thereafter stating whether or not they agree to the optional extension of term. If all Parties agree to the optional extension of term, such agreement shall be stated in a written amendment to this AGREEMENT. If any Party in its sole discretion rejects the optional extension of term, this AGREEMENT shall expire on June 30, 2024, unless earlier terminated by any Party pursuant to Section 17.

SECTION 17. TERMINATION OF AGREEMENT

The SEJPA may terminate this AGREEMENT upon one hundred eight (180) days notice if treatment standards change such that upgraded treatment is required and recycled water cannot feasibly be produced and delivered meeting those standards. The SEJPA may terminate this AGREEMENT upon thirty (30) days notice should the CUSTOMER or the DISTRICT breach their respective obligations in any material respect, to include: (1) the CUSTOMER repeatedly misuses the recycled water; (2) the CUSTOMER repeatedly fails to pay for the recycled water; (3) the CUSTOMER fails to accept the recycled water as required; and, (4) the CUSTOMER fails to maintain necessary facilities.

The CUSTOMER may terminate this AGREEMENT upon thirty (30) days notice should the SEJPA breach its obligations in any material respect and may terminate this AGREEMENT without reason upon one hundred eight (180) days notice.

SECTION 18. BINDING EFFECT

This AGREEMENT shall be binding upon the Parties according to its terms and their respective successors in interest and permitted assigns.

SECTION 19. INDEMNIFICATION

The SEJPA agrees to indemnify, defend, and hold harmless the DISTRICT and the CUSTOMER from any and all claims for damage arising out of or related to the SEJPA's negligent or intentional acts or omissions in the operation and maintenance of the San Elijo Water Reclamation Facility and the recycled water distribution facilities upstream of the DISTRICT's meter.

The CUSTOMER agrees to indemnify, defend, and hold harmless the SEJPA and its member agencies, directors, officers, consultants, agents, and employees from any and all claims for damage, suits, or other demands arising out of or related to the CUSTOMER's negligent or intentional acts or omissions in the operation and maintenance of the CUSTOMER's facilities for distribution of the recycled water including its use of such recycled water, and in the event of any third-party claim or litigation relating to this AGREEMENT.

The DISTRICT agrees to indemnify, defend, and hold harmless the SEJPA and its member agencies, directors, officers, consultants, agents, and employees from any and all claims for damage, suits, or other demands arising out of or related to the DISTRICT's negligent

or intentional acts or omissions pertaining, to related to, or in any way connected to the operation and maintenance of the CUSTOMER's facilities for distribution of the recycled water including its use of such recycled water, and in the event of any third-party claim or litigation relating to this AGREEMENT.

This indemnity paragraph is not intended by the Parties to waive any legal rights for defenses and immunities and other legal safeguards and protections from liability which are granted to public agencies and their employees under the California Tort Claims Act. The parties' indemnification, defense and hold harmless obligations pursuant to this AGREEMENT shall survive the expiration or termination of the AGREEMENT.

SECTION 20. RESERVATION OF RIGHTS; NO VESTED RIGHTS

It is hereby expressly understood and agreed that neither the DISTRICT nor the CUSTOMER by execution of this AGREEMENT and the exercise of the rights granted to them by this AGREEMENT shall not acquire any vested right to recycled water, and shall not acquire any vested right, title, or interest in or to the SEJPA's wastewater treatment facilities, recycled water distribution system, or any other SEJPA facilities. The SEJPA expressly reserves all of its rights except as expressly provided otherwise herein.

SECTION 21. ATTORNEY'S FEES

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

SECTION 22. APPLICABLE LAW

This AGREEMENT is entered into in the State of California and California law shall apply to the interpretation and construction of all of its provisions.

SECTION 23. JURISDICTION, FORUM AND VENUE

The proper jurisdiction, forum and venue for any claims, causes of action or other proceedings concerning this AGREEMENT shall be in the state and federal courts located in the State of California, County of San Diego. The Parties agree not to bring any action or proceeding arising out of or relating to this AGREEMENT in any other jurisdiction, forum or venue. The Parties 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 purposes of any legal action or proceeding to enforce this AGREEMENT, whether on the grounds of inconvenient forum or otherwise.

SECTION 24. SEVERABILITY

If any non-material provision of this AGREEMENT, or any portion of any such provision, is held to be unenforceable or invalid, the remaining provisions and portions shall nevertheless be carried into effect.

SECTION 25. REMEDIES

All rights and remedies of the Parties are separate and cumulative, and no one of them, whether exercised or not, shall be deemed to be to the exclusion of or to limit or prejudice any other legal or equitable rights or remedies which the Parties may have, except as otherwise expressly limited herein. Subject to the limitations or remedies imposed elsewhere in this AGREEMENT, the Parties shall not be deemed to have waived any of their rights or remedies hereunder, unless such waiver is in writing and signed by the Party to be bound. No delay or omission on the part of any Party in exercising any right or remedy shall operate as a waiver of such right or remedy or any other right or remedy. A waiver on any one occasion shall not be construed as a bar or waiver of any right or remedy on any future occasion. No waiver or any rights under this AGREEMENT shall be binding unless it is in writing signed by the party waiving such rights.

SECTION 26. NO THIRD-PARTY BENEFICIARY

Unless otherwise expressly stated herein, this AGREEMENT creates rights and duties only between the Parties, and third-party is or shall be deemed to be or shall have any rights as a third-party beneficiary nor shall any third-party have the right to enforce any provisions of this AGREEMENT.

SECTION 27. HEADINGS

This section headings contained in this AGREEMENT are for convenience only and are not part of this AGREEMENT, and do not in any way interpret, limit or amplify the scope, extent or intent of this AGREEMENT, or any of the provisions of this AGREEMENT.

SECTION 28. 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.

SECTION 29. FACSIMILE OR ELECTRONIC TRANSMISSION OF SIGNATURES

Upon execution of this AGREEMENT by each Party, a photocopied, facsimile and/or electronic transmission of each Party's signatures may be delivered to the other Party and used in place of original signatures on this AGREEMENT with the same force and effect as if the countersigned originals of this AGREEMENT had been delivered by each Party to the other Parties. The Parties acknowledge and agree that they intend to and shall each be bound by such signatures on the photocopied, facsimile and/or electronic transmission of this AGREEMENT. The Parties further acknowledge and agree that they are aware that each Party will rely on their respective signatures on the photocopied, facsimile and/or electronic transmission of this AGREEMENT and hereby waive any and all defenses to enforcement of the terms of this AGREEMENT based on the form of signature.

SECTION 30. COOPERATION OF THE PARTIES

In any case where the approval or consent of a Party hereto is required, requested or otherwise to be given under this AGREEMENT, such Party shall not unreasonably delay or withhold its approval or consent.

SECTION 31. CONSTRUING THE CONTRACT

In the event of a dispute under this AGREEMENT, no Party shall be deemed to be the Party who caused the uncertainty to exist and the prescriptions of Civil Code Section 1654 shall not be applicable to such a dispute under this AGREEMENT.

SECTION 32. ENTIRE AGREEMENT

This AGREEMENT constitutes the entire understanding between the Parties hereto with respect to the subject matter hereof superseding all negotiations, prior discussions and preliminary AGREEMENTS and understandings, written or oral.

IN WITNESS WHEREOF the Parties hereto have caused this AGREEMENT to be executed on _____.

CUSTOMER

By: _____

Its: _____

SAN DIEGUITO WATER DISTRICT

By: _____

Its: _____

SAN ELIJO JOINT POWERS AUTHORITY

By: _____

Its: Chair of the Board

**EXHIBIT A
Easement**

DRAFT

RECORDING REQUESTED BY:

San Elijo Joint Powers Authority

WHEN RECORDED RETURN TO:

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

NO FEE REQUIRED PER
GOVERNMENT CODE SECTION 6103

DEED TRANSFER TAX: \$ 0
EXEMPT UNDER SEC. 11922 OF
REVENUE TAXATION CODE

EASEMENT DEED

Parcel No. _____

For valuable consideration, ENCINITAS RANCH GOLF AUTHORITY, a California nonprofit mutual benefit corporation, as Grantor, hereby grants to SAN ELIJO JOINT POWERS AUTHORITY, a joint powers authority created under California Government Code Section 6502, and San Dieguito Water District, as Grantees, jointly and severally, an easement of right-of-way twenty (20) feet in width over, under, and across the lands hereinafter described, together with the right to from time to time construct, reconstruct, install, inspect, maintain, replace, remove, and use facilities of the type described herein (“Easement”).

