

AGENDA
SAN ELIJO JOINT POWERS AUTHORITY
MONDAY OCTOBER 8, 2012 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 SEPTEMBER 10, 2012 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. * NEW SECOND TIER PLAN (SECTION 20475: DIFFERENT LEVEL OF BENEFITS PROVIDED FOR NEW EMPLOYEES; SECTION 21353 2% @ 60 FULL FORMULA AND SECTION 20037 THREE-YEAR FINAL COMPENSATION
12. * ITEMS REMOVED FROM CONSENT CALENDAR

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

REGULAR AGENDA

13. **ACCEPTANCE OF COMPLETION FOR THE ELECTRICAL UPGRADES PROJECT FOR THE SAN ELIJO WATER RECLAMATION FACILITY**

It is recommended that the Board of Directors:

1. Authorize the General Manager to Sign and Record a Notice of Completion for the Electrical Upgrades Project and Southern Contracting Company; and
2. Discuss and take other action as appropriate.

Staff Reference: General Manager

14. **PROPOSED WHOLESALE RECYCLED WATER AGREEMENTS AND INFRASTRUCTURE PURCHASE**

It is recommended that the Board of Directors:

1. Authorize the General Manager to Execute the attached Recycled Water Wholesale Agreement with the Olivenhain Municipal Water District;
2. Authorize the General Manager to Execute the attached Recycled Water Pipeline Purchase Agreement with the Santa Fe Irrigation District;
3. Authorize the General Manager to Execute the Third Amendment to the 1996 Recycled Water Wholesale Purchase Agreement with the Santa Fe Irrigation District; and
4. Discuss and take action as appropriate.

Staff Reference: General Manager

15. **GENERAL MANAGER'S REPORT**

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

16. **GENERAL COUNSEL'S REPORT**

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

17. **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.

18. **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".

19. ADJOURNMENT

The next regularly scheduled San Elijo Joint Powers Authority Board Meeting will be Tuesday, November 13, 2012 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: October 3, 2012



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

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON SEPTEMBER 10, 2012
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

Teresa Barth, Chair

David Roberts, Vice Chair

A Meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, September 10, 2012, at 9:00 a.m., at the San Elijo Water Reclamation Facility at 2695 Manchester Avenue, Cardiff by the Sea, California.

1. CALL TO ORDER

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

2. ROLL CALL

Directors Present:

Teresa Barth
Thomas M. Campbell
Mark Muir
David W. Roberts

Others Present:

General Manager
Director of Finance/Administration
Director of Operations
Administrative Assistant
Accounting Technician
Safety/HR Administrator
Senior Maintenance Mechanic
Water Reclamation Specialist

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

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Greg Moser

City of Encinitas,
Public Works Management Analyst
City of Solana Beach,
City Manager
City of Solana Beach,
Director of Engineering/Public Works
San Dieguito Water District,
Interim General Manager
Olivenhain Municipal Water District,
General Manager

Bill Wilson
David Ott
Mohammad "Mo" Sammak
Bill O'Donnell
Kim Thorner

Southern California Alliance of Publically Owned Treatment Works,
Executive Director
St. Francis Court HOA
Lomas Santa Fe Country Club,
General Manager

John Pastore
Al Evans

Paul Devine

3. PLEDGE OF ALLEGIANCE

Michael Thornton led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

Al Evans, homeowner from the St. Francis Court HOA, addressed the Board regarding recycled water wholesale pricing and expressed his desire to keep future recycled water prices as low as possible.

5. PRESENTATION OF AWARDS

The General Manager presented Michael Piper, Water Reclamation Specialist, with a Certificate of Recognition for 10 years of continuous service to the SEJPA.

The General Manager recognized Joe Hernandez, Senior Maintenance Mechanic, for 29 years of service, and announced to the Board that Mr. Hernandez is retiring at the end of the month.

John Pastore, Executive Director of the Southern California Alliance of Publically Owned Treatment Works (SCAP), presented General Manager Michael Thornton with a resolution from SCAP commending him for his contribution as SCAP Vice President for five years, and his active role as a SCAP Director and member of the Finance Committee for the past seven years.

6. CONSENT CALENDAR

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

Consent Calendar:

- | | |
|--------------------|--|
| Agenda Item No. 7 | Approval of Minutes for the July 09, 2012 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 New Second Tier Plan (Section 20475: Different Level of Benefits Provided for New Employees; Section 21353 2% @ 60 Full Formula and Section 20037 Three-Year Final Compensation)

12. ITEMS REMOVED FROM CONSENT CALENDAR

None

13. SAN ELIJO OCEAN OUTFALL 2012 ANNUAL INSPECTION REPORT

The General Manager stated that the annual Ocean Outfall inspection was conducted in July 2012. The ballasted areas of the pipeline are stable and show no significant signs of movement. The concrete outfall pipe shows no sign of spalling, cracking, or leaking. Anodes on the exposed portholes are in good condition and have greater than 60% remaining life expectancy. In general, the San Elijo Ocean Outfall was found to be in excellent overall condition.

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

1. Accept and File the San Elijo Ocean Outfall Year 2012 Annual Inspection Report prepared by Marine Taxonomic Services, LTS.

Motion carried with unanimous vote of approval.

14. RECYCLED WATER WHOLESAL AGREEMENT WITH OLIVENHAIN MUNICIPAL WATER DISTRICT

The General Manager reported that the SEJPA has been in discussions with Olivenhain Municipal Water District (OMWD) in regards to developing a wholesale purchase agreement for water deliveries in the northern portion of the City of Encinitas. It was stated the SEJPA has excess production capacity at its water reclamation facility and OMWD has expressed interest in purchasing recycled water to feed existing infrastructure on Leucadia Boulevard and Quail Gardens Drive. The General Manager presented a proposed wholesale agreement and stated that the financial value of this agreement through the year 2020 at approximately \$450,000.

The Board considered this agenda item and no action was taken.

15. STATE BUDGET DECISION TO SUSPEND MANDATED PORTIONS OF THE BROWN ACT

The General Manager stated that the SEJPA complies with the Brown Act and will continue to do so despite the State's suspension of reimbursement for costs related to compliance. The General Manager reported that the SEJPA does not seek reimbursement for these mandates as compliance with Brown Act requirements have been minor and do not justify the accounting cost for reimbursement by the State.

Moved by Vice Chair Roberts and seconded by Chair Barth to:

1. Approve Resolution No. 2013-01 titled: Resolution Affirming That The San Elijo Joint Powers Authority Shall Continue To Comply With Every Requirement Of The Brown Act Despite The State's Suspension Of Reimbursement For Costs Related To Compliance With Requirements Contained Therein For Fiscal Reasons.

Motion carried with unanimous vote of approval.

Vice Chair Roberts left the meeting at 10:25 a.m.

16. GENERAL MANAGER'S REPORT

The General Manager reported that discussions with Encina regarding consolidation have been ongoing. The first step of the discussions was to define whether this would be along the lines of resource sharing or a consolidation of staff. The general consensus determined the best value and simplest approach was staff consolidation, keeping both facilities independent.

17. GENERAL COUNSEL'S REPORT

General Counsel Greg Moser stated that Governor Brown is in the 30-day period for the pension reform and worker's compensation reform and will keep the SEJPA updated.

18. BOARD MEMBER COMMENTS

Board Member Campbell requested the Santa Fe Irrigation District pricing structure be placed on the October Board meeting agenda.

19. CLOSED SESSION

None

20. ADJOURNMENT

The Board of Directors adjourned at 10:30 a.m. The next Board of Directors meeting will be held on October 8, 2012.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

PAYMENT OF WARRANTS

13-10

28-Sep-12

VENDOR	DESCRIPTION OF EXPENSE	AMOUNT
<u>13-10 Warrants</u>		
A-1 Broadway Foto	Digital ID cards	\$170.00
AG Tech, LLC	Biosolids hauling - August	\$8,646.21
APCD	Permit fees	\$2,845.00
AT&T	Alarm service - September	\$381.63
AT&T - Eden Gardens	DSL - 07/20/12 - 08/19/12	\$73.60
AT&T - Olivenhain	Phone service - 07/13/12 - 08/12/12	\$369.55
Arrowhead	Kitchen and lab supplies	\$153.82
Atlas Pumping Service	Grease and scum pumping - August	\$554.88
Atlas Pumping Service	Grease and scum pumping - September	\$554.88
Atlas Pumping Service	Grit and Screening - small bin	\$742.35
Automation Direct	Variable frequency drive - Cardiff PS	\$2,042.50
BankCard Center	Flowline transmitter, data logger, CWEA membership	\$2,257.45
Barracuda Networks, Inc.	Network - Monthly back-up servers	\$50.00
Barrett Engineered Pumps	Sump pump - Solana Beach PS	\$732.70
Blake, Monica	Expense report - mileage	\$28.41
Boot World, Inc.	Safety boots - T Hutchinson	\$145.44
Brenntag Pacific, Inc.	Sodium Hydroxide - odor control - plant	\$1,479.92
CS-Amsco	Manifold & heat pumps - Plant	\$2,475.00
CWEA	Certificate - maintenance technologist - T. Hutchinson	\$75.00
Calscience Environmental Lab	Lab testing	\$205.00
Coast Waste Management, Inc.	Grit and screening - storm drains, fuel, environmental fee	\$494.34
Complete Office	Office supplies	\$174.39
Confidence Consulting	Consulting fees	\$5,569.12
Corodata	Record storage - August	\$69.96
DMV	Safety records	\$1.00
Del Mar Blue Print	Blueprints - Water Reclamation	\$22.84
Dudek & Associates	Special inspection services - AWT	\$2,087.60
EDCO Waste & Recycling	Trash service - August	\$191.77
Fleet Driveline Service	Replacement parts - Solana Beach PS	\$966.17
Gierlich Mitchell, Inc.	Repair parts - Secondary clarifiers	\$11,317.32
Golden State Overnight	Mailing monthly compliance reports	\$33.34
Guardian	Dental - September	\$1,362.21
Hach Co.	Lab supplies	\$134.13
Health & Human Resource	Employee assistance program - September	\$334.40
Hernandez, Joe	Expense report - callout	\$13.29
Hoch Consulting	Electrical Upgrades Project	\$1,500.00
Hoch Consulting	AWT Project	\$4,875.00
Hoch Consulting	Professional services	\$1,687.50
Home Depot	Supplies - Plant	\$76.43
Jani-King	Janitorial service - September	\$882.64
Kennedy/Jenks Consultants	AWT Project	\$26,070.50
Konica	Monthly copier maintenance	\$63.30
Leaf & Cole, LLP	Auditor fee	\$6,500.00
Lee's Lock & Safe	Padlocks - Water Reclamation	\$123.17

PAYMENT OF WARRANTS

13-10

28-Sep-12

VENDOR	DESCRIPTION OF EXPENSE	AMOUNT
Leighton Consulting, Inc.	Geotechnical services - AWT Project	\$2,119.54
Lewis, Gregory	Expense report - computer monitors	\$957.30
McMaster-Carr Supply Co.	Repair parts - Solana Beach PS	\$460.81
McMaster-Carr Supply Co.	Repair parts - Moonlight Beach PS	\$26.83
MegaPath Inc.	T-1 service - September	\$279.27
OMWD	Manchester - 07/09/12 - 09/04/12	\$41.95
OMWD	Furman Group payment	\$8,000.00
Olin Corp.	Sodium hypochlorite - bleach	\$3,151.87
PERS - Retirement	Retirement premium - 08/31/12	\$16,241.81
PERS - Retirement	Retirement premium - 09/14/12	\$16,246.69
Pacific Green Landscape	Landscape service - September	\$775.00
Pacific Pipeline Supply	Replacement parts - Solana Beach PS	\$321.18
Pacific Safety Center	Hazwoper training - N. Talbot	\$199.00
Peerless Materials Co.	Shop rags	\$331.70
Pipes Plumbing & Rooter Service	Service - restroom plumbing	\$88.50
Powertrain Industries, Inc.	Replacement parts - Solana Beach PS	\$178.48
Preferred Benefits Insurance	Vision insurance - September	\$299.43
Probuild	Repairs, shop and field supplies	\$74.54
Procopio, Cory, Hargreaves	General - legal services - August	\$3,137.50
Rain For Rent, Inc.	Hose and pipe rental - 08/08/12 - 08/07/12 - Olivenhain	\$154.39
SFID	Water - Lomas Santa Fe PS	\$168.96
SFID	Water - Lomas Santa Fe reservoir 05/21/12 - 07/08/12	\$7,476.24
SFID	Water - Eden Gardens PS	\$104.45
SFID	Water - Solana Beach PS 07/03/12 - 09/05/12	\$64.01
San Diego Gas & Electric	Gas & electric	\$39,568.98
San Diego Gas & Electric	Gas & electric - plant	\$6,293.59
San Diego Gas & Electric	Gas & electric - plant	\$2,272.37
San Diego Gas & Electric	Gas & electric - 08/06/12 - 09/05/12 - Cardiff	\$1,514.77
San Diego Gas & Electric	Gas & electric - 08/07/12 - 09/06/12 - Valley	\$2,085.43
San Dieguito Trophy	Engraving - J Hernandez	\$6.47
San Dieguito Trophy	Retirement award - J Hernandez	\$73.11
San Dieguito Water District	Manchester RWM 1 - 07/31/12 - 08/29/12	\$137.19
San Dieguito Water District	Manchester RWM 3 - 07/31/12 - 08/29/12	\$239.41
San Dieguito Water District	Manchester RWM 4 - 07/31/12 - 08/29/12	\$247.48
San Dieguito Water District	Manchester RWM 5 - 07/31/12 - 08/29/12	\$632.15
San Dieguito Water District	Manchester RWM 6 - 07/31/12 - 08/29/12	\$2,886.37
San Dieguito Water District	Manchester RWM 10 - 07/31/12 - 08/29/12	\$102.22
San Elijo Payroll Account	Payroll - 09/07/12	\$73,375.70
San Elijo Payroll Account	Payroll - 09/21/12	\$75,778.01
So. Cal. Pipeline Welding, Inc.	Welding service - Solana Beach PS	\$380.00
Solana Beach, City of	Encinitas maintenance facility lease payment	\$14,470.31
Southern California Fleet	Biosolids truck repair	\$255.00
Southern Contracting Company	Electrical upgrades - capital project - August	\$5,287.51
Sprint	Cellular phone service - August	\$50.98
Sun Life Financial	Life and disability insurance - September	\$1,428.99
Terminix Processing Center	Pest control	\$81.00

PAYMENT OF WARRANTS

13-10

28-Sep-12

VENDOR	DESCRIPTION OF EXPENSE	AMOUNT
Terra Renewal	Biosolids hauling - August	\$5,040.51
Thornton, Michael	Expense report - CASA conference & lunch meeting	\$1,097.74
UPS	Mailing lab equipment	\$13.20
US Postal Service	Post office box annual fee	\$144.00
Underground Service Alert	Dig alert - August	\$54.00
Unifirst Corporation	Uniform service - August	\$174.18
Unifirst Corporation	Uniform service - September	\$87.09
Unifirst Corporation	Uniform service - September	\$478.20
VWR International, Inc.	Plant & lab supplies	\$670.78
Verizon Wireless	New carrier - equipment & service	\$1,565.76
Water Environment Federation	Annual membership - M Thornton	\$220.00
W.M. Lyles Co.	AWT Project	\$850,083.50
W.M. Lyles Co.	AWT Project	\$198,089.30
Wright Express FSC	Fuel - August	\$1,697.41
Total 13-10 Warrants		<u><u>\$1,436,015.92</u></u>


SAN ELIJO JOINT POWERS AUTHORITY

PAYMENT OF WARRANTS SUMMARY

28-Sep-12

PAYMENT OF WARRANTS		\$1,436,015.92
Reference Number	13-10	

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



Gregory Lewis
Director of Finance/Administration
Treasurer

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

28-Sep-12

FUNDS ON DEPOSIT WITH	AMOUNT
LOCAL AGENCY INVESTMENT FUND <i>(AUGUST 2012 YIELD 0.377%)</i>	
SELF INSURANCE RESERVE	\$ 300,000.00
RESTRICTED SRF RESERVE	\$ 630,000.00
UNRESTRICTED DEPOSITS	\$ 4,610,326.26
ADVANCED WATER TREATMENT LOAN PROCEEDS	\$ 1,000,000.00
CALIFORNIA BANK AND TRUST <i>(AUGUST 2012 YIELD 0.01%)</i>	
REGULAR CHECKING	\$ 177,017.91
PAYROLL CHECKING	\$ 5,000.00
TOTAL RESOURCES	\$ 6,722,344.17

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SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 8, 2012

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

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

RECOMMENDATION

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

DISCUSSION

Monthly Treatment Plant Performance and Evaluation

Wastewater treatment for the San Elijo Joint Powers Authority (SEJPA) met all NPDES ocean effluent limitation requirements for the month of August 2012. 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 98.5 percent and 95.6 percent, respectively, for August (as shown in Figure 1 and Figure 2).

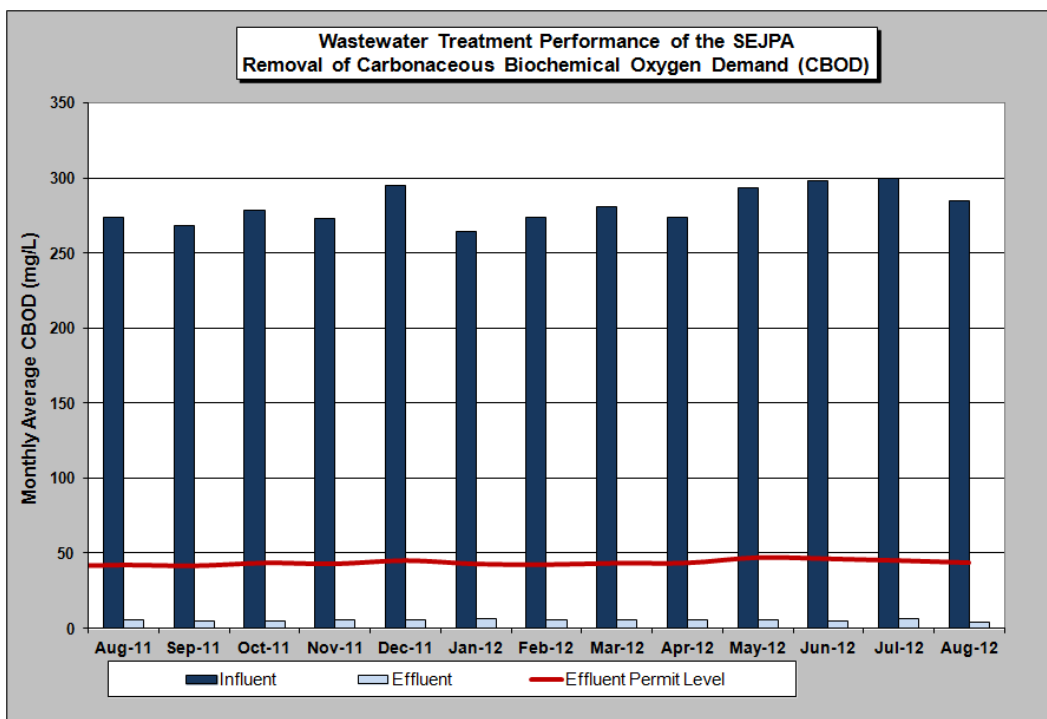


FIGURE 1

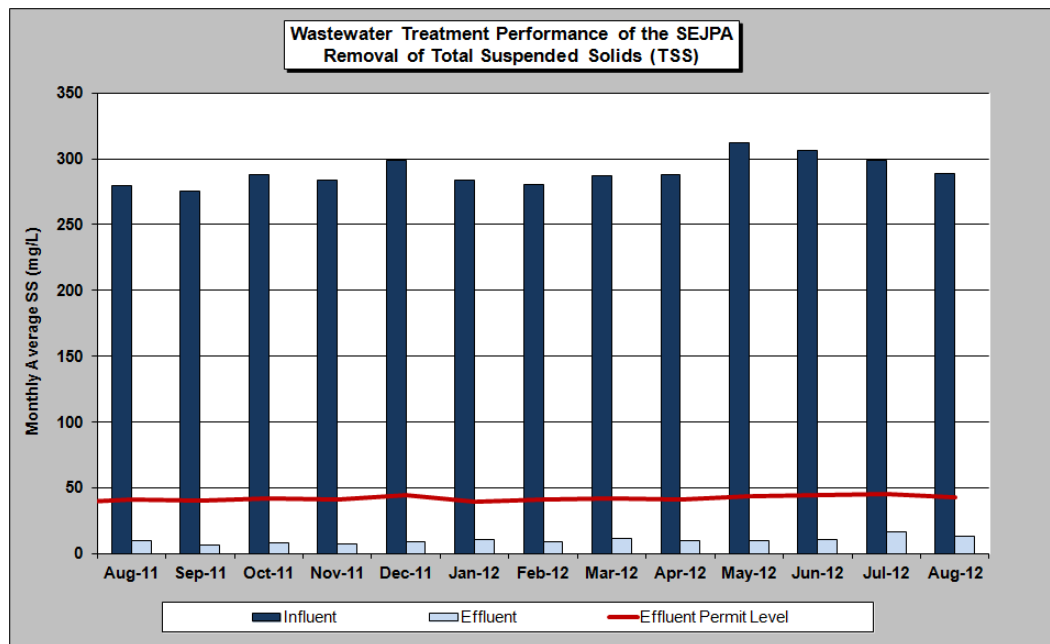


FIGURE 2

Member Agency Flows

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

	August	
	Influent (mgd)	Effluent (mgd)*
Cardiff Sanitary Division	1.383	0.473
City of Solana Beach	1.291	0.441
Rancho Santa Fe SID	0.128	0.044
Total San Elijo WRF Flow	2.802	0.958

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 July 2008. It also presents the number of connected Equivalent Dwelling Units (EDUs) for each of the Member Agencies during this same time period.

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

SAN ELIJO WATER RECLAMATION FACILITY MONTHLY REPORT - FLOWS AND EDUS

MONTH	AVERAGE DAILY INFLUENT FLOW RATE (MGD)				AVERAGE DAILY EFFLUENT FLOW RATE (MGD)				CONNECTED EDUS				AVERAGE UNIT INFLUENT FLOW RATE (GAL/EDU/DAY)			
	CSD	RSF CSD	SB	TOTAL PLANT	CSD	RSF CSD	SB	TOTAL PLANT	CSD EDUS	RSF CSD EDUS	SB EDUS	TOTAL EDUS	CSD	RSF	SB	TOTAL PLANT
Jul-08	1.713	0.131	1.324	3.168	0.722	0.055	0.558	1.335	8,163	456	7,728	16,347	210	288	171	194
Aug-08	1.562	0.125	1.483	3.170	0.608	0.048	0.577	1.233	8,165	457	7,728	16,350	191	274	192	194
Sep-08	1.547	0.121	1.378	3.046	0.813	0.064	0.724	1.601	8,167	459	7,728	16,354	189	264	178	186
Oct-08	1.478	0.111	1.319	2.908	0.671	0.051	0.599	1.321	8,170	460	7,728	16,358	181	242	171	178
Nov-08	1.511	0.118	1.329	2.958	1.080	0.084	0.950	2.114	8,171	462	7,728	16,361	185	256	172	181
Dec-08	1.580	0.156	1.362	3.098	1.446	0.143	1.246	2.835	8,172	462	7,728	16,362	193	338	176	189
Jan-09	1.522	0.141	1.354	3.017	1.256	0.116	1.117	2.489	8,177	462	7,728	16,367	186	306	175	184
Feb-09	1.599	0.145	1.330	3.074	1.408	0.128	1.171	2.707	8,179	462	7,728	16,369	196	314	172	188
Mar-09	1.510	0.124	1.307	2.941	1.030	0.085	0.892	2.007	8,180	463	7,728	16,371	185	268	169	180
Apr-09	1.463	0.116	1.262	2.841	0.731	0.058	0.630	1.419	8,183	463	7,728	16,374	179	251	163	174
May-09	1.465	0.117	1.247	2.829	0.712	0.057	0.606	1.375	8,185	464	7,728	16,377	179	252	161	173
Jun-09	1.479	0.115	1.319	2.913	0.712	0.056	0.635	1.403	8,185	465	7,728	16,378	181	248	171	178
Jul-09	1.437	0.109	1.376	2.922	0.599	0.045	0.573	1.217	8,186	467	7,728	16,381	176	234	178	178
Aug-09	1.431	0.113	1.419	2.963	0.603	0.047	0.598	1.248	8,186	467	7,728	16,381	175	242	184	181
Sep-09	1.404	0.108	1.346	2.858	0.690	0.053	0.661	1.404	8,187	468	7,728	16,383	171	231	174	174
Oct-09	1.375	0.108	1.332	2.815	0.744	0.058	0.721	1.523	8,187	468	7,728	16,383	168	231	172	172
Nov-09	1.366	0.111	1.323	2.800	0.843	0.069	0.816	1.728	8,189	469	7,728	16,386	167	237	171	171
Dec-09	1.401	0.127	1.322	2.850	1.149	0.104	1.084	2.337	8,193	469	7,728	16,390	171	271	171	174
Jan-10	1.532	0.155	1.372	3.059	1.271	0.128	1.138	2.537	8,196	472	7,728	16,396	187	329	178	187
Feb-10	1.487	0.148	1.382	3.017	1.371	0.136	1.274	2.781	8,197	474	7,728	16,399	181	313	179	184
Mar-10	1.455	0.145	1.398	2.998	1.108	0.110	1.064	2.282	8,198	474	7,728	16,400	177	306	181	183
Apr-10	1.451	0.137	1.391	2.979	1.058	0.100	1.014	2.172	8,198	474	7,728	16,400	177	289	180	182
May-10	1.379	0.128	1.385	2.892	0.672	0.063	0.675	1.410	8,201	474	7,728	16,403	168	270	179	176
Jun-10	1.437	0.122	1.453	3.012	0.650	0.055	0.657	1.362	8,202	474	7,728	16,404	175	258	188	184
Jul-10	1.375	0.119	1.466	2.960	0.694	0.061	0.740	1.495	8,204	475	7,728	16,407	168	251	190	180
Aug-10	1.366	0.125	1.451	2.942	0.585	0.053	0.621	1.259	8,205	475	7,728	16,408	166	263	188	179
Sep-10	1.346	0.114	1.342	2.802	0.627	0.053	0.626	1.306	8,207	475	7,728	16,410	164	240	174	171
Oct-10	1.413	0.123	1.311	2.847	1.177	0.102	1.092	2.371	8,207	477	7,728	16,412	172	258	170	173
Nov-10	1.399	0.117	1.297	2.813	1.090	0.091	1.011	2.192	8,209	478	7,728	16,415	170	245	168	171
Dec-10	1.605	0.215	1.375	3.195	1.417	0.189	1.214	2.820	8,212	478	7,728	16,418	195	450	178	195
Jan-11	1.452	0.158	1.338	2.948	1.272	0.139	1.172	2.583	8,227	478	7,728	16,433	176	331	173	179
Feb-11	1.413	0.156	1.339	2.908	1.176	0.130	1.114	2.420	8,228	480	7,728	16,436	172	325	173	177
Mar-11	1.387	0.208	1.343	2.938	1.186	0.178	1.148	2.512	8,229	480	7,728	16,437	169	434	174	179
Apr-11	1.320	0.181	1.323	2.824	0.867	0.118	0.869	1.854	8,248	482	7,728	16,458	160	376	171	172
May-11	1.327	0.162	1.320	2.809	0.564	0.069	0.561	1.194	8,248	483	7,728	16,459	161	336	171	171
Jun-11	1.343	0.156	1.390	2.889	0.545	0.063	0.564	1.172	8,249	483	7,728	16,460	163	323	180	176
Jul-11	1.293	0.151	1.430	2.874	0.425	0.050	0.470	0.945	8,250	484	7,728	16,462	157	312	185	175
Aug-11	1.292	0.150	1.405	2.847	0.479	0.056	0.521	1.056	8,252	485	7,728	16,465	157	310	182	173
Sep-11	1.262	0.146	1.333	2.741	0.564	0.066	0.596	1.226	8,254	486	7,728	16,468	153	301	172	166
Oct-11	1.260	0.142	1.303	2.705	0.730	0.082	0.755	1.567	8,260	486	7,728	16,474	153	292	169	164
Nov-11	1.338	0.167	1.307	2.812	1.099	0.137	1.074	2.310	8,261	486	7,728	16,475	162	344	169	171
Dec-11	1.299	0.164	1.305	2.768	1.103	0.139	1.108	2.350	8,264	487	7,728	16,479	157	337	169	168
Jan-12	1.291	0.145	1.303	2.739	1.032	0.116	1.042	2.190	8,266	488	7,728	16,482	160	232	169	166
Feb-12	1.259	0.137	1.283	2.679	1.006	0.109	1.025	2.140	8,268	488	7,728	16,484	152	281	166	163
Mar-12	1.313	0.153	1.255	2.721	0.968	0.113	0.925	2.006	8,269	488	7,728	16,485	159	314	162	165
Apr-12	1.348	0.145	1.209	2.702	0.906	0.097	0.813	1.816	8,278	488	7,728	16,494	163	297	156	164
May-12	1.333	0.150	1.211	2.694	0.577	0.065	0.525	1.167	8,280	488	7,728	16,496	161	308	157	163
Jun-12	1.365	0.143	1.237	2.745	0.547	0.057	0.496	1.100	8,284	489	7,728	16,501	165	293	160	166
Jul-12	1.372	0.126	1.296	2.794	0.457	0.042	0.431	0.930	8,289	489	7,728	16,506	166	258	168	169
Aug-12	1.383	0.128	1.291	2.802	0.473	0.044	0.441	0.958	8,290	490	7,728	16,508	167	261	167	170