The lands in which said Easement is hereby granted are situated in the City of Encinitas, County of San Diego, State of California, and are more particularly described in the Legal Description dated [insert date], attached hereto as Attachment “A” and incorporated by reference.

Grantor and Grantees agree that facilities constructed within the Easement shall consist of recycled water distribution pipes and appurtenances that are more particularly described in the [construction agreement or scope], attached hereto as Attachment “B” and incorporated by reference.

Grantor and Grantees further agree that no other easement or easements shall be granted within any portion of the Easement by Grantor to any person, firm, or corporation without the prior written consent of Grantees.

Grantor and Grantees further agree that Grantor shall not erect or construct, or permit to be erected or constructed, any building, fences, walls, or other structures of any kind and no trees shall be placed, planted, or maintained within any portion of the Easement, and no shrubs or other, plants or vegetation shall be placed, planted, or maintained within any portion of the Easement which is used as a road, and that no changes in the alignment or grading of any such road shall be made without prior written consent of Grantees.

Grantor and Grantees further agree that Grantor shall not drill any well or wells within the limits of the Easement.

Grantor and Grantees further agree that Grantor shall not increase or decrease or permit to be

increased or decreased, the ground elevations of the Easement existing at the time this Easement Deed is executed without the prior written consent of Grantees.

Grantor and Grantees further agree that Grantees shall have the right to clear and keep clear the Easement from buildings and structures.

The provisions of this Easement Deed shall inure to the benefit of and bind the successors and assigns of Grantor and of Grantees.

"Grantor"

Encinitas Ranch Golf Authority

Dated: _____

By: _____

Its: _____

Dated: _____

By: _____

Its: _____

"Grantees"

San Elijo Joint Powers Authority

Dated: _____

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

San Dieguito Water District

Dated: _____

By: Bill O'Donnell
General Manager

CERTIFICATE OF NOTARY

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.

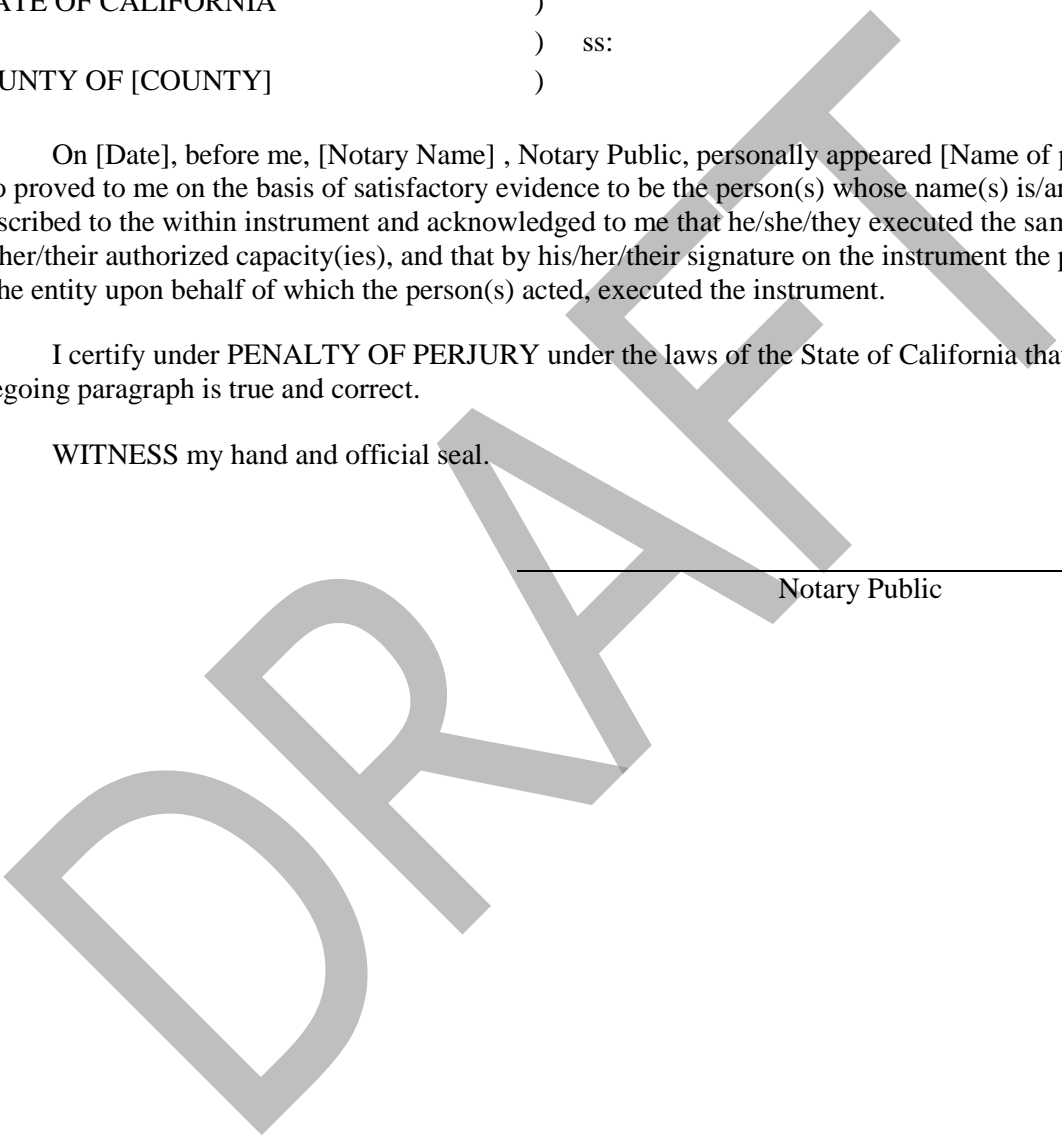
STATE OF CALIFORNIA)
) ss:
COUNTY OF [COUNTY])

On [Date], before me, [Notary Name] , Notary Public, personally appeared [Name of person] , 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 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



CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Grant of Right of Way dated _____ from _____

to the San Elijo Joint Powers Authority, a joint powers authority created under California Government Code section 6502, is hereby accepted by order of Board of Director's Resolution No.____, dated _____, authorizing the General Manager to accept and record Grants of Right of Way on behalf of San Elijo Joint Powers Authority.

SAN ELIJO JOINT POWERS AUTHORITY

Dated _____ By _____
General Manager

Project _____		
Water Atlas Page No. _____	Checked by: _____	Date: _____

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Grant of Right of Way dated _____ from _____

_____ to the San Dieguito Water District is hereby accepted by order of Board of Director's Resolution No._____, dated _____, authorizing the General Manager to accept and record Grants of Right of Way on behalf of San Dieguito Water District.

SAN DIEGUITO WATER DISTRICT

Dated _____ By _____
General Manager

DRAFT

ATTACHMENT 2

AGREEMENT FOR PROVIDING RECYCLED WATER FACILITIES AND SERVICE

This Agreement for providing Recycled Water Facilities and Service (“Agreement”) is made and entered into effective _____, 2016, by and between the SAN ELIJO JOINT POWERS AUTHORITY, a joint powers authority (hereinafter “SEJPA”), the SAN DIEGUITO WATER DISTRICT, a California irrigation district (hereinafter “Water Purveyor”) and the ENCINITAS RANCH COMMUNITY ASSOCIATION (hereinafter “Water Customer” or “Association”), collectively referred to herein as the “Parties” and individually referred to as “Party.”

RECITALS

WHEREAS, SEJPA owns and operates the San Elijo Water Reclamation Facility and associated recycled water distribution systems to produce and deliver recycled water for non-potable water uses within the cities of Encinitas, Solana Beach, and Del Mar;

WHEREAS, Water Purveyor is responsible for purveying potable and recycled water to water customers within its service area in accordance with applicable rules and regulations;

WHEREAS, SEJPA and the Water Purveyor represents and warrants they have entered into an Agreement for the Sale of Reclaimed Water dated March 26, 1997, as amended on August 23, 2000, and December 12, 2013, which provides for the sale and delivery of recycled water by SEJPA to Water Purveyor;

WHEREAS, Water Purveyor and the SEJPA desire to develop and expand locally produced, drought resistant water supplies;

WHEREAS, Water Customer is a homeowners association and the owner of common areas of a common interest development, located within Water Purveyor’s service area, that desires to purchase recycled water from Water Purveyor for non-potable use in the common areas and areas within the boundaries of the common interest development for which it has responsibility and which it otherwise controls;

WHEREAS, in order to efficiently deliver recycled water to Water Customer and adjacent properties, SEJPA must construct recycled water infrastructure, including a pump station (hereinafter “Infrastructure Work”), which will eliminate the need for Water Customer to maintain individual booster pumps at its onsite irrigation distribution system and for which SEJPA shall charge a fee to Association pursuant to this Agreement;

WHEREAS, in order to accept and use recycled water for non-potable water uses, Water Customer must make certain alterations and improvements in and to its onsite irrigation distribution system (hereinafter “Retrofit Work” or “Retrofit Works and Improvements”); and

WHEREAS, in recognition that recycled water is an important supplemental water source necessary to meet the growing demands of San Diego County and the State of California’s emergency mandate to cut back or eliminate the use of potable water for landscaping, the Parties hereby wish to enter into this Agreement for the purpose of defining the rights and obligations of the Parties with respect to the Infrastructure Work and Retrofit Work necessary to facilitate the delivery to and use of recycled water by Water Customer.