CSD: Cardiff Sanitary Division

RSF CSD: Ranch Santa Fe Community Service District

SB: Solana Beach

EDU: Equivalent Dwelling Unit

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

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

TABLE 1

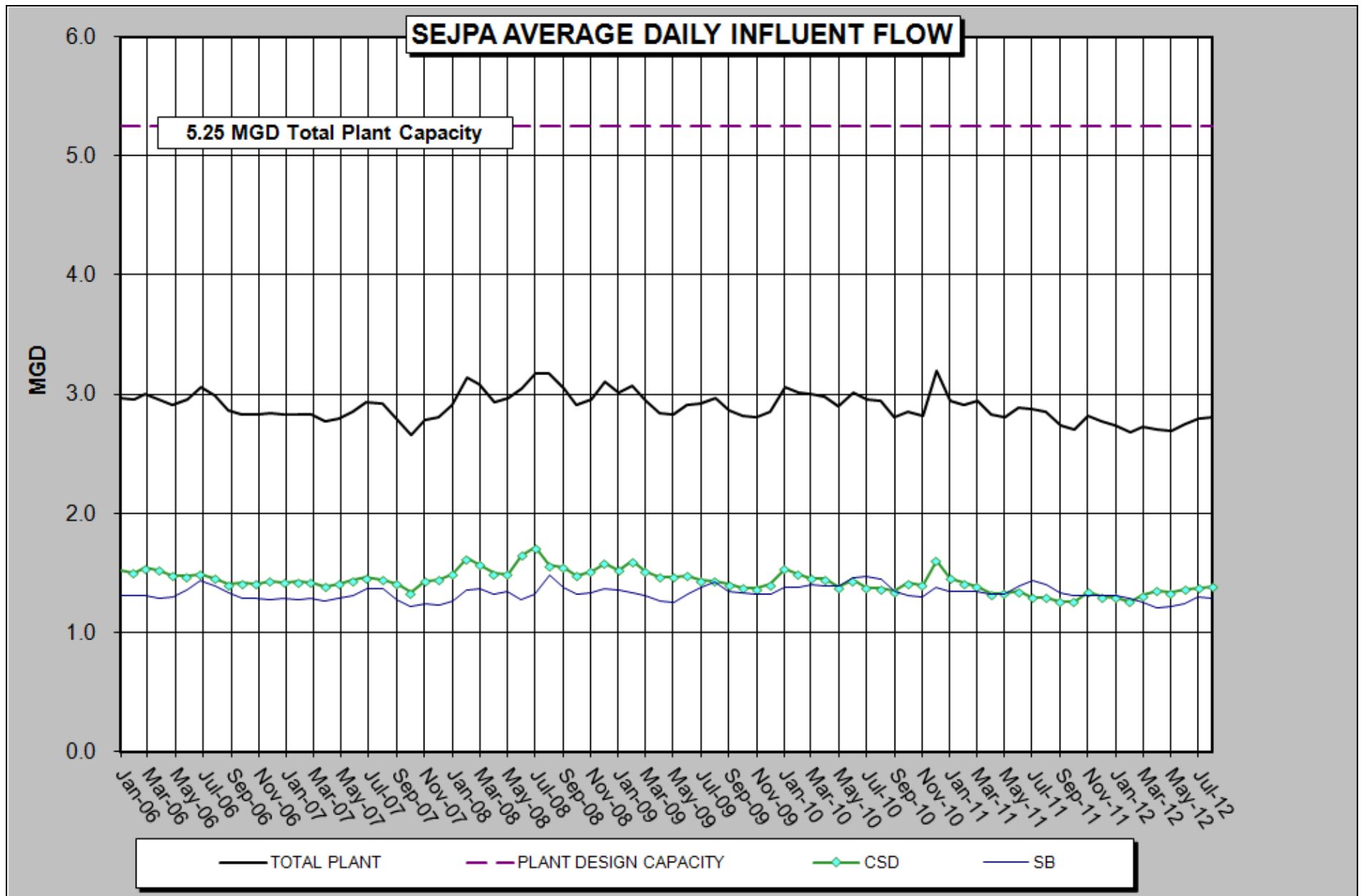


Figure 3

City of Escondido Flows

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

	August (mgd)
Escondido (Average flow rate)	8.5
Escondido (Peak flow rate)	18.1

Connected Equivalent Dwelling Units

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

	August (EDU)
Cardiff Sanitary Division	8,290
Rancho Santa Fe SID	490
City of Solana Beach	7,428
San Diego (to Solana Beach)	300
Total EDUs to System	16,508

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 8, 2012

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 August 2012, recycled water demand was 158.98 acre-feet (AF), which was met using 158.98 AF of recycled water and 0.0 AF of supplementation with potable water. This equates to a blend mix for August of 100.0 percent recycled water and 0.0 percent potable water supplementation.

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

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

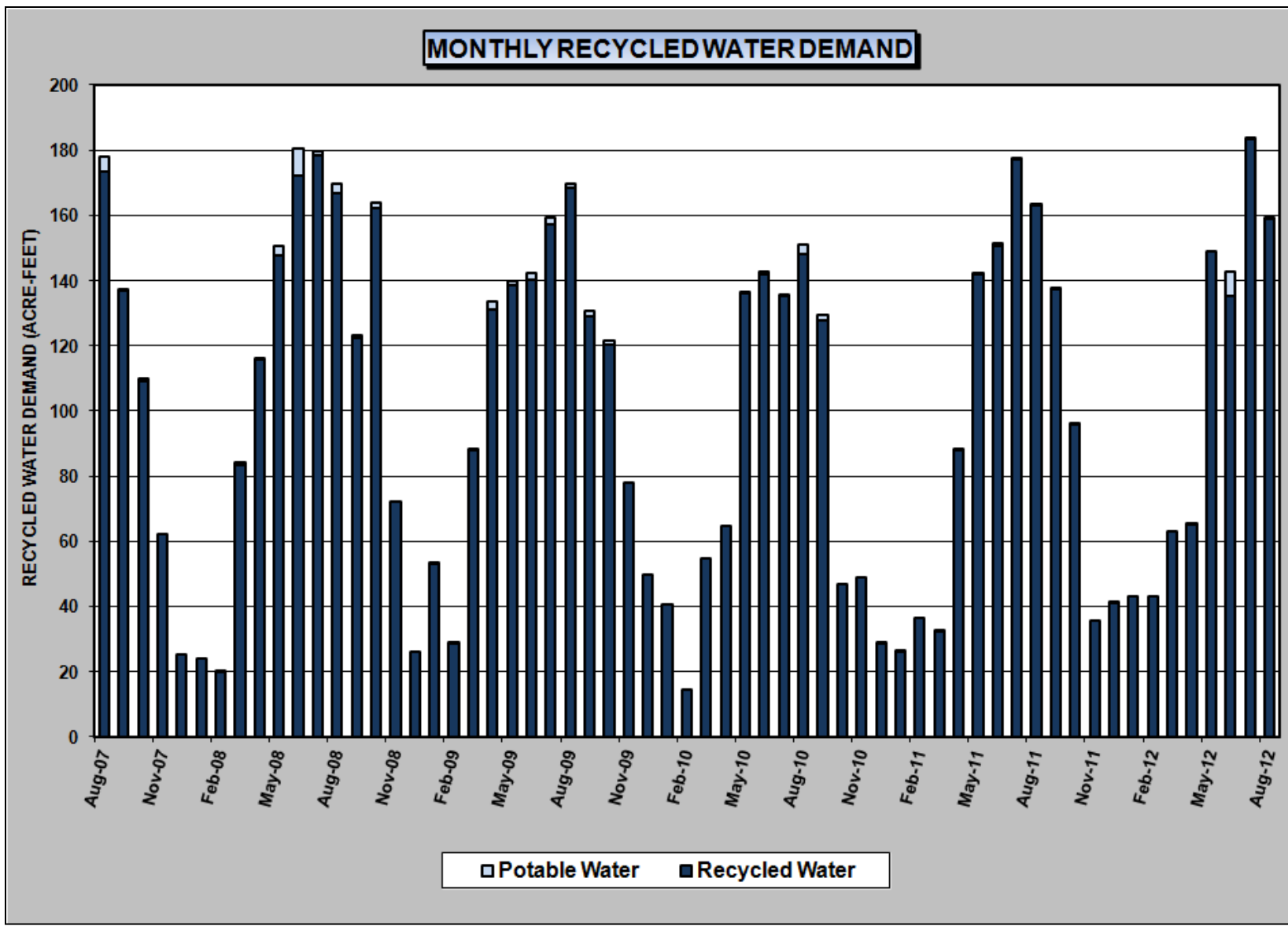


Figure 1

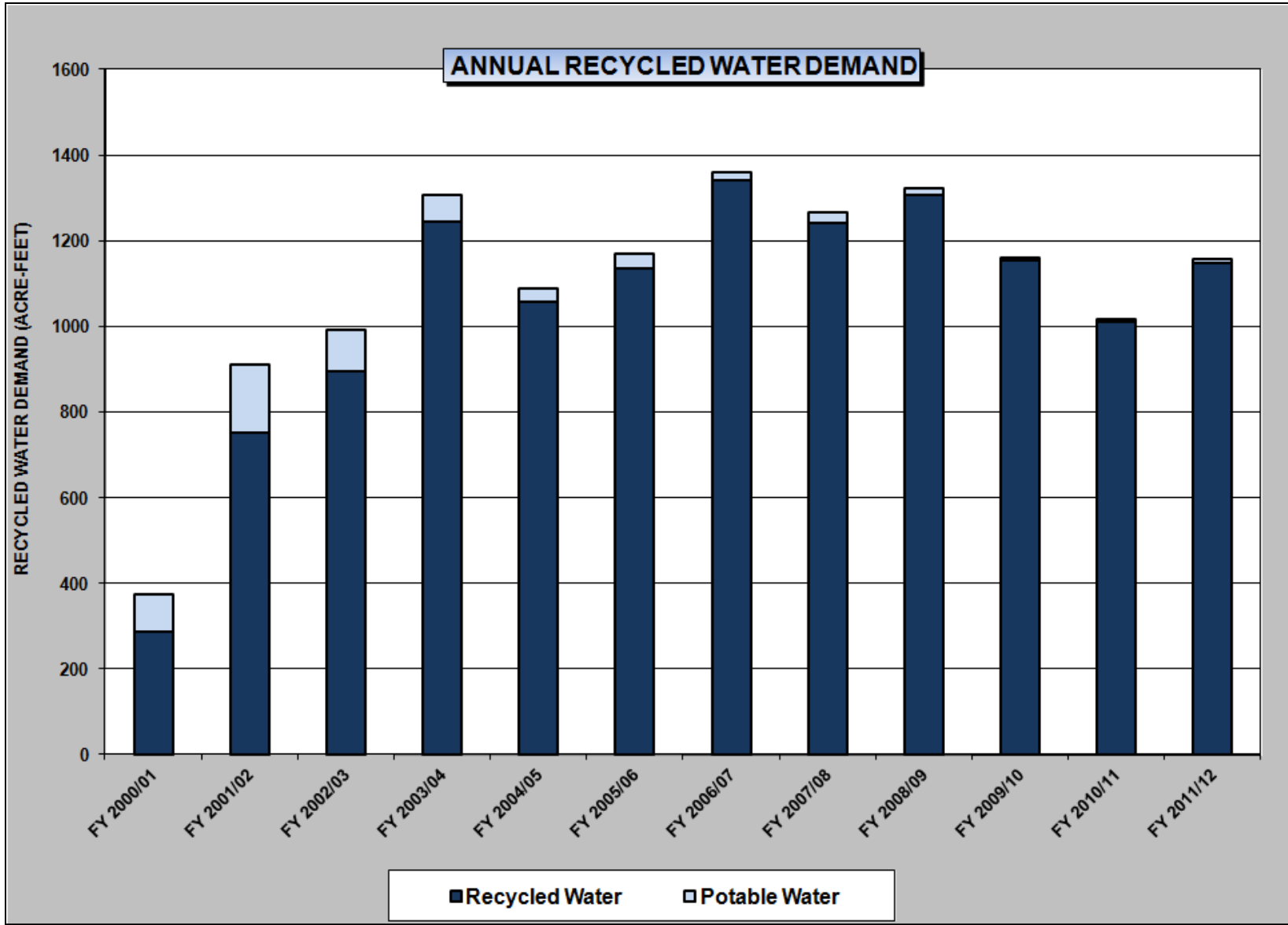


Figure 2

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 8, 2012

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: NEW SECOND TIER PLAN (SECTION 20475: DIFFERENT LEVEL OF BENEFITS PROVIDED FOR NEW EMPLOYEES; SECTION 21353 2% @ 60 FULL FORMULA AND SECTION 20037 THREE-YEAR FINAL COMPENSATION)

RECOMMENDATION

It is recommended that the Board of Directors:

1. Adopt the Resolution to Authorizing an Amendment to the Contract;
2. Execute the Contract Between the Board of Administration California Public Employees' Retirement System and the Board of Directors, San Elijo Joint Powers Authority; and
3. Discuss and take action, as appropriate.

DISCUSSION

On September 10, 2012, the Board adopted the resolution of intention to amend the contract between CalPERS and the SEJPA. This resolution was the first step to amend the contract to include Section 20475 (Different Level of Benefits) for new Miscellaneous Members of the Public Employees' Retirement System, Section 21353 (2% @ 60 Full Formula), and Section 20037 (Three-Year Final Compensation) and will be applicable to all SEJPA employees entering membership for the first time in the miscellaneous classification after June 30, 2012.

The required public notice has being given as required by law prior to the adoption of the final resolution and execution of the contract.

Attached are a Resolution to approve the amendment to the contract between CalPERS and the SEJPA and the new contract incorporating the new retirement program, which creates a new retirement tier applicable to SEJPA employees hired after June 30, 2012.

At this time, it is requested that the Board of Directors adopt the resolution and execute the contract with CalPERS to create a new pension tier for new hires.

FINANCIAL IMPACT

CalPERS Resolution Section 20475 provides reduced pension benefits for new employees hired after June 30, 2012. The SEJPA shall participate in the CalPERS program based on Section 21353, 2% @ 60 Full Formula and Section 20037, Three Year Average Final Compensation for active SEJPA miscellaneous members hired after June 30, 2012. Employees shall pay the full employee portion of 7 percent. The lower benefit payout will result in a lower contribution rate for the SEJPA in the future as new employees enter the SEJPA workforce. In the current year, the employer rate for the 2.5% @ 55 is 15.956%, and the employer rate for the new 2% @ 60 is 7.846%.

It is therefore recommended that the Board of Directors:

1. Adopt the Resolution to Authorizing an Amendment to the Contract;
2. Execute the Contract Between the Board of Administration California Public Employees' Retirement System and the Board of Directors, San Elijo Joint Powers Authority; and
3. Discuss and take action, as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachment 1: Resolution No. 2013-02 Authorizing an Amendment to Contract

Attachment 2: Amendment to Contract Between the Board of Administration California Public Employees' Retirement System and the Board of Directors San Elijo Joint Powers Authority

SAN ELIJO JOINT POWER AUTHORITY
RESOLUTION
AUTHORIZING AN AMENDMENT TO THE CONTRACT

No. 2013-02

WHEREAS, the Board of Administration of the California Public Employees' Retirement System and the Board of Directors of the San Elijo Joint Power Authority entered into a contract effective on September 23, 1995 providing for the participation of said public agency in the California Public Employees' Retirement System; and

WHEREAS, it is now desirable to take advantage of certain benefits provided under said Retirement System and not included in said contract;

NOW, THEREFORE, BE IT RESOLVED, that said governing body authorized, and it does hereby authorize, an amendment to said contract, a copy of said amendment attached hereto and by such reference made a part hereof as though herein set out in full; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the presiding officer of said governing body is hereby authorized, empowered and directed to execute said amendment for and on behalf of said public agency.

Adopted this 8th day of October, 2012.

Presiding Officer

Attest:

Clerk/Secretary



California
Public Employees' Retirement System

AMENDMENT TO CONTRACT

Between the
Board of Administration
California Public Employees' Retirement System
and the
Board of Directors
San Elijo Joint Powers Authority

The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective September 23, 1995, and witnessed September 14, 1995, and as amended effective June 30, 1997, January 1, 2002, May 10, 2002, July 2, 2005 and June 14, 2008 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 11 are hereby stricken from said contract as executed effective June 14, 2008, and hereby replaced by the following paragraphs numbered 1 through 13 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for local miscellaneous members entering membership in the miscellaneous classification on or prior to the effective date of this amendment to contract and age 60 for local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract.

2. Public Agency shall participate in the Public Employees' Retirement System from and after September 23, 1995 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.

3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorneys fees that may arise as a result of any of the following:
 - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
 - (b) Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than existing retirement benefits, provisions or formulas.
 - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
 - (d) Public Agency's election to file for bankruptcy under Chapter 9 (commencing with section 901) of Title 11 of the United States Bankruptcy Code and/or Public Agency's election to reject this Contract with the CalPERS Board of Administration pursuant to section 365, of Title 11, of the United States Bankruptcy Code or any similar provision of law.
 - (e) Public Agency's election to assign this Contract without the prior written consent of the CalPERS' Board of Administration.
 - (f) The termination of this Contract either voluntarily by request of Public Agency or involuntarily pursuant to the Public Employees' Retirement Law.

- (g) Changes sponsored by Public Agency in existing retirement benefits, provisions or formulas made as a result of amendments, additions or deletions to California statute or to the California Constitution.
4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
 - a. Employees other than local safety members (herein referred to as local miscellaneous members).
 5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
 - a. **MEMBERS OF THE GOVERNING BODY AND;**
 - b. **SAFETY MEMBERS.**
 6. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment before and not on or after July 2, 2005 shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).
 7. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment on or after July 2, 2005 and not entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract shall be determined in accordance with Section 21354.4 of said Retirement Law (2.5% at age 55 Full).
 8. The percentage of final compensation to be provided for each year of credited current service as a local miscellaneous member entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract shall be determined in accordance with Section 21353 of said Retirement Law (2% at age 60 Full).
 9. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 20938 (Limit Prior Service to Members Employed on Contract Date).
 - b. Section 21574.5 (Indexed Level of 1959 Survivor Benefits).

- c. Section 21024 (Military Service Credit as Public Service).
 - d. Section 20042 (One-Year Final Compensation) for local miscellaneous members entering membership on or prior to the effective date of this amendment to contract.
 - e. Section 20475 (Different Level of Benefits). Section 21353 (2% @ 60 Full formula) and Section 20037 (Three-Year Final Compensation) are applicable to local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract.
10. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members of said Retirement System.
11. Public Agency shall also contribute to said Retirement System as follows:
- a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574.5 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members.
 - b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
 - c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.
12. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.

13. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF DIRECTORS
SAN ELIJO JOINT POWERS
AUTHORITY

BY _____
KAREN DE FRANK, CHIEF
CUSTOMER ACCOUNT SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 8, 2012

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: ACCEPTANCE OF COMPLETION FOR THE ELECTRICAL UPGRADES
PROJECT FOR THE SAN ELIJO WATER RECLAMATION FACILITY

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to sign and record a Notice of Completion for the Electrical Upgrades Project and Southern Contracting Company; and
2. Discuss and take other action as appropriate.

BACKGROUND

The 2007 San Elijo Water Reclamation Facility (SEWRF) Facility Master Plan identified an electrical upgrades project as near-term critical, as various electrical assets were at or nearing the end of their useful life. The Electrical Upgrades Project included replacing one of the SEWRF's two main switchgear (and associated equipment); replacing two motor control centers (MCCs), construction of a dedicated electrical building and upgrading the electrical distribution network for the northern half of the plant. The Electrical Upgrades Project was recommended to reduce the risk of failure of key electrical assets, improve electrical safety, and to maintain the functionality of the SEWRF. The approved project budget was \$1,341,900.

DISCUSSION

The project design services were awarded to Camp Dresser & McKee, Inc. (CDM) in March 2010, for an amount not to exceed \$167,266. The contract was amended once in the amount of \$19,300 to cover additional services requested by the SEJPA. The construction contract of the Electrical Upgrades Project was bid in March 2011, and the contract was awarded to Southern Construction Company on May 9, 2011 in the amount of \$1,058,900. Construction and start-up have been completed. The project was completed on budget, with no injuries and no filed claims.

With the acceptance of this project by the Board of Directors and the filing of the Notice of Completion, the contract with Southern Contracting Company will be completed. The SEJPA Attorney will file the Notice of Completion with the County Clerk. After 35 days, the final payment will be made to the Contractor.

PROJECT COST SUMMARY

The project has \$1,341,900 in approved funding (see Table 1); of which \$1,314,144 has been committed to project contracts. All major elements of the project have been completed. The project came in 2.1 percent below budget representing a savings of approximately \$28,000.

**TABLE 1
PROJECT BUDGET
ELECTRICAL UPGRADES PROJECT**

<i>ITEM DESCRIPTION</i>	<i>BUDGET</i>	<i>AMOUNT</i>
Design And Construction Management	\$210,000	\$209,166
Administrative & Legal	\$34,300	\$33,884
Construction	\$1,097,600	\$1,071,094
Project Total	\$1,341,900	\$1,314,144

Southern Contracting Company was the general contractor for the construction effort, which was completed for a total cost of \$1,071,094. The project had one construction change order, for \$12,194, which was a result of unexpected conditions and design changes. The work by Southern Contracting Company was of good quality, and the contractor worked well with SEJPA staff.

It is therefore recommended that the Board of Directors:

1. Authorize the General Manager to sign and record a Notice of Completion for the Electrical Upgrades Project and Southern Contracting Company; and
2. Discuss and take other action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 8, 2012

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: PROPOSED WHOLESALE RECYCLED WATER AGREEMENTS AND
INFRASTRUCTURE PURCHASE

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to Execute the attached Recycled Water Wholesale Agreement with the Olivenhain Municipal Water District;
2. Authorize the General Manager to Execute the attached Recycled Water Pipeline Purchase Agreement with the Santa Fe Irrigation District;
3. Authorize the General Manager to Execute the Third Amendment to the 1996 Recycled Water Wholesale Purchase Agreement with the Santa Fe Irrigation District; and
4. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) owns and operates the San Elijo Water Reclamation Facility that provides recycled water to multiple water purveyors in north San Diego County. Customers that use SEJPA recycled water include the Encinitas Ranch Golf Course, Lomas Santa Fe County and Executive Golf Courses, the Del Mar Fairgrounds, Ecke YMCA, Caltrans, schools, parks, business parks, and 17 homeowner associations. The SEJPA recycled water program provides a locally produced, drought resistant water supply to the businesses and residents of Del Mar, Encinitas, and Solana Beach at a price point below potable water.

To ensure the recycled water program is providing the maximum value to the public, both in terms of sustainable water supply and cost of service, it is important that the water reclamation facility operates at full capacity. Expenditures for the recycled water utility include

debt service, which is fixed regardless of use and operations and maintenance costs, which vary slightly with use. The recycled water facility is rated for a production capacity of 3 million gallons per day (MGD), which equates to approximately 1,600 to 1,800 acre-feet per year (AFY). However, when examining water sales over the last five years, sales appear to be bound between 1,000 and 1,300 AFY. This staff report will explore opportunities and provide recommendations to expand recycled water production which will improve the financial foundation of the program, result in a more broad distribution of the program's fixed costs and to maximize the beneficial use of recycled water in north San Diego County.

DISCUSSION

SEJPA staff has identified three opportunities for the Board of Director's consideration to grow recycled water sales, expand recycled water service, and manage future rate increases. The first is an agreement with Olivenhain Municipal Water District (OMWD) to purchase recycled water from the SEJPA. The second is the purchase of a recycled water pipeline that was recently constructed by SFID and which can expand water sales to both SFID and OMWD. The third is an agreement for recycled water pricing with the SFID for 2013 that better reflects SFID's current contributions to the program. The three agreements work together to increase recycled water sales, expand the minimum purchase commitments to the SEJPA's recycled water program, keep recycled water as an affordable and attractive alternative water supply, and recognize the unique situation of each of the potable water agencies.

Proposed OMWD Wholesale Agreement

The agreement with OMWD is for the purchase of recycled water for a 20-year term with the option to extend, as well as early termination options. Like other SEJPA recycled water purchase agreements, this agreement includes a minimum purchase volume, provides similar requirements for water quality, and indexes the recycled water price to OMWD's current recycled water price, which is approximately 85% of its potable water price.

The agreement differs from other SEJPA agreements in that it's a "take if available" agreement. This means that if the SEJPA does not have recycled water available, due to commitments to the contracting agencies, then the SEJPA has the option not to provide recycled water to OMWD. Based on historic recycled water demand patterns, availability for all purveyors will not be an issue. The agreement also differs from other SEJPA agreements in that it provides OMWD an infrastructure credit of \$450 per acre foot of water sold as compensation for infrastructure assets that OMWD is providing. These assets include OMWD's distribution pipelines, service laterals, and water meters at the customer's property, as well as the connection pipeline and metering system required to connect OMWD to SEJPA's distribution pipeline. The estimated value of these assets is \$3.9 million. Considering the value of the assets that OMWD is providing and that no new capital contribution is required by SEJPA, an infrastructure credit of \$450 per acre foot appears fair and reasonable by staff from both agencies.

To ensure that this agreement provides value to not just the SEJPA but also the original water purveyors to the recycled water program, staff proposes that half the revenue received through this agreement be reserved as dedicated funds for facility repair and replacement needs. As the SEJPA's recycled water program is relatively new, the program has not yet been financially able to develop a robust reserve for asset repair and replacement. With program growth, SEJPA has an opportunity to begin recovering asset depreciation through increased water sales. In dedicating a portion of OMWD revenue to a repair and replacement fund, the agreement would

provide benefit to the SEJPA and the original water agencies that have been purchasing recycled water since the inception of the program.

Proposed SFID Pipeline Purchase Agreement

The agreement with SFID is for the purchase of a recycled water pipeline that serves the lower San Dieguito Park and that has the potential to serve other recycled water customers. SFID funded the design and construction of the 3,400 linear-foot, 8-inch diameter pipeline in order to expedite the expansion of recycled water service in this area. The pipeline connects to existing SEJPA distribution piping at the intersection of Highland and Sun Valley, travels north along Highland to El Camino Real, and extends south along El Camino Real past the entrance to the park. As the pipeline is located on the border between SFID and OMWD, it provides the opportunity to increase recycled water sales to both SFID and OMWD. Potential customers include homeowner associations in Solana Beach and both agriculture and large residential estates in Rancho Santa Fe.

The pipeline purchase agreement, titled "A Recycled Water Pipeline Transfer and Cost Reimbursement Agreement," includes the following key terms and conditions:

- Total capital cost (design and construction) to be reimbursed - \$526,149,
- Interest on outstanding reimbursement amount shall be equivalent to the prior four (4) quarters average rate of return for funds invested in the State of California Local Agency Investment Fund (LAIF). However, the interest rate shall not be less than 1% nor greater than 2.5% in any one year,
- Reimbursement rate is \$450/AF of recycled water delivered through pipeline,
- Reimbursement rate (\$450/AF) applies to all recycled water delivered through pipeline, including deliveries to other purveyors (OMWD),
- SEJPA may make additional payments at any time,
- SEJPA shall make an initial down payment of \$50,000 within 60 days of execution,
- If average annual delivery volume exceeds 50 AFY in years 13 through 15 (36 months) of the agreement, SEJPA will continue making all remaining principal and interest payments but will pay any remaining principal balance in one lump sum at the end of year 20 of this agreement. If the 36 month average above does not exceed 50 AFY, payments will continue at \$450 per AF delivered through the pipeline until such time as the principal and interest are paid in full. This includes all water deliveries by the District and other purveyors served by the Extension.
- In accordance with the attached Agreement, transfer of ownership would occur shortly after execution of the Agreement by both agencies.

Amendment No. 3 to SFID Wholesale Agreement

The SEJPA and SFID entered into a recycled water wholesale agreement in 1996. The terms of the agreement included that the SEJPA would design and construct the infrastructure necessary to deliver recycled water up to the property line of the end customer. In return, SFID agreed to purchase a minimum of 394 AFY of recycled water at 85% of the potable water cost. In 2010, when SFID was facing significant potable water rate increases, the two agencies amended the agreement for a two year period that fixed the recycled water rate increases at 5% annually and SFID agreed to increase its minimum purchase volume to 450

AFY. As a result, SEJPA is currently selling recycled water to SFID at less than 79% of SFID's potable water price.

This second amendment is set to expire at the end of 2012, and SFID has requested that the 2012 water price and minimum purchase volume be extended to 2013 while the SEJPA completes its Cost of Service Study. The study should help determine if an alternative water pricing model can be implemented in lieu of the existing "Indexed Pricing" structure. It is anticipated that the study will provide greater clarity for cost needs of the program, provide insight towards moving the program from an Indexed Pricing structure to a Cost of Service structure, and identify best management policies for the SEJPA Board's consideration. Upon the completion of the Cost of Service Study and its acceptance by the SEJPA Board, staff will work with the water purveyors to determine if further contract amendments are appropriate.

FINANCIAL IMPACT

The result of the proposed Board actions should improve the sustainability of the recycled water program. The structure of the OMWD agreement was designed to provide the recycled water program with the benefit of increased near-term sales, without a long-term commitment of capacity. This provides the recycled water program with additional revenue at little or no risk. The agreement could result in an additional \$2 million of revenue over the first 20 years, of which half is proposed to be dedicated to a repair and replacement fund. This offsets revenue that would otherwise need to be recovered from the original water purveyors at some point in time.

The structure of the pipeline purchase agreement was designed to provide an incentive to SFID for connecting new customers without burdening the existing program or its current customer base. The SEJPA will pay SFID \$450 per acre foot of new water sales through the pipeline until the debt (\$526,149) is retired. As new customers connect to the pipeline and water sales increase, the annual payment to SFID will also increase. The agreed upon interest rate for purchase is a variable rate of not less than 1% and not greater than 2.5% based on LAIF. This proposed interest rate is on par or less than other interest rates the SEJPA has on existing recycled water infrastructure loans.

The proposed SFID Amendment No. 3 recognizes that SFID consistently exceeds their contracted minimum purchase volume and currently pays the highest unit price for recycled water. Furthermore, in 2012, SFID increase recycled water rates at 5% whereas San Dieguito Water District (SDWD) and the City of Del Mar did not see an increase as the potable water rates to which they are indexed. It is likely that SDWD and the City of Del Mar will experience water rate increases in 2013, which should help close the gap in water pricing between the various water purveyors.

It is therefore recommended that the Board of Directors:

1. Authorize the General Manager to Execute the attached Recycled Water Wholesale Agreement with the Olivenhain Municipal Water District;
2. Authorize the General Manager to Execute the attached Recycled Water Pipeline Purchase Agreement with the Santa Fe Irrigation District;

3. Authorize the General Manager to Execute the Third Amendment to the 1996 Recycled Water Wholesale Purchase Agreement with the Santa Fe Irrigation District; and
4. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

- Attachment 1: Agreement For Sale Of Recycled Water Between San Elijo Joint Powers Authority and Olivenhain Municipal Water District
- 2: Pipeline Transfer And Cost Reimbursement Agreement
 - 3: Third Amendment To the Agreement For Sale Of Reclaimed Water To The Santa Fe Irrigation District By The San Elijo Joint Powers Authority

**AGREEMENT FOR SALE OF RECYCLED WATER BETWEEN SAN
ELIJO JOINT POWERS AUTHORITY AND OLIVENHAIN MUNICIPAL
WATER DISTRICT**

This Agreement is entered into by and between Olivenhain Municipal Water District, a Municipal Water District organized and operating pursuant to Water Code Sections 71000 *et seq.* (hereinafter “OMWD”) and San Elijo Joint Powers Authority, a joint powers authority organized and operating pursuant to Government Code Sections 6500 *et seq.*, (hereinafter “SEJPA”), (collectively “the Parties”).