AGREEMENT

NOW, THEREFORE, in consideration of these Recitals and the mutual covenants contained herein, SEJPA, Water Purveyor, and Water Customer agree as follows:

1. INFRASTRUCTURE WORK.

- a. Installation and Maintenance. SEJPA, at its sole expense, shall be solely responsible for the design, permitting, and construction and maintenance of recycled water infrastructure up to the point of delivery (as depicted in Exhibit A), but not including Water Customer's meter, as necessary to serve the Water Customer and other adjacent properties. At the time of completion, the Infrastructure Work shall have the capacity to provide Water Customer's estimated average annual demand of 45 acre-feet per year and instantaneous demand at all times of 275 gpm of recycled water. The means and methods of constructing the Infrastructure Work, including but not limited to the choice of contractors and materials to be used, the maintenance and engineering specifications, and the schedule for construction and maintenance are within the sole discretion of SEJPA. The Infrastructure Work paid for by SEJPA is anticipated to include the improvements identified in the preliminary design, attached hereto as Exhibit A.
- b. Timing for Completion. All Infrastructure Work shall be substantially completed, and capable of delivering recycled water, by April 2018.
- c. Ownership. SEJPA shall be the sole owner, responsible for operation and maintenance, of the Infrastructure Work up to the points of delivery, but not including Water Customer's meter. Water Purveyor shall own, and be responsible for the operation, calibration, maintenance, repair, and replacement of the recycled water meters for service to Water Customer. The cost of the recycled water meters for service to Water Customer shall be paid for by Water Customer and shall be installed and maintained by Water Purveyor at Water Purveyor's expense. The recycled water meters shall be located in the areas depicted on Exhibit A.
- d. Consent. Water Purveyor expressly consents to SEJPA's construction, operation and maintenance of the Infrastructure Work within Water Purveyor's service area. Water Purveyor acknowledges that this Agreement does not result in a "duplication of water service" within the meaning of California Public Utility Code section 1505.5, because Water Purveyor, not SEJPA, will act as the water retailer responsible for providing recycled water service customers within Water Purveyor's service area. Furthermore, SEJPA and Water Purveyor agree that no law applicable to SEJPA or Water Purveyor, or contractual obligations entered into by either of them outside of this Agreement require the Water Customer's consent for Water Purveyor and SEJPA to enter into this Agreement.

2. RETROFIT WORK AND IMPROVEMENTS.

- a. Installation. Required improvements downstream of the Water Purveyor's meter are the responsibility of the Water Customer. Water Customer shall be solely responsible for the design, permitting and construction of alterations and improvements in and to the irrigation distribution system located on Water Customer's Property (or property within the boundaries of the common interest development which Water Customer has legal control over) that are necessary for Water Customer to accept recycled water, including but not limited to any necessary backflow prevention and potable water system protection and testing, irrigation

pipelines, pumps, sprinklers and storage facilities. The means and methods of constructing this Retrofit Work and Improvements, including but not limited to the choice of contractors and materials to be used, the engineering specifications, and the schedule for construction, are within the sole discretion of Water Customer. To the extent SEJPA or Water Purveyor provides any recommendations, assistance or guidance to Water Customer concerning the design, construction or operation of Water Customer's recycled water distribution system, Water Customer will hold Water Purveyor and SEJPA, its member agencies (to include the City of Encinitas and the City of Solana Beach), and each of their respective directors, officials, officers, employees, representatives, and agents, harmless from and against any liability arising from said recommendations, assistance and guidance. Such recommendations, assistance and guidance shall be limited to helping to ensure that Water Customer's facilities operate safely and in compliance with applicable regulations. Neither SEJPA nor Water Purveyor shall perform any work on Water Customer's Retrofit Work and Improvements, except that Water Purveyor may require compliance with its terms and conditions for provision of water service generally applicable to other similarly-situated customers.

- b. Timing for Completion. Provided the Infrastructure Work (described above) is able to provide reclaimed water to Association by April 2018, all retrofit work and improvements shall be substantially completed, and capable of accepting recycled water by June 29, 2018.
 - c. Ownership. Water Customer shall be the sole owner, responsible for operation and maintenance, of the Retrofit Work and Improvements to Water Customer's onsite distribution system, including any necessary backflow prevention and flow control devices.
 - d. Minimum Demand (Take or Pay). Water Customer agrees that upon completion of the Infrastructure Work and Retrofit Work, to accept delivery of not less than 15 acre-feet of recycled water per year for a period of 20 years at Water Purveyor's then-current rates. If Water Customer is unable to fully utilize such deliveries, Water Customer agrees to nonetheless compensate Water Purveyor for such minimum amount annually during said 20-year period, provided that not less than 15 acre-feet of recycled water has been made available to Water Customer pursuant to this Agreement. However, if Water Customer is unable to fully utilize such minimum amount annually, Water Customer shall have the right to assign the delivery and use of such excess recycled water to another recycled water user provided that any such assignee shall (1) provide for installation and maintenance of any required infrastructure, meters, easements, or other rights needed for delivery of such water at its sole expense; (2) put such recycled water to a legally-authorized beneficial use; (3) be eligible to be served as a retail customer of Water Purveyor; and (4) comply with all regulatory requirements for the use of the recycled water. The Parties contemplate that this Agreement will continue after the termination of said 20-period of minimum annual amount. If any adjustment to this Agreement is desired by any party after the termination of said 20-year period of minimum annual amount, the Parties shall negotiate in good faith as to their respective rights and obligations in accordance with the provisions of paragraphs 8.a through 8.d hereof.
3. INFRASTRUCTURE DEVELOPMENT FEE. Water Customer voluntarily agrees to pay SEJPA a one-time infrastructure fee ("Fee") in the amount of \$141,600, as consideration for the cost of providing recycled water and in consideration for the efficiencies to be gained by Water Customer. SEJPA and Water Customer agree that the amount of the Fee is both fair and reasonable. Water Customer shall pay the \$141, 600 Fee as follows: \$35,400 during the fourth quarter of 2016; \$35,400 during the first quarter of 2017; \$35,400 during the first quarter of 2018; and \$35,400 during the first

quarter of 2019. If any installment is not timely paid SEJPA shall have no further obligations under this Agreement. This Fee is refundable to Water Customer on January 31, 2020, if by December 31, 2019, the Infrastructure Work to supply the reclaimed water is not completed. Water Customer acknowledges that the Fee covers only a fraction of the total cost of the project required to deliver recycled water to Water Customer.

4. ACCESS TO PROPERTY.

a. Property Owned by Water Customer. Subject to reasonable notice (not less than 30 working days) Water Customer shall provide SEJPA with all easements and rights of way necessary for SEJPA to construct and maintain any Infrastructure Work located on property owned by Water Customer. The easements shall be delivered to SEJPA in a recordable form containing substantially the same terms and conditions contained in the Easement Deed attached hereto as Exhibit B. SEJPA's obligations under this Agreement are contingent upon receipt of such easements from Water Customer and acceptance by the SEJPA Board of Directors.

b. Other Property. SEJPA shall seek, at its sole expense, to obtain all other easements and rights of way not located on Water Customer's property (or property controlled by Water Customer) that are necessary for SEJPA to complete and maintain the Infrastructure Work.