RECITALS

1. SEJPA owns and operates the San Elijo Water Reclamation Facility (SEWRF), which has the capacity to produce approximately 3 million gallons per day (MGD) of recycled water from collected and treated wastewater.
2. OMWD continues to construct recycled water facilities capable of delivering recycled water to a variety of projects within its service area.
3. OMWD and SEJPA wish to enter into an Agreement for OMWD to purchase recycled water from SEJPA for resale to customers of OMWD within OMWD’s service territory.
4. SEJPA has agreed to deliver at least 25 acre-feet per year of Title 22 tertiary recycled water to OMWD meeting all applicable federal, state and local standards for irrigation and resale by OMWD, including without limitation, the California Department of Public Health standards for irrigation and resale by OMWD in accordance with all terms of this Agreement.
5. The Parties acknowledge that delivery of the recycled water volume outlined in this Agreement is contingent upon the construction of facilities connecting the SEJPA delivery pipeline to OMWD’s distribution system, for which OMWD will bear all costs, and the availability of recycled water by the SEJPA.

COVENANTS

1. Construction of Interconnection. OMWD will be responsible for all construction costs associated with connection of the SEJPA delivery pipeline to OMWD's distribution system. The schedule to construct the interconnection will begin no sooner than September 2012 and will be completed no later than April 2013.

2. Master Flow Meter. A master recycled water flow meter shall be installed by OMWD in a location mutually agreeable to the Parties to measure the quantity of recycled water supplied to OMWD by SEJPA. OMWD shall own the master recycled water flow meter and shall be responsible for operating, maintaining, calibrating, and reading on a routine basis the master recycled water flow meter. OMWD shall read and report to SEJPA the meter results no less than once per month and shall provide copies of calibration results on an annual basis. SEJPA shall deliver recycled water to OMWD to the mutually agreed upon location of the master recycled water flow meter and shall have no responsibility or obligation to deliver recycled water beyond the master recycled water flow meter location. OMWD is solely responsible for all connecting infrastructure to the end customer downstream of the master recycled water flow meter.

3. Quantities of Recycled Water to be Purchased. This agreement is considered a "take if available" agreement. During the term of this Agreement, OMWD agrees to purchase, and SEJPA agrees to deliver to the OMWD recycled water distribution system, provided SEWRF influent flows are sufficient and adequate effluent is available, a minimum amount of 25 acre feet of recycled water per year. The year is hereby defined as beginning on January 1 and ending on December 31. There is no maximum limit to this Agreement, though both parties expect ultimate annual usage to total between 50 acre feet and 100 acre feet per year.

4. Interruption of Delivery of Recycled Water. Notwithstanding the provisions of section 3 above, the Parties understand and agree that there shall be no liability to SEJPA to supply recycled water, or obligation of OMWD to purchase for day-to-day interruptions in

delivery of recycled water due to plant emergencies requiring plant shut down and repairs associated with acts of God, permit compliance, orders by regulatory bodies or judicial courts, and/or equipment breakdowns, or substantial maintenance activities. SEJPA shall make good faith efforts to resume delivery of recycled water in a timely manner after completing the necessary efforts to restore the operation of the SEWRF. If recycled water delivery is discontinued for more than seven (7) consecutive days, then SEJPA shall provide OMWD a time schedule indicating when delivery is expected to resume. If SEJPA is unable to resume recycled water delivery in a time schedule acceptable to OMWD, OMWD may terminate this Agreement with no further obligation upon sixty (60) days' written notice thereof to SEJPA.

5. Treatment Standards. SEJPA shall treat the recycled water from the SEWRF in conformance with, inter alia, the water quality requirements provided by Title 22, Division 4, of the California Code of Regulations ("CCR"), section 60304, "Use of recycled water for irrigation." SEJPA shall use its best good faith efforts to ensure that said recycled water meets the foregoing CCR Title 22 standards; however, SEJPA does not guarantee or warrant the quality of the recycled water provided OMWD or subsequent users. Both Parties understand that the presence of dissolved minerals in the recycled water is measured as total dissolved solids ("TDS") and other substances in higher concentrations can be deleterious to the plants irrigated with such water. Both Parties agree that SEJPA's failure to supply recycled water in accordance with Title 22 or with TDS concentration of less than 1000 milligrams per liter (mg/L), as determined in conformance with the methodology specified in the SEWRF Waste Discharge Permit, will be grounds for OMWD to suspend its obligation to accept and pay for recycled water from SEJPA until quality is restored to less than 1000 mg/L TDS. Both parties agree that SEJPA's failure to supply OMWD with recycled water that complies with all applicable federal, state and local standards for irrigation and resale will be grounds for OMWD, in its sole discretion, to terminate this Agreement, or for OMWD to suspend its obligation to accept and pay for the recycled water from SEJPA until water quality is restored to levels in compliance with said regulations.

6. Recycled Water Delivery Pressure. Recycled water delivered by SEJPA to the OMWD distribution system shall be delivered at a pressure equivalent to a minimum hydraulic grade line of 330 feet, including all pipeline head loss, with an operational hydraulic grade line goal of 370 feet to maximize operational flexibility. Insufficient hydraulic grade line is not a reason to consider either party in default of this agreement.

7. Compliance with Regulatory Requirements. OMWD agrees to comply with all applicable recycled water distribution regulations issued and/or mandated by the State of California Department of Public Health (CDPH), the County of San Diego Department of Environmental Health (DEH), and the California Regional Water Quality Control Board, San Diego Region (RWQCB). OMWD shall be responsible for ensuring that all users of recycled water within OMWD's jurisdiction shall be in compliance with OMWD's discharge order issued by the RWQCB, and that all users shall be made to comply with OMWD's most recent recycled water rules and regulations.

8. Price of Recycled Water. OMWD shall purchase, in accordance with Section 3, disinfected, tertiary-treated recycled water from SEJPA according to the schedule below. Purchase prices will incorporate a credit to OMWD of \$450 per acre foot of recycled water purchased during the term of this Agreement in recognition of OMWD's infrastructure investments in accordance with Section 1 and Section 2.

- a. From July 1, 2012 through June 30, 2013, OMWD shall purchase from SEJPA recycled water as measured at the master recycled water flow meter at a rate of \$1,193 per acre foot, minus the infrastructure credit of \$450 per acre foot, for a net rate of \$743 per acre foot.
- b. From July 1, 2013 through June 30, 2014, OMWD shall purchase from SEJPA recycled water as measured at the master recycled water flow meter at a rate of \$1,253 per acre foot, minus the infrastructure credit of \$450 per acre foot, for a net rate of \$803 per acre foot.

- c. From July 1, 2014 through June 30, 2020, the rate charged by SEJPA to OMWD 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 model. In the event 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 (2) 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.
- d. For the period beginning July 1, 2020 through the remaining term of the Agreement, a mutually agreeable pricing structure for recycled water shall be determined by the Parties in accordance with Section 14 of this Agreement.

In recognition of OMWD's administrative and operational costs, SEJPA shall have no claim to monthly bills, meter fees or capacity fees collected by OMWD from end customers.

9. Terms of Payment. OMWD shall provide a usage statement to the SEJPA on a monthly or bi-monthly basis for the amount of water delivered through the Master Meter. If OMWD purchases less than 25 acre-feet during an annual period ending December 31, then an additional invoice shall be issued for the remaining water required to reach the minimum purchase volume of 25 acre-feet. OMWD agrees to pay SEJPA for such purchases within forty-five (45) days of invoice receipt. In the event that payment is more than forty-five (45) days in arrears, SEJPA reserves the right to stop delivery of recycled water until payment is made and/or charge interest of one percent (1%) per month on delinquent amounts.

10. Right to Sell to Others. In the event that OMWD fails to purchase the minimum quantities of recycled water as required in Section 3 of this Agreement, SEJPA shall have the absolute right and discretion to sell the unused recycled water to other parties.

11. Access to Records. The Parties shall each keep proper books and records in which complete and correct entries shall be made of all recycled water delivered to OMWD throughout the duration of this Agreement. These books and records shall, upon written request, be subject to inspection by any duly authorized representative of each party and of the RWQCB within ten (10) business days after receipt of such request.

12. Notices. All letters, statements, or notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served, transmitted by facsimile machine, or sent certified mail, return receipt requested, to the following addresses or facsimile numbers:

To: "SEJPA"

San Elijo Joint Powers Authority
Attention: Michael T. Thornton, General Manager
2695 Manchester Avenue
PO Box 1077
Cardiff by the Sea, CA 92007
Facsimile No. (760) 753-5935

To: "OMWD"

Olivenhain Municipal Water District
Attention: Kimberly A. Thorner, General Manager
1966 Olivenhain Road
Encinitas, CA 92024
Facsimile No. (760) 753-6466

13. Assignment. This Agreement or any interest therein or any monies due or that are to become due thereunder shall not be assigned, hypothecated, or otherwise disposed of without the prior written consent of both Parties to this Agreement, which consent shall not be unreasonably withheld.

14. Term of Agreement. The term of this Agreement shall be twenty (20) years from the effective date, subject to the rights of the Parties to an earlier termination as provided in this Agreement. Prior to July 1, 2020, the Parties will evaluate the pricing structure and other terms of the Agreement as requested by either party, with mutually agreeable amendments to enter into effect July 1, 2020 through the duration of the 20-year term. In the event the parties do not reach an agreement on the applicable pricing structure by July 1, 2020, an annual rate increase of three percent (3%) shall go into effect commencing July 1, 2020 through the duration of the 20-year term provided that either party may, within thirty (30) calendar days after the July 1, 2020 deadline either (1) initiate arbitration or mediation to determine if a different pricing structure is appropriate or (2) terminate the Agreement upon one (1) years' written notice. In the event either party initiates arbitration or mediation, the Parties shall bear their own costs and fees incurred related to such arbitration or mediation. This Agreement shall continue in force from year to year after the initial 20-year term until either party gives one (1) year's written notice to the other of its intention to terminate or renegotiate the Agreement. This Agreement shall terminate one (1) year from the date upon which such written notice is received unless the Parties agree otherwise in writing. The parties further acknowledge that OMWD is pursuing the conversion of its Wanket Tank to recycled water and the completion of recycled water to Village Park. Both parties agree that the completion of the conversion of OMWD's Wanket Tank to recycled water will be considered a trigger event in this Agreement 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.

15. Early Termination. If at any time during the term of this Agreement, recycled water in compliance with the standards referenced herein cannot lawfully be used by OMWD for the purposes intended by this Agreement, because of government regulations now in effect or hereinafter imposed, or, if OMWD should for any reason breach its obligations under this Agreement in any material respect, including, but not limited to, failure to pay for recycled

water as required, failure to accept recycled water as required, failure to maintain facilities, or other substantial failure, SEJPA may terminate this Agreement with no further obligation by giving sixty (60) days' written notice thereof to OMWD. During said sixty (60) day period, OMWD shall have the opportunity to cure the breach in the Agreement before termination occurs. In the event SEJPA refuses to deliver recycled water to OMWD in conformance with this Agreement for any reason, or if SEJPA fails to deliver recycled water that complies with all applicable federal, state and local standards required for OMWD's intended use of the recycled water, OMWD may terminate this Agreement with no further obligation upon sixty (60) days' written notice thereof to SEJPA.

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

17. Binding Effect. This Agreement shall be binding upon the Parties and their respective successors in interest, permitted assigns, executors, administrators, and personal representatives.

18. Indemnification. SEJPA agrees, to the fullest extent permitted by law, to indemnify and hold OMWD, its directors, officers, employees, or authorized volunteers harmless from any damage, liability, or cost (including attorney's fees and costs of defense) arising from, related to or in any way connected with this Agreement to the extent caused by SEJPA's willful misconduct or negligent acts, errors, or omissions, including such willful misconduct or negligent acts, errors, or omissions by subcontractors or others for whom SEJPA is legally liable. OMWD agrees, to the fullest extent permitted by law, to indemnify and hold

SEJPA, its directors, officers, employees, or authorized volunteers harmless from any damage, liability, or cost (including attorney's fees and costs of defense) arising from, related to, or in any way connected with this Agreement to the extent caused by OMWD's willful misconduct or negligent acts, errors, or omissions, including such willful misconduct or negligent acts, errors, or omissions by subcontractors or others for whom OMWD is legally liable.

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

20. Dispute Resolution. In the event of a dispute relating to this Agreement, both Parties agree to use their best efforts to informally resolve the dispute without filing litigation. Accordingly, except as provided in section 14 hereof, the Parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement or the relationship created by this Agreement to non-binding mediation before bringing a claim, controversy or dispute in a court or before any other tribunal. The mediation is to be conducted by either an individual mediator or a mediator appointed by mediation services mutually agreeable to the Parties. The mediation shall take place at a time and location which is also mutually agreeable; provided; however, in no event shall the mediation occur later than ninety (90) days after either Party notifies the other of its desire to have a dispute placed before a mediator, unless the time period is extended by a written agreement of the Parties. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys fees incurred by either party), is to be shared by the Parties equally. If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the date either Party provides the other notice of mediation, then either Party may bring and initiate a legal

proceeding to resolve the claim, controversy or dispute unless the time period is extended by a written agreement of the Parties.

21. Effective Date. The effective date of this Agreement executed in counterparts in Encinitas, California, within the North County Judicial District, County of San Diego, State of California, is _____. 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.

Dated: _____

Olivenhain Municipal Water District,
a public agency

By: _____
Kimberly A. Thorner
General Manager

Dated: _____

San Elijo Joint Powers Authority,
a public agency

By: _____
Michael T. Thornton
General Manager

PIPELINE TRANSFER AND COST REIMBURSEMENT AGREEMENT

This Agreement ("Agreement") is made and entered into this ___ day of _____, 2012, by and between the SAN ELIJO JOINT POWERS AUTHORITY, a joint powers authority created by the Solana Beach Sanitation District and Cardiff Sanitation District (hereinafter called the "SEJPA"), and the SANTA FE IRRIGATION DISTRICT, an irrigation district organized and operating under the Irrigation District Law, Water Code section 20500 et seq., (hereinafter called the "District").

RECITALS

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

WHEREAS, a First Amendment of the Purveyor Agreement was executed on August 14, 2000 in order to modify duties related to customer service and compliance monitoring; and

WHEREAS, a Joint Participation Agreement For Local Water Supply Development Program Funding dated July 1, 2008 between the San Diego County Water Authority, San Dieguito Water District, SEJPA, and the District establishes provisions for the utilization of Local Water Supply Development Program (LWSDP) financial incentives for reclaimed water supplied by the SEJPA; 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; and

WHEREAS, the SEJPA and District desire to extend SEJPA's existing recycled water distribution system to enable the District to serve new reclaimed water customers and expand the allowable project yield as defined in the Joint Participation Agreement For Local Water Supply Development Program Funding; and

WHEREAS, the District constructed an extension of 3,400 linear feet of 8-inch reclaimed water distribution pipeline (the "Extension") to the SEJPA's reclaimed water distribution system, the location and nature of which is more fully described on Exhibit "A," attached hereto and incorporated herein; and

WHEREAS, the SEJPA is willing to reimburse the District for the cost of design and construction of the Extension in the amount of Five Hundred Twenty-Six Thousand One Hundred Forty Nine Dollars (\$526,149) plus interest; and

WHEREAS, pursuant to this Agreement, the Parties desire and intend to convey ownership of the Extension, through the attached Bill of Sale, from the District to the SEJPA and provide for reimbursement from the SEJPA to District for the costs incurred to construct the Extension; and

WHEREAS, as provided for in Section 6 of the Purveyor Agreement, the SEJPA shall own and be responsible for the operation and maintenance of the reclaimed water treatment and distribution system up to the point of delivery; and

WHEREAS, the SEJPA and the District agree to allow other water purveyors access to capacity in the Extension for the purpose of increasing recycled water use within the region; and

WHEREAS, the Extension of the reclaimed water distribution system and the associated increased reclaimed water use is mutually beneficial to SEJPA, District, and, in general, to the San Diego County region.

COVENANTS

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

1. Transfer of Ownership. As of 12:00 am on October 1, 2012, District relinquishes all rights and responsibilities of ownership, including all operation and maintenance responsibilities, for the Extension and SEJPA hereby accepts ownership, including all rights and responsibilities, for the Extension. From that time forward, the SEJPA shall own the Extension and be responsible for all operations and maintenance of the Extension as part of the reclaimed water distribution system, as provide for in Section 6 of the Purveyor Agreement.

a. District represents, covenants and warrants to SEJPA that:

- i. District has good and merchantable title to the Extension and has authority to enter into and perform its obligations under this Agreement;
- ii. There are no liens or other encumbrances on the Extension;
- iii. All taxes, assessments or impositions of any kind with respect to the Extension, if applicable, have been paid in full;
- iv. There is no litigation of any kind currently pending or threatened regarding the Extension or District's use of the Extension;
- v. No violation of any state or federal law governing dangerous, toxic or hazardous pollutants, contaminants, chemicals, waste, materials or substances (herein collectively called "Environmental Regulations") now exists relating to the Extension, no notice of any such violation or any alleged violation thereof has been issued or given by any governmental entity or agency, and there is not now any investigation or report involving the Extension by any governmental entity or agency which in any way related to dangerous, toxic or hazardous pollutants, contaminants, chemicals, waste, materials or substances, as defined in or governed by the provisions of any Environmental Regulations related thereto (hereinafter collectively called "Hazardous Substances");
- vi. No person, party or private or governmental agency or entity has given any notice or asserted any claim, cause of action, penalty, cost or demand for payment or compensation, whether or not involving any injury or threatened injury to human health, the environment or natural resources, resulting or allegedly resulting from any activity or event described in subsection 1.a.v. above;

- vii. There are not now any actions, suits, proceedings or damage settlements relating in any way to Hazardous Substances in, upon, under or over the Extension;
 - viii. The Extension is not subject to any lien or claim for lien or threat of lien in favor of any governmental entity or agency as a result of any release or threatened release of any Hazardous Substance;
 - ix. The Extension is not subject to any conditions imposed during the environmental review or permitting process; and
 - x. The Extension lies completely within the public right-of-way for Highland Drive and El Camino Real.
- b. For purposes of Section 1.a the representations, covenants and warranties made herein are limited to the best of the District's knowledge which shall mean the actual knowledge of Michael Bardin, General Manager of the District and not any implied, imputed or constructive knowledge, without any requirement of independent investigation having been made or any duty to investigate.
- c. SEJPA shall access the Extension based on its rights to construct, operate and maintain certain infrastructure across, along, in under over or upon any road, street, alley, avenue or highway within any city as provided under applicable law, including but not limited to California Health and Safety Code section 4759.1.
- d. Together with the transfer of the Extension, District shall provide to SEJPA all pertinent records, maps, and drawings, including, but not limited to, as-built drawings, repair records, maintenance logs, service leak and repair history, pipeline leak records, and other such supporting documentation.
- e. The Parties shall execute a Bill of Sale for the transfer of the Extension from the District to the SEJPA in a form set forth as Exhibit "B," attached hereto and incorporated herein.
- f. District shall execute the Quit Claim Deed and SEJPA shall execute a Certificate of Acceptance of the Extension from the District in the forms set forth as Exhibit "C," which shall be recorded with the San Diego County Recorder.
- g. The entire agreement between District and SEJPA with respect to the transfer of the Extension is expressly set forth herein. The Parties are not bound by any agreements, understandings, representations or warranties (whether written or oral) other than as are expressly set forth and stipulated in this Agreement. SEJPA acknowledges that the Extension is being conveyed in an "AS IS and "WHERE IS" condition and with all existing defects (patent and latent), provided that this Section shall not release or waive any rights of SEJPA against the District in the event the District breaches any of the warranties and representations that are expressly set forth and stipulated in this Agreement. This Section shall survive the delivery of the Bill of Sale and the termination or expiration of this Agreement.

2. Reimbursement of Capital Costs. SEJPA shall reimburse the District for all costs incurred in the design and construction of the Extension. The Parties agree the cost incurred by the District and shall be reimbursed to the District is Five Hundred Twenty Six Thousand One Hundred Forty Nine Dollars (\$526,149) ("Reimbursement Amount").
- a. The Reimbursement Amount shall be increased by the District each year on July 1 by adding to the Reimbursement Amount interest at the rate equivalent to the prior four (4) quarters average rate of return for funds invested in the State of California Local Agency Investment Fund (LAIF). However, the interest rate shall not be less than 1% or greater than 2.5% in any one year. This increase shall be computed commencing as of July 1 each year until the Reimbursement Amount and interest is paid in full.
 - b. The interest shall be calculated on the unpaid monthly balance of the principal Reimbursement Amount only. All payments shall be applied to interest first and then principal.
 - c. Reimbursement payments shall be made until the total capital cost of the Extension plus interest has been fully reimbursed.
 - d. SEJPA shall reimburse the District monthly at a rate of \$450 per acre foot for each acre foot of recycled water delivered to customers through the Extension. This includes all District and non-District customers that utilize the Extension for service. Therefore, if customers from another water purveyor are served by this Extension, the District shall receive payment by the SEJPA at a rate of \$450 per acre foot for this service. The volume of recycled water served through the Extension shall be calculated using customer meter records as provided by the District and other water purveyors.
 - e. For clarification only, the annual payment would be calculated as follows: The total capital cost of construction was \$526,149. Assume the customers connected to the pipeline use 50 acre feet per year (AFY) in the first year. The payment due would be \$450 x 50 AFY (\$22,500) in that year. Increases in recycled water demand served through the Extension would increase the annual payment amount and reduce the reimbursement period.
 - f. The SEJPA has the right to make additional principal payments at any time during the agreement. This agreement has no prepayment penalties, and all additional principal payments received prior to July 1, shall be credited to the month in which the payment was made to reduce interest due.
 - g. The SEJPA shall make an initial down payment to the District of \$50,000 within 60 days of the execution of this agreement.
 - h. The SEJPA agrees to make a lump sum payment of all remaining principal and interest due after the completion of the 20th year of this agreement, if the average annual delivery volume of the Extension from year 13 through 15 (36 months) exceeds 50 acre feet annually. This includes all water deliveries by the District and other purveyors served by the Extension.

3. Grants and Other Financial Incentives. The Parties acknowledged that there may be additional financial incentives or grants available from San Diego County Water Authority (“CWA”) or Metropolitan Water District (“MWD”) to offset the design and construction costs of the Extension.
 - a. District agrees that by entering into this agreement with the SEJPA, District shall be ineligible to apply for financial incentives from either the CWA or MWD as related to the Local Water Supply Development Program, the Local Resources Program (LRP) Conversion, or other similar programs, for the Extension project.
 - b. This Agreement does not prevent the District from pursuing incentives, rebates, or grants for other water reclamation projects, nor does it prevent the District from pursuing incentives, rebates, or grants for customer retrofit costs that are served by this Extension project.

4. General Provisions.
 - a. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered an original but all of which shall constitute one agreement.
 - b. Severability. Should any portion, word, clause, phrase, sentence or paragraph of this Agreement be declared void or unenforceable, such portion shall be considered independent and severable from the remainder, the validity of which shall remain unaffected.
 - c. Ambiguity. The Parties acknowledge that this Agreement was jointly prepared by them, by and through their respective legal counsel, and any uncertainty or ambiguity existing herein shall not be interpreted against any of the Parties, but otherwise shall be interpreted according to the application of the rules on interpretation of contracts.
 - d. Waiver. Failure to insist on compliance with any term, covenant or condition contained in this Agreement shall not be deemed a waiver of that term, covenant or condition, nor shall any waiver or relinquishment of any right or power contained in this Agreement at any one time or more times be deemed a waiver or relinquishment of any right or power at any other time or times.
 - e. Governing Law. This Agreement is made and entered into in the State of California, and shall in all respects be interpreted, enforced and governed under the laws of said State without giving effect to conflicts of laws principles.
 - f. Entire Agreement. This Agreement, including all referenced attachments and exhibits, constitutes the entire agreement between the Parties who have executed it and supersedes any and all other agreements, understandings, negotiations, or discussions, either oral or in writing, express or implied, on the subject matter of this Agreement between the Parties to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Pipeline Transfer and Cost Reimbursement Agreement to be executed and be effective immediately upon execution by both parties.

SAN ELIJO JOINT POWERS AUTHORITY SANTA FE IRRIGATION DISTRICT

By: _____

By: _____

Title: _____

Title: _____

[ATTACH NOTARY ACKNOWLEDGMENT]

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN DIEGO)

On _____, 2012, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Notary Public

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN DIEGO)

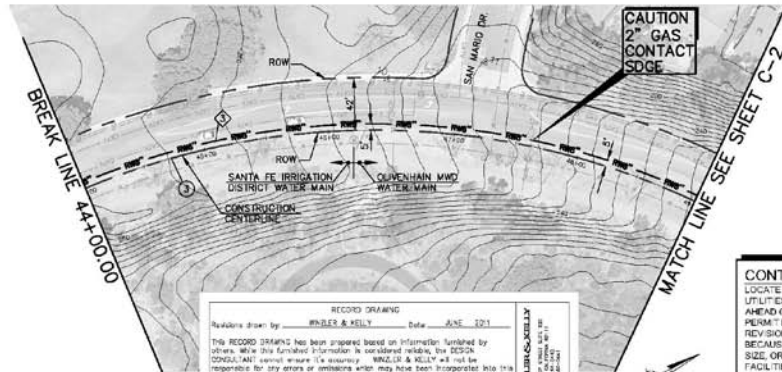
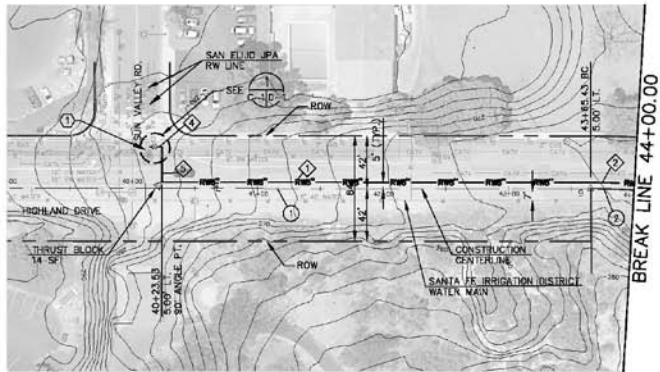
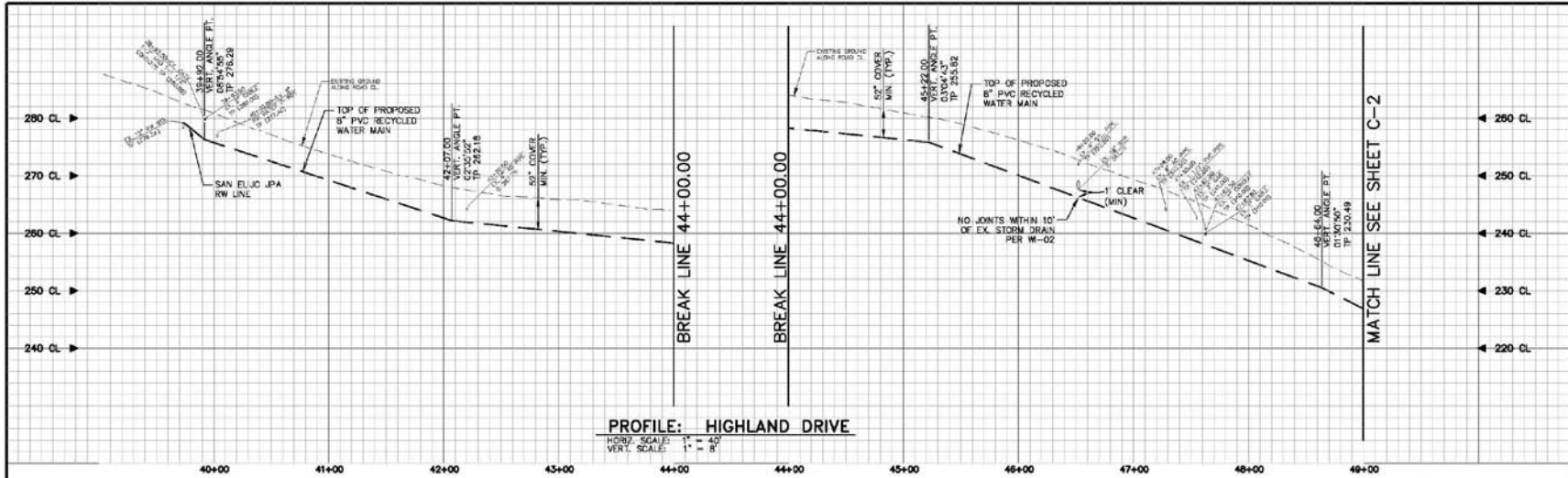
On _____, 2012, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

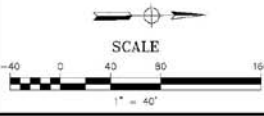
WITNESS my hand and official seal.

Notary Public

Exhibit A
Description of Pipeline
(Attached)



CONTRACTOR NOTE:
ALL STATION OFFSET CALLOUTS ARE TIED TO THE CONSTRUCTION CENTERLINE



NOTE:
① CONTRACTOR SHALL COORDINATE THE SCHEDULING OF THE INSTALLATION WITH THE DISTRICT A MINIMUM OF 7 CALENDAR DAYS BEFORE PERFORMING WORK.