5. INDEMNIFICATION. SEJPA agrees, to the fullest extent permitted by law, to defend, indemnify and hold harmless Water Customer, its directors, officers, employees, and agents from any damage, liability, or cost (including attorney's fees and costs of defense) arising from or relating to this Agreement, to the extent caused by the negligent, willful or intentional acts, omissions or misconduct of SEJPA, its, directors, officers, employees, and agents. Water Customer agrees, to the fullest extent permitted by law, to defend, indemnify and hold harmless Water Purveyor, SEJPA, its directors, officers, employees, and agents from any damage, liability, or cost (including attorney's fees and costs of defense) arising from or relating to this Agreement, to the extent caused by the negligent, willful or intentional acts, omissions or misconduct of Water Customer, its directors, officers, employees, and agents.

6. NO GUARANTEE. This Agreement shall not constitute a guarantee by SEJPA or Water Purveyor of delivery of recycled water in any specified quantity or for any specified duration.

7. WARRANTY AND REPRESENTATION: SEJPA and Water Purveyor each represent and warrant that the work and any and all future modifications they will perform under this Agreement complies with all City, State and Federal laws applicable to the provision of recycled water service as of the date of execution of this Agreement of which each has actual knowledge. SEJPA and Water Purveyors further represent and warrant that any and all future modifications up to the point of delivery will be at the expense of SEJPA and Water Purveyors.

8. DISPUTE RESOLUTION. In the event that a dispute shall arise with regard to the interpretation, application, performance or enforcement of this Agreement, the following dispute resolution procedure must be followed:

a. Demand: Prior to filing a formal complaint, any Party that has a dispute arising out of this Agreement must, in writing, make a demand on the other Party or Parties for an informal dispute resolution meeting.

b. At least one meeting: Within 30 days of the date of mailing of such demand, at least one informal dispute resolution meeting shall be held and attended by a representative of each of

the Parties involved in the dispute. Each Party shall endeavor to have a representative present at the meeting with authority to bind its Party. Such additional meetings and time extensions shall occur as the Parties may agree. A request by any Party for dispute resolution tolls (or stops) the running of any applicable claims presentation requirements, statutes of limitation or statutes of repose, which have not otherwise run, for a period of 45 days from the date of the request, to allow the Parties to complete the informal dispute resolution process. The 45-day period referenced may be extended upon agreement of the Parties.

- c. Non-binding effect: The foregoing dispute resolution process shall be informal and non-binding. The Parties, at their option, may involve the services of a professional mediator but shall not be obligated to do so. If a mediator is retained the Parties shall split the cost equally unless otherwise agreed.
 - d. Litigation: Any party may file litigation to interpret, enforce, or apply the terms of this Agreement provided that either (1) informal dispute resolution has been invoked and at least one meeting has been held as described above, or (2) informal dispute resolution has been invoked in writing, and through no fault of the party seeking to commence litigation, 30 days has expired and the other party or parties have been unable or unwilling to attend informal dispute resolution. There shall be no requirement to comply with the requirement of dispute resolution (stated above) if one Party is seeking extraordinary or equitable relief from the court, provided such relief is directly related to the health and safety of the public, including Water Customer or its residents.
9. TIME FOR PERFORMANCE; FORCE MAJEURE. Notwithstanding the deadlines in paragraphs 1.b and 2.b, hereof, neither Party shall be in violation of its obligations to complete construction of infrastructure if the Party has used its best efforts to prosecute the work, but has been prevented from timely completing the work due to acts of nature, litigation by a third party or delays in obtaining any permit or other required approval which is beyond the Party's control; however the time to complete the work shall be extended only so long as is reasonably necessary under the circumstances. The Party who is unable to perform shall provide no less than 30-day's written notice to the other Party in the event a delay is anticipated.
10. APPLICABLE LAW. This Agreement is entered into in the State of California and California law shall apply to the interpretation and construction of all of its provisions.
11. JURISDICTION/VENUE. The proper jurisdiction, forum and venue for any claims, causes of action or other proceedings concerning this Agreement shall be in the state and federal courts located in the State of California, County of San Diego
12. ATTORNEY'S FEES. If any proceeding or action at law or in equity is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and litigation expenses in addition to statutory costs and any other relief to which the prevailing Party may be entitled.
13. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors in interest, assigns, and personal representatives. Water Customer, and its assigns, successors in interest, and personal representatives, agree to disclose the terms and conditions of this Agreement to their respective successors in interest and assignees prior to the date of transfer.
14. ENTIRE AGREEMENT. This Agreement constitutes the entire understanding between the Parties

hereto with respect to the subject matter hereof superseding all negotiations, prior discussions and preliminary agreements and understandings, written or oral.

15. MODIFICATION/ASSIGNMENT. This Agreement shall not be amended, modified or assigned, except by written consent of the parties hereto. No waiver of any rights under this Agreement shall be binding unless it is in writing signed by the party waiving such rights.

16. NOTICES. Notices required or permitted under this Agreement shall be sufficiently given if in writing and if either served personally upon the party to whom it is directed or by deposit in the United States mail, postage prepaid, certified, return receipt requested, addressed to the parties at the following addresses:

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

San Dieguito Water District: General Manager
Bill O'Donnell
160 Calle Magdalena
Encinitas, CA 92024

Encinitas Community Association: Jon H. Epsten
Epsten Grinnell & Howell, APC
10200 Willow Creek Road, Ste 100
San Diego, CA 92131

17. SEVERABILITY. If any provision or any part thereof of this Agreement shall for any reason be deemed void, unenforceable, or contrary to public policy or any law, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect to all parties to the Agreement.

18. COUNTERPARTS. This Agreement and any amendment to it may be executed in counterparts and all of these counterparts together shall be deemed to constitute one and the same agreement.

19. AUTHORITY TO SIGN. Each of the signatories herein warrants and represents that he or she is competent and authorized to enter into this Agreement on behalf of the Party for whom he or she represents to sign, and each signatory agrees to indemnify and hold harmless each of the other Parties against claim or demand, necessary expenses of investigation and reasonable attorney fees, in any action which is successfully asserted that a signatory is not competent and/or authorized to execute this Agreement and give and receive the consideration therefore.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and effective on the date provided in this Agreement.

SAN ELIJO JOINT POWERS AUTHORITY

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

SAN DIEGUITO WATER DISTRICT

By: _____ Date: _____
Bill O'Donnell
General Manager

ENCINITAS RANCH COMMUNITY ASSOCIATION

By: _____ Date: _____
Print Name _____
It's: President

By: _____ Date: _____
Print Name _____
It's: Secretary

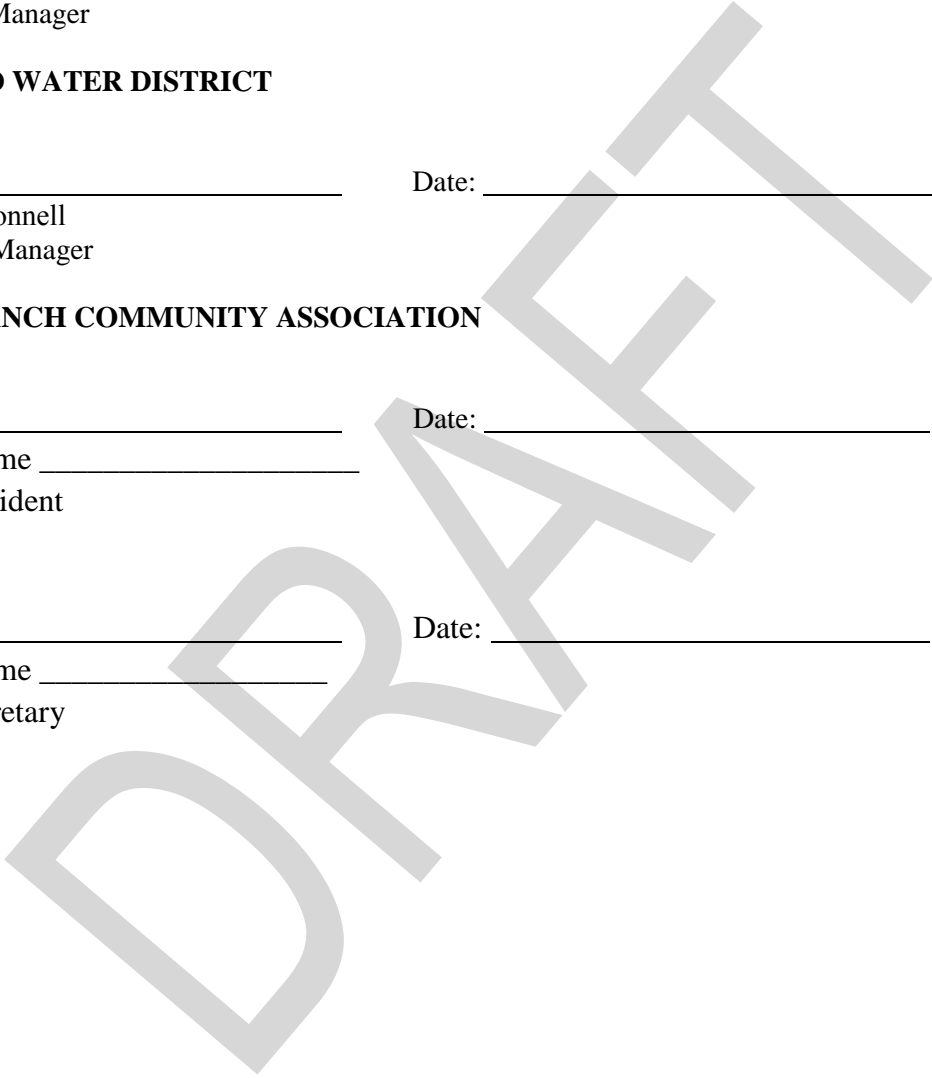


EXHIBIT A
Preliminary Design Information

DRAFT

EXHIBIT B
Easement

DRAFT

RECORDING REQUESTED BY:

San Elijo Joint Powers Authority

WHEN RECORDED RETURN TO:

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

NO FEE REQUIRED PER
GOVERNMENT CODE SECTION 6103

DEED TRANSFER TAX: \$ 0
EXEMPT UNDER SEC. 11922 OF
REVENUE TAXATION CODE

EASEMENT DEED

Parcel No. _____

For valuable consideration, ENCINITAS RANCH COMMUNITY ASSOCIATION, a California nonprofit mutual benefit corporation, as Grantor, hereby grants to SAN ELIJO JOINT POWERS AUTHORITY, a joint powers authority created under California Government Code Section 6502, and San Dieguito Water District, as Grantees, jointly and severally, an easement of right-of-way twenty (20) feet in width over, under, and across the lands hereinafter described, together with the right to from time to time construct, reconstruct, install, inspect, maintain, replace, remove, and use facilities of the type described herein (“Easement”).

The lands in which said Easement is hereby granted are situated in the City of Encinitas, County of San Diego, State of California, and are more particularly described in the Legal Description dated [insert date], attached hereto as Attachment “A” and incorporated by reference.

Grantor and Grantees agree that facilities constructed within the Easement shall consist of recycled water distribution pipes and appurtenances that are more particularly described in the [construction agreement or scope], attached hereto as Attachment “B” and incorporated by reference.

Grantor and Grantees further agree that no other easement or easements shall be granted within any portion of the Easement by Grantor to any person, firm, or corporation without the prior written consent of Grantees.

Grantor and Grantees further agree that Grantor shall not erect or construct, or permit to be erected or constructed, any building, fences, walls, or other structures of any kind and no trees shall be placed, planted, or maintained within any portion of the Easement, and no shrubs or other, plants or vegetation shall be placed, planted, or maintained within any portion of the Easement which is used as a road, and that no changes in the alignment or grading of any such road shall be made without prior written consent of Grantees.

Grantor and Grantees further agree that Grantor shall not drill any well or wells within the limits of the Easement.

Grantor and Grantees further agree that Grantor shall not increase or decrease or permit to be increased or decreased, the ground elevations of the Easement existing at the time this Easement Deed is executed without the prior written consent of Grantees.

Grantor and Grantees further agree that Grantees shall have the right to clear and keep clear the Easement from buildings and structures.

The provisions of this Easement Deed shall inure to the benefit of and bind the successors and assigns of Grantor and of Grantees.

"Grantor"

Encinitas Ranch Community Association

Dated: _____

By: _____

Its: _____

Dated: _____

By: _____

Its: _____

"Grantees"

San Elijo Joint Powers Authority

Dated: _____

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

San Dieguito Water District

Dated: _____

By: Bill O'Donnell
General Manager

CERTIFICATE OF NOTARY

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.

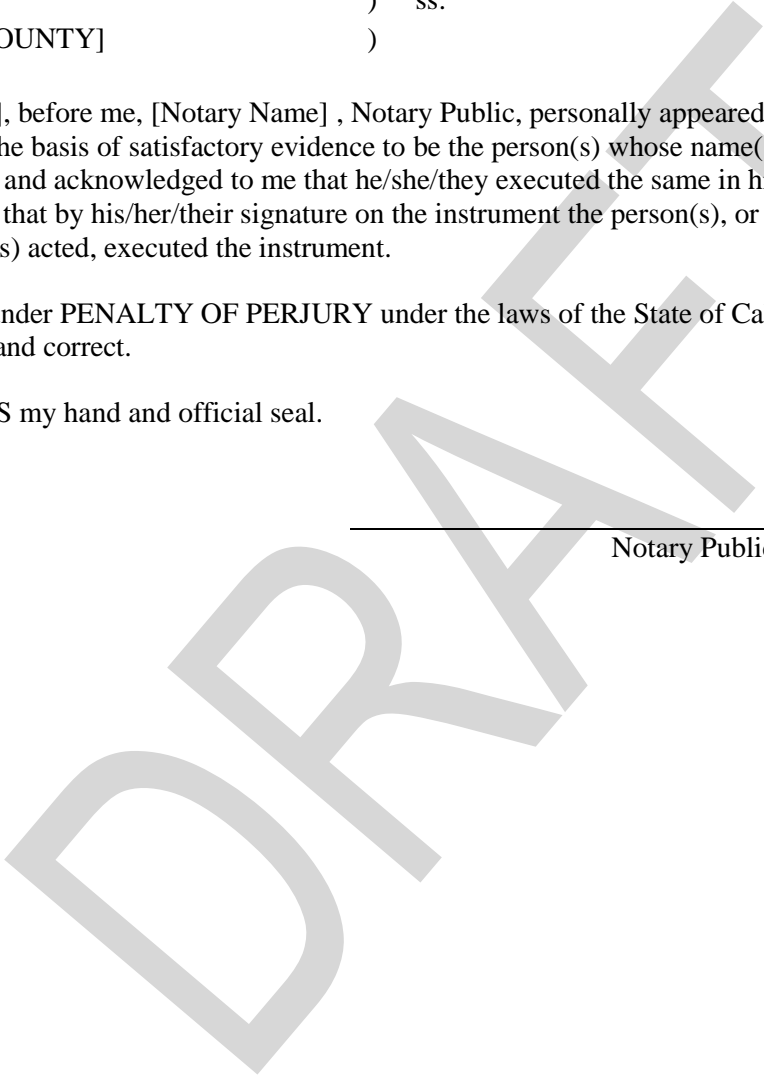
STATE OF CALIFORNIA)
) ss:
COUNTY OF [COUNTY])

On [Date], before me, [Notary Name] , Notary Public, personally appeared [Name of person] , 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 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



CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Grant of Right of Way dated _____ from _____

to the San Elijo Joint Powers Authority, a joint powers authority created under California Government Code section 6502, is hereby accepted by order of Board of Director's Resolution No.____, dated _____, authorizing the General Manager to accept and record Grants of Right of Way on behalf of San Elijo Joint Powers Authority.

SAN ELIJO JOINT POWERS AUTHORITY

Dated _____ By _____
General Manager

Project _____		
Water Atlas Page No. _____	Checked by: _____	Date: _____

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Grant of Right of Way dated _____ from _____

to the San Dieguito Water District is hereby accepted by order of Board of Director's Resolution No.____, dated _____, authorizing the General Manager to accept and record Grants of Right of Way on behalf of San Dieguito Water District.

SAN DIEGUITO WATER DISTRICT

Dated _____ By _____
General Manager

DRAFT

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

September 12, 2016

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: BUILDING IMPROVEMENT PROGRAM

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve building alternative selection;
2. Authorize General Manager to request Proposals for Building Final Design; and
3. Discuss and take action as appropriate.

BACKGROUND

In 2015, the San Elijo Joint Powers Authority (SEJPA) completed a detailed assessment of the equipment, buildings, and capital assets at the San Elijo Water Reclamation Facility. These findings were documented in the 2015 Facility Plan, which provided recommendations for capital projects over the next 10 years.

The Facility Plan identified significant deficiencies with the Administration and Operations buildings, which included seismic, fire suppression, ADA access, and other code issues. In addition, both buildings are nearing the end of useful life and lack necessary workspace for the current workforce.

The SEJPA initiated a Building Improvement Program to develop options to replace or modernize the existing buildings. Staff retained the services of RNT Architects to develop a Building Needs Assessment to evaluate existing facilities against current standards, identify site constraints, and assess workspace requirements.