CONSTRUCTION DATA			
NO.	DELTA/R/C	RADIUS	LENGTH
1	N 25°42'38" E	505.43	CONNECTION CENTERLINE
2	S 87°24'11" W	820.00	CONNECTION CENTERLINE
3	S 72°41'11" W	820.00	CONNECTION CENTERLINE

RECYCLED WATER DATA			
NO.	DELTA/R/C	RADIUS	LENGTH
1	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
2	S 87°24'11" W	820.00	8" PVC RECYCLED WATER MAIN
3	S 72°41'11" W	820.00	8" PVC RECYCLED WATER MAIN
4	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
5	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
6	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
7	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
8	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
9	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
10	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
11	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
12	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
13	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
14	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
15	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
16	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
17	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
18	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
19	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN
20	N 25°42'38" E	505.43	8" PVC RECYCLED WATER MAIN



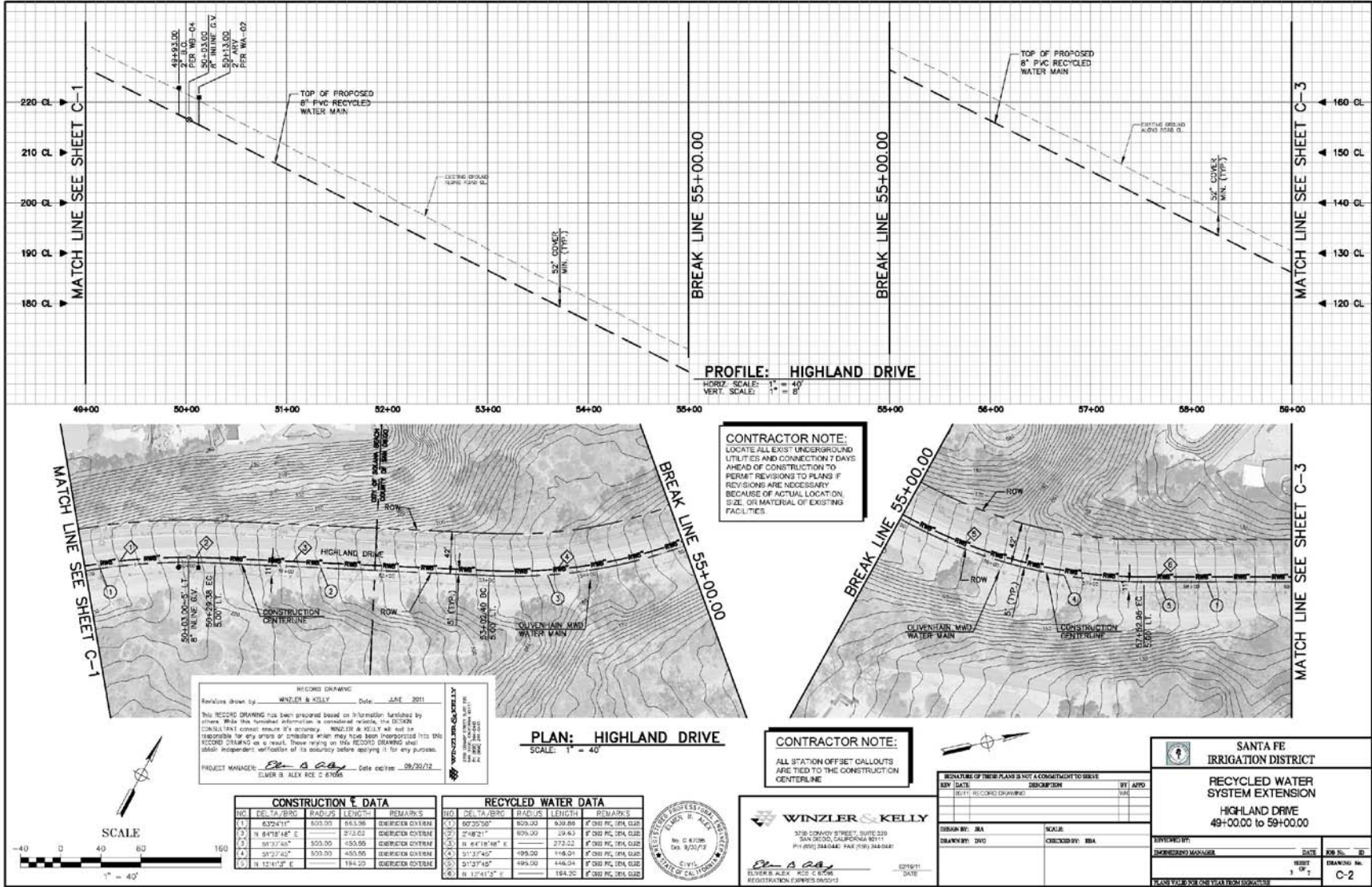
WINZLER & KELLY
3700 CONVOY STREET, SUITE 200
SAN DIEGO, CALIFORNIA 92111
PH: (619) 544-5446 FAX: (619) 544-5446

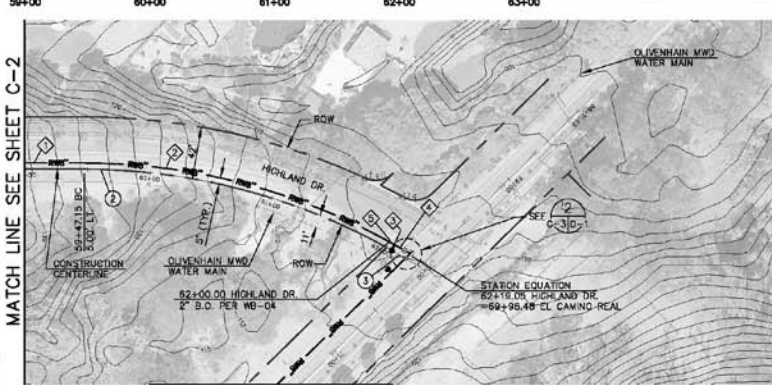
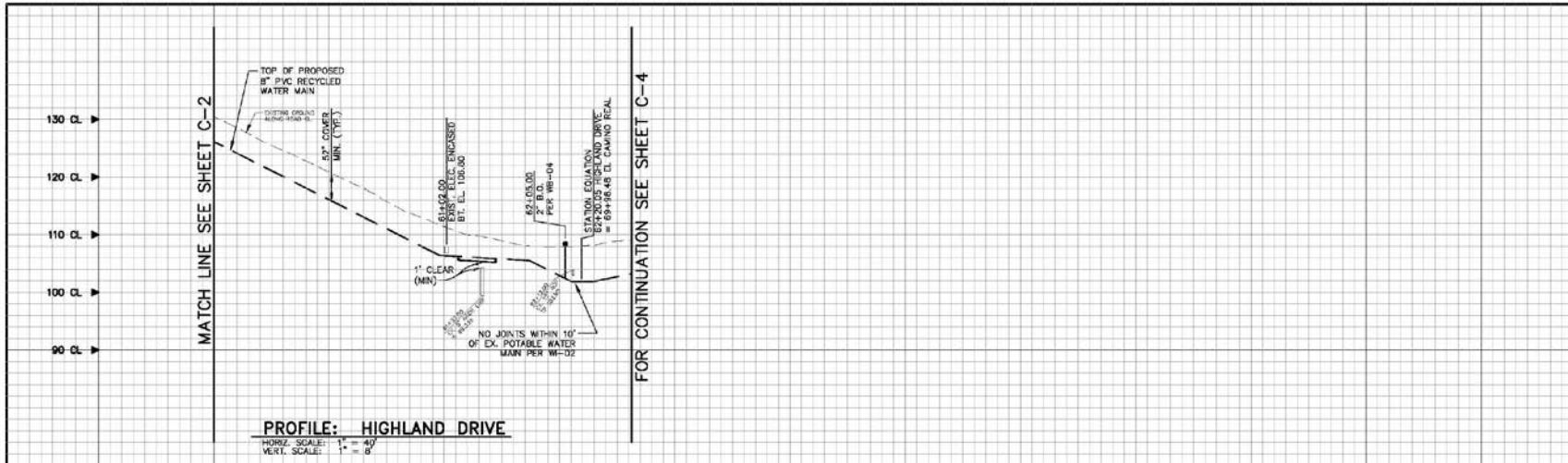
ELMER B. ALEX REG. C 67988
REGISTRATION EXPIRES 06/30/12

RECORD DRAWING
Revised from: WINZLER & KELLY Date: JUNE 2011
This RECORD DRAWING has been prepared based on information furnished by others. We warrant that the information is as shown and we do not warrant its accuracy. WINZLER & KELLY shall not be responsible for any errors or omissions which may have been incorporated into this RECORD DRAWING as a result. Those relying on this RECORD DRAWING shall make independent verification of its accuracy before applying it for any purpose.
PROJECT MANAGER: Elmer B. Alex REG. C 67988 Date expired: 06/30/12

SANTA FE IRRIGATION DISTRICT
RECYCLED WATER SYSTEM EXTENSION
HIGHLAND DRIVE
40+20.00 TO 49+00.00

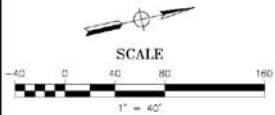
APPROVED BY: [Signature] DATE: [Blank] PLS. NO. [Blank]
DRAWING NO. [Blank] SHEET 1 OF 1 C-1





CONTRACTOR NOTE:
 ALL STATION OFFSET CALLOUTS ARE TIED TO THE CONSTRUCTION CENTERLINE

CONTRACTOR NOTE:
 LOCATE ALL EXIST UNDERGROUND UTILITIES AND CONNECT ON 7 DAYS AHEAD OF CONSTRUCTION TO PERMIT REVISIONS TO PLANS IF REVISIONS ARE NECESSARY BECAUSE OF ACTUAL LOCATION, SIZE, OR MATERIAL OF EXISTING FACILITIES.



NO.	DELTA (DEG.)	RADIUS	LENGTH	REMARKS
1	N. 12°41'3" E	184.13	184.13	CONSTRUCTION CENTERLINE
2	S. 92°47'47" E	800.00	238.30	CONSTRUCTION CENTERLINE
3	N. 42°23'55" E	24.10	24.10	CONSTRUCTION CENTERLINE

NO.	DELTA (DEG.)	RADIUS	LENGTH	REMARKS
1	N. 6°16'48" E	373.00	373.00	Ø 360 PG. 024, C.03
2	S. 2°42'48" E	865.00	281.88	Ø 360 PG. 024, C.03
3	S. 21°1'25" E	200.00	8.71	Ø 360 PG. 024, C.03
4	N. 4°55'10" E	12.80	12.80	Ø 360 PG. 024, C.03
5	N. 4°20'30" W	5.50	5.50	Ø 360 PG. 024, C.03



WINZLER & KELLY
 3700 CENTURY SQUARE, SUITE 200
 SAN DIEGO, CALIFORNIA 92101
 PH: (619) 584-0400 FAX: (619) 584-0441

Elmer B. Alex, P.E. No. C-67038
 REGISTERED PROFESSIONAL ENGINEER 03/20/12

RECORD DRAWING
 Revisions drawn by: **WINZLER & KELLY** Date: **JUNE 2011**

This RECORD DRAWING has been prepared based on information furnished by others. While this furnished information is considered reliable, the DESIGN CONSULTANT cannot assume any responsibility. WINZLER & KELLY will not be responsible for any errors or omissions which may have been incorporated into this RECORD DRAWING as a result. Those relying on this RECORD DRAWING should obtain independent verification of its accuracy before applying it for any purpose.

PROJECT MANAGER: **Elmer B. Alex** No. C-67038 Date expires: **05/26/12**

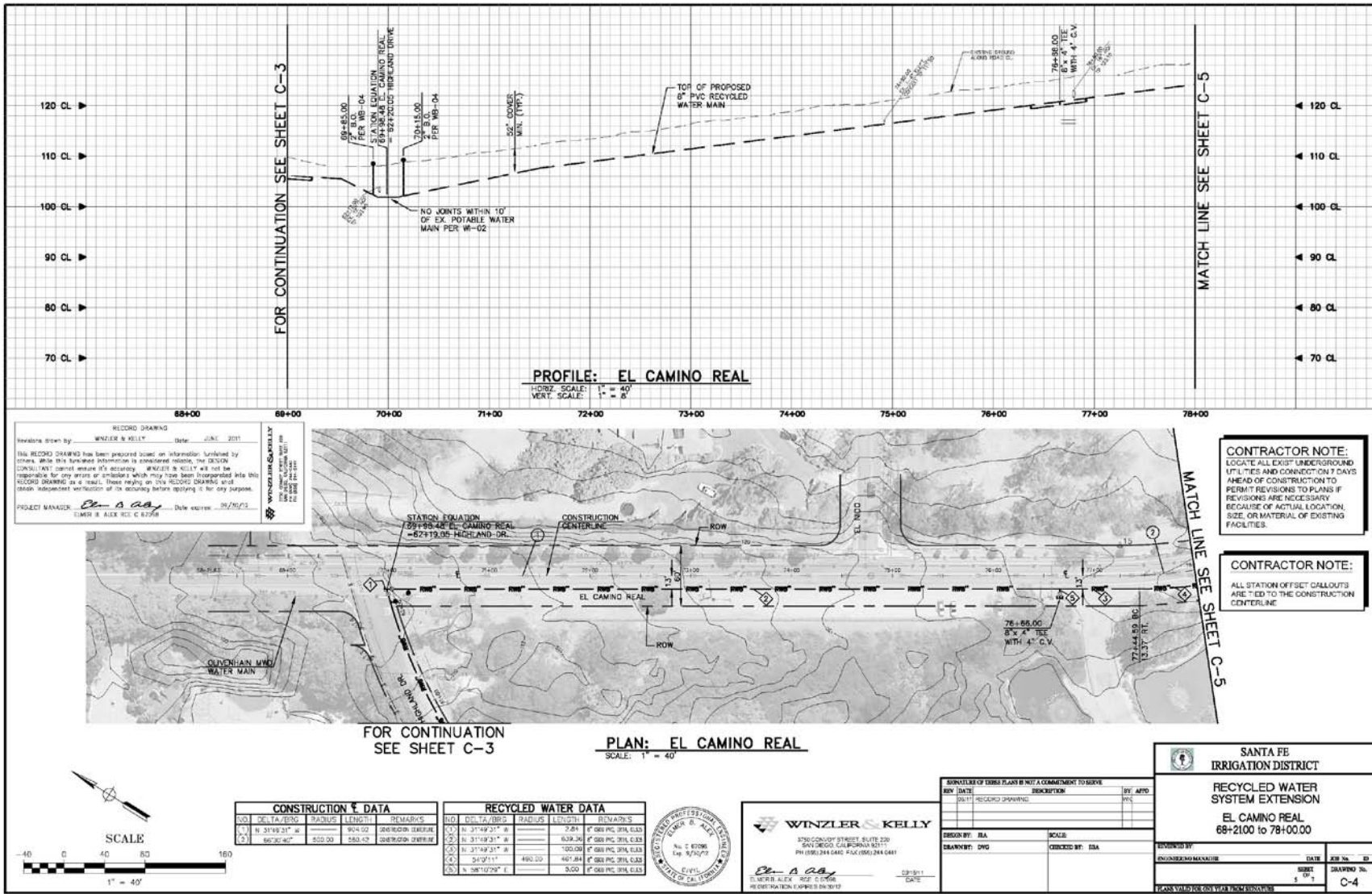
REV. DATE	DESCRIPTION	BY	APP.

DESIGNED BY: **ISA** CHECKED BY: **ISA**
 DRAWN BY: **DRD**

SANTA FE IRRIGATION DISTRICT

RECYCLED WATER SYSTEM EXTENSION
HIGHLAND DRIVE
59+00.00 TO 62+98.05

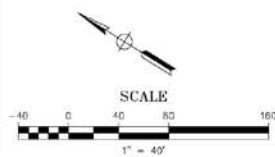
ENGINEERING MANAGER: _____ DATE: _____
 SHEET 4 OF 7 DRAWING NO. **C-3**



RECORD DRAWING
 Drawn by: WINZLER & KELLY Date: JUNE 2011
 THIS RECORD DRAWING has been prepared based on information furnished by others. While the Engineer's attention is directed to apparent errors, the ENGINEER CONSULTANT cannot assume its accuracy. WINZLER & KELLY will not be responsible for any errors or omissions which may have been incorporated into this RECORD DRAWING as a result. These rely on the RECORD DRAWING and shall constitute independent verification of its accuracy before relying on it for any purpose.
 PROJECT MANAGER: *Ch. A. Cox* Date issued: 05/25/12
 ELMER B. ALEX, REG. C. 67708

CONTRACTOR NOTE:
 LOCATE ALL EXIST' UNDERGROUND UTILITIES AND CONDUCT ONLY DAVIS AHEAD OF CONSTRUCTION TO PERMIT REVISIONS TO PLANS IF REVISIONS ARE NECESSARY BECAUSE OF ACTUAL LOCATION, SIZE, OR MATERIAL OF EXISTING FACILITIES.

CONTRACTOR NOTE:
 ALL STATION OFFSET CALLOUTS ARE TIED TO THE CONSTRUCTION CENTERLINE.



CONSTRUCTION DATA			
NO.	DELTA (DEG)	ANGLE	REMARKS
1	N 31°49'31" W	904.00	CONSTRUCTION CENTERLINE
2	S 67°28'40" E	553.43	CONSTRUCTION CENTERLINE

RECYCLED WATER DATA			
NO.	DELTA (DEG)	RADIUS	REMARKS
1	N 31°49'31" W	2.81	8" Ø ØS PC 3/8L 6.53
2	N 31°49'31" W	639.36	8" ØS PC 3/8L 6.53
3	N 31°49'31" W	100.00	8" ØS PC 3/8L 6.53
4	S 67°28'40" E	490.00	8" ØS PC 3/8L 6.53
5	N 58°12'29" E	9.00	8" ØS PC 3/8L 6.53



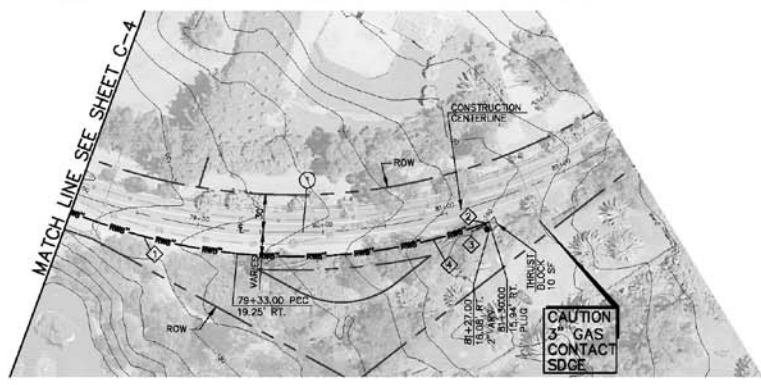
WINZLER & KELLY
 3750 CONVOY STREET, SUITE 230
 SAN DIEGO, CALIFORNIA 92111
 PH (619) 244-5440 FAX (619) 244-0441
 E: MERB.ALEX@WKFC.COM
 WEBSITE: WWW.WKFC.COM

REV	DATE	DESCRIPTION	BY	APP'D
001	05/11	RECORD DRAWING	WYC	

DESIGN BY: JEA
 DRAWN BY: DVG
 CHECKED BY: JEA

SANTA FE IRRIGATION DISTRICT
RECYCLED WATER SYSTEM EXTENSION
EL CAMINO REAL
68+2100 TO 78+00.00

ENGINEER: MERB ALEX
 DATE: 05/25/12
 SHEET NO.: 1 OF 1
 DRAWING NO.: C-4

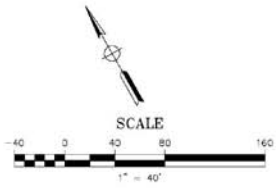


RECORD DRAWING
 Revisions drawn by: WINZLER & KELLY Date: JUNE 2011
 This RECORD DRAWING has been prepared based on information furnished by others. With this combined information it is conditional release, the DESIGN CONSULTANT cannot assume it's accuracy. WINZLER & KELLY will not be responsible for any errors or omissions which may have been incorporated into this RECORD DRAWING as a result. Those relying on this RECORD DRAWING must obtain independent verification of its accuracy before applying it for any purpose.
 PROJECT MANAGER: *Elmer B. Alex* Date signed: 06/23/12
 ELMER B. ALEX REG. C 6708

CONTRACTOR NOTE:
 LOCATE ALL EXIST UNDERGROUND UTILITIES AND CONNECTION 7 DAYS AHEAD OF CONSTRUCTION TO PERMIT REVISIONS TO PLANS. IF REVISIONS ARE NECESSARY BECAUSE OF ACTUAL LOCATION, SIZE, OR MATERIAL OF EXISTING FACILITIES.

CONTRACTOR NOTE:
 ALL STATION OFFSET CALLOUTS ARE TIED TO THE CONSTRUCTION CENTERLINE.

CONSTRUCTION & DATA					RECYCLED WATER DATA				
NO.	DELTA/ARC	RADIUS	LENGTH	REMARKS	NO.	DELTA/ARC	RADIUS	LENGTH	REMARKS
11	88°30'40"	300.00	380.42	288' NORTH STREET	1	101°05'37"	490.00	137.52	IF 800-RC 3/4 L 0.28
					2	0°22'10"	490.00	3.01	IF 800-RC 3/4 L 0.28
					3	1°39'17.71"	E	5.00	IF 800-RC 3/4 L 0.28
					4	25°43'26"	447.50	301.12	IF 800-RC 3/4 L 0.28



WINZLER & KELLY
 3100 CANTARY STREET, SUITE 200
 SAN DIEGO, CALIFORNIA 92111
 PH: (619) 584-0346 FAX: (619) 584-0441

ELMER B. ALEX REG. C 6708
 REGISTRATION EXPIRES 09/30/12

REVISIONS OF THIS PLAN IS NOT A COMMITMENT TO SERVE			
REV.	DATE	DESCRIPTION	BY / APP'D
01	06/23/12	RECORD DRAWING	DK / JAC
DESIGN BY:	DK	SCALE:	
DRAWN BY:	DVD	CHECKED BY:	DMA

SANTA FE
 IRRIGATION DISTRICT

RECYCLED WATER SYSTEM EXTENSION
 EL CAMINO REAL
 78+00.00 to 81+90.00

DESIGNED BY: [Signature]
 SUPERVISOR/MANAGER: [Signature]
 DATE: 6/27/12
 SHEET NO.: 6-7
 DRAWING NO.: C-5

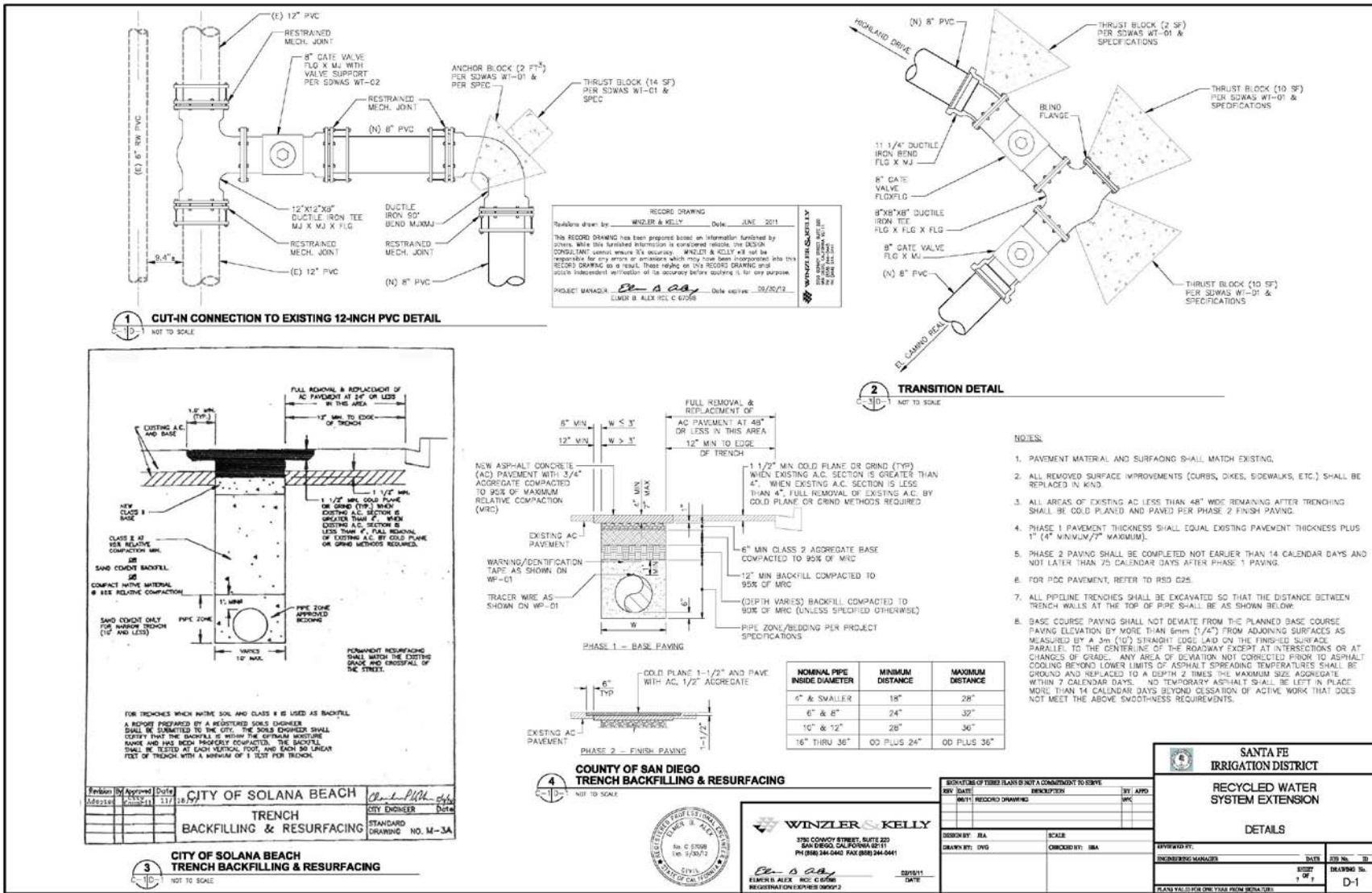


Exhibit B

Bill of Sale

(Attached)

BILL OF SALE

SANTA FE IRRIGATION DISTRICT (Seller), hereby conveys, and grants unto SAN ELIJO JOINT POWERS AUTHORITY (Buyer), the following described assets, under such terms as are more specifically defined under that certain Pipeline Transfer and Cost Reimbursement Agreement between Buyer and Seller dated _____, in consideration for the promises and covenants contained in said Agreement:

1. Describe Pipeline

Seller hereby warrants that the above-described facilities are free and clear of any and all encumbrances. In this regard Seller hereby agrees to protect and defend Buyer's right to own all the facilities hereby transferred to Buyer wherein the defense of the Buyer's right to own results from any person or entity's alleged rights to any of the facilities described hereinabove. Buyer hereby unconditionally accepts the above-described facilities.

SANTA FE IRRIGATION DISTRICT

SAN ELIJO JOINT POWERS AUTHORITY

By: _____

By: _____

Dated: _____

Dated: _____

Exhibit C

Quit Claim Deed and Certificate of Acceptance

(attached)

RECORDING REQUESTED BY AND WHEN
RECORDED MAIL THIS AGREEMENT TO:

San Elijo Joint Powers Authority
2695 Manchester Ave.
PO Box 1077
Cardiff by the Sea, CA 92007-7077

NO FEE REQUIRED PER GOVERNMENT
CODE SECTION 6103

DOCUMENTARY TRANSFER TAX: \$0
EXEMPT PER REVENUE & TAXATION
CODE SECTION 11922.

Space Above for Recorder's Use

QUIT CLAIM DEED

SANTA FE IRRIGATION DISTRICT (Grantor), for a valuable consideration, hereby
REMISE, RELEASES AND QUIT CLAIMS to SAN ELIJO JOINT POWERS AUTHORITY
(Grantee), all that real property (Property) described as follows:

An eight-inch diameter recycled water pipeline and appertenances lying within the public right of
way of Highland Drive, commencing at the thrust block within the intersection of Highland Drive
and Sun Valley Road and extending north east near the centerline to the intersection of
Highland Drive and El Camino Real, then turning south east within the public right of way of El
Camino Real, extending approximately 3,400 feet (as shown on the Engineering Plans included
as Exhibit A).

IN WITNESS WHEREOF, the SANTA FE IRRIGATION DISTRICT has caused this
quit claim to be executed by its _____ (designee), pursuant to _____
[authority to convey] on this _____ day of _____, 2012.

SANTA FE IRRIGATION DISTRICT

By: _____

Its: _____

CERTIFICATE OF ACCEPTANCE

[Gov. Code § 27281]

This is to certify that the interest in real property, conveyed by the PIPELINE TRANSFER AND COST REIMBURSEMENT AGREEMENT, dated _____, attached hereto and incorporated by reference, from Santa Fe Irrigation District, a government agency, to the San Elijo Joint Powers Authority (“Authority”), a governmental agency, is hereby accepted by the undersigned officer of the Authority pursuant to authority conferred by resolution of the Authority’s Board adopted on _____, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

SAN ELIJO JOINT POWERS AUTHORITY

By _____

Michael Thornton
Board Secretary and General Manager

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

This Third Amendment to the Agreement for Sale of Reclaimed Water, hereinafter referred to as the "Third Amendment," is made and entered into this ____ day of _____, 2012, by and between the San Elijo Joint Powers Authority, a joint powers authority, hereinafter referred to as the "San Elijo JPA," and the Santa Fe Irrigation District, an irrigation district, hereinafter referred to as the "Reclaimed Water Purveyor."

RECITALS

WHEREAS, the San Elijo JPA and the Reclaimed Water Purveyor have entered into an agreement dated October 10, 1996, 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; 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 desire to establish the cost of reclaimed water to the Reclaimed Water Purveyor pursuant to Section 11 of the Purveyor Agreement and minimum quantity requirements for a one year period commencing January 1, 2013, as set forth herein;

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

1. For the term of this Third Amendment, the provisions of Section 11 of the Purveyor Agreement are suspended and San Elijo JPA and the Reclaimed Water Purveyor agree that the cost of reclaimed water charged by the San Elijo JPA to Reclaimed Water Purveyor shall increase zero percent (0%) for 2013, commencing January 1, from the cost of reclaimed water in effect for 2012.
2. For the term of this Third Amendment, the Reclaimed Water Purveyor agrees to purchase no less than four hundred fifty (450) acre-feet ("AF") of reclaimed water per calendar year from the San Elijo JPA. In the event Reclaimed Water Purveyor fails to accept the minimum 450 AF per year, Reclaimed Water Purveyor agrees to pay for the difference between the AF accepted by the Reclaimed Water Purveyor during the calendar year and the minimum 450 AF at the applicable reclaimed water rate stated in this Third Amendment.

3. The provisions of this Third Amendment shall apply to the sale of reclaimed water by the San Elijo JPA to the Reclaimed Water Purveyor for one year commencing January 1, 2013, through December 31, 2013. The expiration of the provisions of this Third Amendment shall not affect the term of the Purveyor Agreement. Upon expiration of the provisions of this Third 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 Third Amendment, shall apply.

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

**SAN ELIJO JOINT POWERS
AUTHORITY**

SANTA FE IRRIGATION DISTRICT

By: _____

By: _____

Name: _____

Name _____

Its: _____

Its: _____