Working with RNT Architects, Staff prepared a Building Alternatives Analysis to identify and examine potential building alternatives that would meet SEJPA building needs. As a result of the initial evaluation it was determined that the optimal building location is at the site entrance, which improves access control, site security, and delineates public and restricted areas. Staff presented the draft Building Improvement Program report at the September and December 2015 Board meetings. The Board provided the following comments:

- Develop a project that is financially responsible
- Focus on immediate needs with consideration for future demands
- Minimize building size and cost where feasible to provide the best value
- Provide adaptability to future conditions
- Evaluate consolidation opportunities with the Encina Wastewater Authority (EWA)

Board comments were incorporated into the revised report and building options were revisited to ensure the appropriate size and scale of the project. After evaluating multiple building options, three were identified that most cost effectively address building needs. The three building options included:

Option	Description
Alternative 1:	Construct new combined Administration and Operations building; demolish existing Operations building and build Pre-engineered Maintenance Shop.
Alternative 2:	Construct new Administration building; renovate existing Operations building.
Alternative 3:	Consolidate administrative and laboratory functions with EWA, construct new Operations building.

Note: All options include the elimination of existing administration trailer.

Alternative 3, which consolidated administrative and laboratory functions with EWA, was considered at a special meeting with SEJPA and EWA on July 12, 2016 and did not receive approval to proceed. Therefore, Staff proceeded with the evaluation of Alternatives 1 and 2.

DISCUSSION

In order to determine the preferred alternative, Staff evaluated each option using the following criteria:

- Cost to construct (permits, design, and construction)
- Risk reduction
- Adaptability to meet future needs
- Compatibility with community and North Coast Corridor projects

Evaluation of Cost to Construct

At the current level of detail, the cost difference between the Alternative 1 and 2 is approximately \$100,000, on an estimated construction cost of \$7.4 million. The cost estimates are considered American Association of Cost Estimators (AACE) Class 4 estimates for conceptual design with an accuracy range of -30% to +50%. Based on this level of accuracy, the cost estimates of Alternative 1 and 2 are considered roughly equivalent. Therefore, it is Staff's conclusion that Cost to Construct is not a differentiator between the alternatives.

Evaluation of Risk Reduction

While both alternatives meet immediate needs, eliminate current deficiencies, and provide adaptability at a similar size and cost, the evaluation for Risk Reduction favors Alternative 1. The reasons are as follows:

- New facility construction; no remodel or refurbishing of existing buildings
 - Lower construction risk associated with new construction as compared to building remodeling
 - Reduced design and construction restraints
- Less disruption to staff and risk of operational upset during construction
 - Allows existing building to be used while new building is constructed
 - Reduces the need of temporary facilities
 - Eliminates the need of a temporary laboratory and control room
- Co-location of staff within a single building; improves security and increased functional efficiency

Adaptability to Meet Future Needs

Alternative 1 appears to provide the highest adaptability to meet future needs as it incorporates construction methods that will minimize bearing walls and allow for greater flexibility for future tenant improvements. Furthermore, Alternative 1 eliminates the existing operations building, which will improve workspace and driveway access near the preliminary treatment portion of the facility, providing more flexibility for future treatment.

Compatibility with Community and North Coast Corridor Projects

Both alternatives are compatible with the proposed regional bike path, Manchester roundabout, and overflow parking needs of the San Elijo Nature Center. The alternatives are also rated equal in providing an open entrance while addressing the need to create delineation between public and restricted access areas. Alternative 1 ranks slightly higher for facilitating public tours, as the operation control room and laboratory are located within a single building at the front of the facility. Alternative 2 provides the administration and engineering at the front of the facility and the operations and laboratory at the rear of the facility.

Conclusion

Staff's recommendation is to proceed with Alternative 1; construction of a single building located near the SEWRF site entrance that co-locates Administration, Operations, and Laboratory functions. The estimated size of the proposed building is 11,500 sf. In addition, the existing Operations Building will be demolished and replaced with a 1,600 sf pre-engineered shop building. The proposed alternative:

- Addresses seismic, fire, and ADA compliance issues
- Improves site security by siting administration building near facility entrance
- Reduces health and safety risks associated with overhead power lines
- Creates barriers to restrict unauthorized entries into the facility
- Increases operational efficiency with all staff located within one building
- Provides for public overflow parking for the lagoon nature center
- Creates improved public access
- Provides flexibility and adaptability for future processes and staffing needs
- Estimated cost: \$7.4 Million

Staff is seeking Board concurrence on the Building alternative selection. Upon approval of the preferred alternative, Staff will direct RNT Architects to complete the preliminary design. Staff has completed the California Environmental Quality Act (CEQA) documentation for the project, which was broad enough to include both proposed alternatives. However, the Major Use Permit issued by the City of Encinitas and the Coastal Development Permit will require a selected building alternative and fully developed project design.

Staff anticipates developing and advertising a Request for Proposal (RFP) for the final design of the building within the next 60 days. The final design will include architectural renderings and contract documents including the drawings and specifications necessary to bid and construct the project. The selection of the architecture firm will be based on qualifications, experience designing similar facilities, project understanding, and value based approach. The highest rated proposal will then be presented to the SEJPA Board for approval consideration. Generally, the cost of final design is approximately 7% of the estimated construction cost, which for this project would be on the order of \$430,000.



Figure 1. Conceptual plan of the new Operations and Administration building located at the entrance to the San Elijo Water Reclamation Facility (Alternative 1).

FINANCIAL IMPACT

Based on current conceptual budgets, the estimated construction cost of Building Alternative 1 is \$7.4 Million (which includes design fees). The SEJPA has collected \$565,000 of capital funding for project permitting and design. The agency has committed \$81,488 to date for architectural and environmental professional services. The remaining project costs are proposed to be financed either through a State Revolving Fund (SRF) loan or tax-free municipal bonds. Current sewer rates of the SEJPA member agencies account for this planned future cost and therefore this project will not impact future sewer rate increases.

It is recommended that the Board of Directors:

1. Approve building alternative Selection;
2. Authorize General Manager to request Proposals for Building Final Design; and
3. Discuss and take action as appropriate.

Respectfully submitted,

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

Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

September 12, 2016

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: CONTRACT AMENDMENT FOR SAN ELIJO LAND OUTFALL FINAL DESIGN
AND PERMITTING

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to compensate the County of San Diego in the amount of \$42,800 for the easement through parcel 261-191-03;
2. Authorize amendment of the professional services agreement with Kennedy/Jenks Consultants for an amount not to exceed \$70,079; and;
3. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Land Outfall Replacement is a priority capital project for the SEJPA. The land outfall was constructed in 1965 and due to its age and the soil type surrounding it, the pipeline is likely near the end of its useful life. This 30-inch diameter pipeline conveys on average 10 million gallons per day of treated wastewater from the cities of Encinitas, Solana Beach, and Escondido for ocean disposal approximately 1.5 miles from shore. Failure of this pipeline would likely have both environmental and financial impacts. The San Elijo Lagoon has been designated as a marine reserve by the State of California due to its biological significance. To date, the SEJPA has not experienced wastewater spills associated with the outfall and keeping the pipeline in good operating condition is of utmost importance to the agency. The 2015 Facility Plan identified the land outfall as the highest priority project based on environmental, financial, and social considerations.

In February 2015, the Board authorized the General Manager to initiate the Preliminary Design of Land Outfall Replacement and Permitting project with Kennedy/Jenks Consultants. The Kennedy/Jenks PDR identified horizontal directional drilling (HDD) beneath the lagoon as the preferred replacement alternative. Upon completion of the PDR, the Board awarded the Land Outfall Replacement Final Design to Kennedy/Jenks for a negotiated contract fee not to exceed \$403,068. The contract included preparation of final drawings and technical specifications, permits and easements, detailed construction cost estimates, and bidding support services.

In February 2016, the Board authorized an amendment to the professional services agreement with Kennedy Jenks Consultants in the amount of \$120,627 for additional design and permitting work that was outside the scope of the original contract. Permitting for this project has continued to be complicated and additional effort has been expended on the project outside the amended scope.

DISCUSSION

During final design, additional work was identified beyond the original Land Outfall Replacement Final Design agreement with Kennedy/Jenks. This new scope of work includes additional permit and easement support, as well as new design work due to conflicts with existing underground utilities.

Easements

As a condition of granting the SEJPA Outfall Replacement project easement, the County of San Diego ("County") determined the appraised land value is \$42,800 based on established County practices utilized for determining easement values.

Permitting

The permitting effort has required additional coordination with City of Encinitas Staff, North County Transit District (NCTD), the California Coastal Commission (CCC), the Regional Water Quality Control Board, (RWQCB) and the U.S. Army Corps of Engineers (USACE) in order to obtain all required permits for the project. Efforts beyond the original agreement have been encountered to obtain the major use permit from the City of Encinitas and the license agreement for crossing NCTD's railroad right of way. The proposed fee for the additional permitting effort is \$64,062 and Kennedy/Jenks has offered a credit of \$18,800 for unused effort on other permits, resulting in a net additional cost of \$45,262.

Cardiff Force Main Flow Meter Relocation

The proposed Land Outfall pipeline alignment is in conflict with an existing 10" sewer force main located in Manchester Avenue. The force main conveys wastewater from the Cardiff Pump Station (located adjacent to the Nature Center) to the San Elijo Water Reclamation Facility. The sewer force main is approximately 50 years old and listed by the City of Encinitas for replacement. SEJPA Staff is working with Kennedy/Jenks and City Engineers to develop a creative design that will result in cost reductions for both projects by eliminating utility conflicts, utilizing existing infrastructure, and minimizing roadwork in Manchester Avenue. As part of this work, a flow meter needs to be installed at the Cardiff Pump Station. This was not part of the original Kennedy/Jenks contract and additional design fee is necessary for this task. The proposed fee for this effort is \$24,817.

FINANCIAL IMPACT

The 2015 Facility Plan estimated the total project cost at approximately \$6.265 million as presented below.

Land Outfall Replacement Project Budget

Project Element	Budget
Engineering, Permitting, Administration & Legal	\$1,044,000
Construction	\$4,348,000
Contingency funding	\$873,000
TOTAL	\$6,265,000

Currently, the SEJPA has committed \$691,607 to Engineering, Permitting, Administration, and Legal. The addition of the proposed permitting and easement amendment outlined in this staff report and the payment to the County will increase the commitment to \$779,669. The project budget for these tasks is \$1,044,000, which will provide \$264,331 in remaining budget for construction management and engineering services during construction.

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. Funding for the design of the flow meter at the Cardiff Pump Station, which is \$24,817, will be paid for by the Cardiff Sanitation District.

It is recommended that the Board of Directors:

1. Authorize the General Manager to compensate the County of San Diego in the amount of \$42,800 for the easement through parcel 261-191-03;
2. Authorize amendment of the professional services agreement with Kennedy/Jenks Consultants for an amount not to exceed \$70,079; and;
3. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachment 1: Kennedy/Jenks Consultants Proposal - Design Modifications and Permitting Assistance, dated August 26, 2016

Attachment 2: Kennedy/Jenks Consultants Proposal – Add Flow Meter at Cardiff Pump Station, dated August 23, 2016

Kennedy/Jenks Consultants
Engineers & Scientists

9665 Granite Ridge Drive, Suite 210
San Diego, California 92123
858-676-3620
FAX: 858-292-1694

August 26, 2016

Mr. Michael T. Thornton, P.E.
General Manager
San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff by the Sea, California 92007-1077

Subject: Amendment – Design Modifications and Permitting Assistance

Dear Mr. Thornton:

Kennedy/Jenks Consultants (Kennedy/Jenks) respectfully requests an amendment to our existing contract (dated July 13, 2015) for additional design and permitting assistance related to the San Elijo Water Reclamation Facility Outfall Replacement Project. The following summarizes additional scope of work items and the associated level of effort.

City of Encinitas Major Use Permit (MUP) Kennedy/Jenks' June 13, 2015 contract anticipated that an MUP process could be navigated with under 3 meetings and minimal coordination requirements given that the City of Encinitas is a member of SEJPA and given SEJPA's strong working relationship with the City. However, during the process of obtaining the MUP the City did not offer a streamlined process to SEJPA. Kennedy/Jenks respectfully request additional authorization associated with the following efforts exceeding the scope of work that seemed reasonable to SEJPA and Kennedy/Jenks at the time. These efforts include:

- Participating in 5 additional meetings with the City of Encinitas
- Preparing exhibits showing the proposed site protection with temporary berms, rip rap, and sheet piles under the direction of the City of Encinitas
- Preparing a PowerPoint presentation and accompanying exhibits for the July 7th meeting with Encinitas planning staff
- Preparing 2 additional sets of permit submittal drawings as directed by City of Encinitas planning staff, with the latest submittal furnished on August 4, 2016.
- Prepared Public Access Memorandum and drawings for a temporary design allowing pedestrian, bicycle, and vehicular access around the temporary construction staging area.

Mr. Michael T. Thornton, P.E.
San Elijo Joint Powers Authority
August 26, 2016
Page 2

- Prepared project summary report per City request for purposes of City presentation to board.

City of Encinitas Living Shoreline Project Coordination

Through the evolution of the project design, Kennedy/Jenks and SEJPA learned of the City of Encinitas' proposed Living Shoreline Project that is scheduled for construction in 2017-18, with a portion of that work taking place along the alignment of the existing/proposed SEJPA outfall. Kennedy/Jenks coordinated the SEJPA outfall design with the Living Shoreline Project as the design evolved. On or around June 2016, the profile for proposed Living Shoreline Project was changed based on permit/review comments received for that project. This change resulted in a spatial conflict between the Living Shoreline Project's proposed rip rap and the SEJPA Outfall. As a result:

- Kennedy/Jenks has held 3 meetings with Encinitas staff and their design engineer to discuss and resolve the design conflict.
- Kennedy/Jenks prepared a 3D model of the two projects to better illustrate the spatial conflict and to offer 3 design alternatives. This information was presented at a meeting on July 8th.
- Kennedy/Jenks then revised the project design and provided the updated design to Encinitas and their design engineer for review and comment. This design change also resulted in additional MUP permitting work with the City of Encinitas and the Coastal Commission as a result of expanded construction within the southbound lane within Coast Highway.

Coastal Commission Permitting

In the process of coordinating with California Coastal Commission (CCC), additional requirements were set forth by CCC in order to obtain a Coastal Development Permit (CDP).

- Sea Level Rise Analysis. A detailed technical analysis and write up were prepared to address the CCC's concern of how Sea Level Rise would affect the Outfall Project and the existing effluent pump station at the San Elijo Water Reclamation Facility. The analysis included creating a system head curve for the projected sea level conditions.
- Revised application and coordination as a result of the design changes brought about through the living shoreline project and the expanded work within Coast Highway.

US Army Corp

In the process of coordinating with US Army Corp, additional requirements were set forth by State Historical Preservation Officer (SHPO) in order to obtain a 404 permit.

Mr. Michael T. Thornton, P.E.
San Elijo Joint Powers Authority
August 26, 2016
Page 3

- A historic evaluation of the existing outfall will be performed by a subconsultant ASM Affiliates. The evaluation entails desktop research, field inspection and letter documentation of findings. DPR 523 forms will be completed to evaluate the pipeline under the National Register criteria.

Easement Coordination

- Parcel APN: 261-172-05 title search listed State of California Department of Public Works as the owner. The easement for this parcel was originally requested from California State Lands as it was believed that they had jurisdiction over all the State of California parcels in the area. Upon State Lands informing us that they did not have ownership of this parcel, Kennedy/Jenks performed research with many various State departments to make the final determination that the recorded ownership of the parcel is incorrect and the parcel has been absolved to become part of the City of Encinitas right-of way.
- Initial title reports indicated that parcel numbers 261-171-07/ 261-172-05 were owned by the same party. An appraisal was ordered for these two parcels and delivered in a single appraisal report. Upon determination that one parcel was absolved, and one parcel was owned by California State Parks, an amendment to the appraisal was issued to separate the appraisal of the two parcels.

Proposed Amendment Fee Estimate

In addition to the above described additional work, Kennedy/Jenks acknowledges that several tasks covered by our original scope were not required to be completed. These tasks include:

- State Lands Easement. Kennedy/Jenks and subconsultant Wiggans Group, Inc. performed coordination for the State Lands easement, until approximately May 2016, whereupon SEJPA transitioned into being the lead for the easement coordination. The value of relinquished effort is \$2,000.
- The San Elijo Lagoon Conservancy Easement. Kennedy/Jenks assisted in preparation and review of proposed language for the San Elijo Lagoon Conservancy Easement, whereupon SEJPA performed the direct coordination with the Conservancy. The value of relinquished effort is \$3,000.
- The ESA/MSA Informal Consultation with US Fish and Wildlife Service was not required by the agency, although some effort was spent coordinating with US Army Corp and USFWS to verify the requirements. The value of relinquished effort is \$5,000.
- Section 2081 Incidental Take Permit was not required. The value of relinquished effort is \$8,800

Mr. Michael T. Thornton, P.E.
San Elijo Joint Powers Authority
August 26, 2016
Page 4

Total Additional Efforts	\$64,062
Total Relinquished Efforts	\$18,800
Total Authorization Change	\$45,262

Kennedy/Jenks proposes to provide the above described scope of services on a time and materials basis in accordance with schedule of charges per existing Final Design of San Elijo Water Reclamation Facility Outfall Replacement and Permitting Contract (dated July 13, 2015) for an estimated additional authorization of \$45,262. This would increase the total authorization from \$526,016 to \$571,278. We will not exceed this budget without prior authorization by SEJPA.

Should you have any questions regarding this proposal or would like to request additional information, please do not hesitate to contact me.

Very truly yours,

KENNEDY/JENKS CONSULTANTS



Patrick T. Huston, P.E.
Vice President

Proposal Fee Estimate

Kennedy/Jenks Consultants

CLIENT Name: San Elijo Joint Powers Authority

PROJECT Description: Addendum Final Design of Land Outfall Replacement

Proposal/Job Number: 1544100*01 Date: 8/26/2016

January 1, 2015 Rates	Eng-Sci-9	Eng-Sci-8	Eng-Sci-7	Eng-Sci-6	Eng-Sci-5	Eng-Sci-4	Eng-Sci-3	Eng-Sci-2	Eng-Sci-1	CAD Technician	Designer	Project Admin.	Admin. Assist.	Aide	Total	Total Labor	Total Subs	Total Expenses	Total Labor + Subs + Expenses	
Classification:															Hours		Fees		Fees	
Hourly Rate:	\$270	\$250	\$235	\$215	\$190	\$175	\$160	\$145	\$130	\$120	\$155	\$90	\$110	\$65						
City of Encinitas Permitting																				
Additional MUP Coordination	32			40			40						4		116	\$24,080	\$0	\$1,204	\$25,284	
Living Shoreline Coordination	20			24			40						4		88	\$17,400	\$0	\$870	\$18,270	
Task - Subtotal	52	0	0	64	0	0	80	0	0	0	0	0	8	0	204	\$41,480	\$0	\$2,074	\$43,554	
California Coastal Commission																				
Additional meetings, sea level rise	12			8			8								28	\$6,240	\$0	\$312	\$6,552	
Task - Subtotal	12	0	0	8	0	0	8	0	0	0	0	0	0	0	28	\$6,240	\$0	\$312	\$6,552	
US Army Corp																				
Historical Evaluation	4			4											8	\$1,940	\$7,812	\$97	\$9,849	
Task - Subtotal	4	0	0	4	0	0	0	0	0	0	0	0	0	0	8	\$1,940	\$7,812	\$97	\$9,849	
Easements and Coordination																				
Parcel ownership research				16											16	\$3,440	\$495	\$172	\$4,107	
Task - Subtotal	0	0	0	16	0	0	0	0	0	0	0	0	0	0	16	\$3,440	\$495	\$172	\$4,107	
All Phases Total	68	0	0	92	0	0	88	0	0	0	0	0	8	0	256	\$53,100	\$8,307	\$2,655	\$64,062	
Credits																			\$18,800	
Total Fee																			\$45,262	

Kennedy/Jenks Consultants
Engineers & Scientists

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San Diego, California 92123
858-676-3620
FAX: 858-292-1694

August 23, 2016

Mr. Michael T. Thornton, P.E.
General Manager
San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff by the Sea, California 92007-1077

Subject: Amendment – Add Flow Meter at Cardiff Pump Station

Dear Mr. Thornton:

San Elijo Joint Powers Authority (SEJPA) has requested a design change to add a magnetic flow meter at the Cardiff Pump Station (PS). The following summarizes additional scope of work items and the associated level of effort for the proposed design change to contract (dated July 13, 2015) Final Design San Elijo Water Reclamation Facility Outfall Replacement Project.

- Obtain current record drawings of the Cardiff PS.
- Determine placement of the flow meter. It is assumed at this time that the meter will be in a vault outside of the pump station due to space restrictions inside the pump station.
- The design will include conduit and wire connection to the pump station for power, signal and SCADA. It is assumed that SEJPA will perform the PLC/SCADA programming related to the flow signal.
- Additional drawings will be prepared as follows:
 - Enlargement civil plan of vault area showing location and electrical conduit routing. Include power conductor spec, and signal cable spec on drawing.
 - Mechanical plan and section of the meter vault.
- Additional specifications will be prepared as follows:
 - General electrical, conduit and wire specification
 - Precast concrete utility vault specification
 - Flow meter specification
- One site visit to review the site arrangement, termination points, power availability, and PLC panel.

Mr. Michael T. Thornton, P.E.
San Elijo Joint Powers Authority
23 August 2016
Page 2

- Modifications to the 10" PVC Cardiff FM pipe realignment design to accommodate the vault.
- Submit draft version (electronic PDF only) of additional drawings, specifications and revised cost estimate for SEJPA review.
- Attend one additional meeting (design comment review meeting).
- Address one round of comments from SEJPA.

Proposed Amendment Fee Estimate

Kennedy/Jenks proposes to provide the above described scope of services on a time and materials basis in accordance with schedule of charges per existing Final Design of San Elijo Water Reclamation Facility Outfall Replacement and Permitting Contract (dated July 13, 2015) for an estimated fee of \$24,817. This would increase the total authorization from \$526,016 to \$550,833. We will not exceed this budget without prior authorization by SEJPA.

Should you have any questions regarding this proposal or would like to request additional information, please do not hesitate to contact me.

Very truly yours,

KENNEDY/JENKS CONSULTANTS

A handwritten signature in blue ink, appearing to read 'Pat Huston', with a stylized flourish at the end.

Pat Huston, P.E.
Vice President

Enclosure (1)

Proposal Fee Estimate

Kennedy/Jenks Consultants

CLIENT Name: San Elijo Joint Powers Authority
 Addendum Final Design of Land Outfall Replacement -
 PROJECT Description: Flow Meter Addition
 Proposal/Job Number: 1544100*01 Date: 8/23/2016

January 1, 2015 Rates	Eng-Sci-9	Eng-Sci-8	Eng-Sci-7	Eng-Sci-6	Eng-Sci-5	Eng-Sci-4	Eng-Sci-3	Eng-Sci-2	Eng-Sci-1	CAD Technician	Designer	Project Admin.	Admin. Assist.	Aide	Total	Total Labor	Total Subs	Total Expenses	Total Labor + Subs + Expenses	
Classification:															Hours		Fees		Fees	
Hourly Rate:	\$270	\$250	\$235	\$215	\$190	\$175	\$160	\$145	\$130	\$120	\$155	\$90	\$110	\$65						
Task 1.1 - Prepare Contract Documents																				
Design, Specifications, Site visit			16	32			48						4		100	\$18,760	\$0	\$938	\$19,698	
Task 1.1 - Subtotal	0	0	16	32	0	0	48	0	0	0	0	0	4	0	100	\$18,760	\$0	\$938	\$19,698	
Task 1.2 - Project Management																				
Project Management	1			3											4	\$915	\$0	\$46	\$961	
Task 1.2 - Subtotal	1	0	0	3	0	0	0	0	0	0	0	0	0	0	4	\$915	\$0	\$46	\$961	
Task 1.3 - Meetings																				
Client Meetings	4		4												8	\$2,020	\$0	\$101	\$2,121	
Task 1.3 - Subtotal	4	0	4	0	0	0	0	0	0	0	0	0	0	0	8	\$2,020	\$0	\$101	\$2,121	
Task 1.4 - QA/QC																				
QAQC for design changes	4														4	\$1,080	\$0	\$54	\$1,134	
Task 1.4 - Subtotal	4	0	0	0	0	0	0	0	0	0	0	0	0	0	4	\$1,080	\$0	\$54	\$1,134	
Task 1.5 - Cost Estimate																				
Revise cost estimate for design changes				4											4	\$860	\$0	\$43	\$903	
Task 1.5 - Subtotal	0	0	0	4	0	0	0	0	0	0	0	0	0	0	4	\$860	\$0	\$43	\$903	
All Phases Total	9	0	20	39	0	0	48	0	0	0	0	0	4	0	120	\$23,635	\$0	\$1,182	\$24,817	