

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON DECEMBER 13, 2010
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

Maggie Houlihan, Chair

Tom Campbell, Vice Chair

A Meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, December 13, 2010, at 9:00 a.m., at the San Elijo Water Reclamation Facility at 2695 Manchester Avenue, Cardiff by the Sea, California.

1. CALL TO ORDER

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

2. ROLL CALL

Directors Present:

Teresa Barth
Thomas Campbell
Maggie Houlihan
Dave Roberts

Others Present:

General Manager
Director of Finance/Administration
Director of Operations
Administrative Assistant
Accounting Technician
Safety/HR Administrator

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

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Greg Moser

City of Encinitas,
Director of Public Works

Larry Watt

City of Encinitas,
Public Works Management Analyst

Bill Wilson

City of Solana Beach,
Director of Engineering/Public Works

Mohammad "Mo" Sammak

3. PLEDGE OF ALLEGIANCE

Board Member Roberts led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

None

6. CONSENT CALENDAR

Board Member Barth requested Item Number 9 be removed from the Consent Calendar with approval from the Board.

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

Consent Calendar:

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| Agenda Item No. 7 | Approval of Minutes for the November 8, 2010 meeting |
| Agenda Item No. 8 | Approval for Payment of Warrants and Monthly Investment Report |
| Agenda Item No. 10 | San Elijo Joint Powers Authority Recycled Water Program – Monthly Report |

11. ITEMS REMOVED FROM CONSENT CALENDAR

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| Agenda Item No. 9 | San Elijo Water Reclamation Facility Treated Effluent Flows – Monthly Report |
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General Manager Michael Thornton gave an overview of an event that occurred on October 19, 2010, where the City of Escondido exceeded their flow capacity to the ocean outfall. The SEJPA has been in contact with the City and is working with City staff to identify the cause of the peak flow and solutions to mitigating future events. The City reported that they had a programming error coupled with a data input error. General Manager Michael Thornton reported that no violations occurred because of this incident and he has requested that the City submit a written report on this incident.

Vice Chair Campbell requested that the SEJPA send a letter to the Escondido City Council to ensure that they are kept abreast of the incident.

Moved by Board Member Roberts and seconded by Vice Chair Campbell to approve Consent Calendar Number 9.

Motion carried with unanimous vote of approval.

12. APPOINTMENT OF SAN ELIJO JOINT POWERS AUTHORITY AUDITOR

General Manager Michael Thornton stated that the SEJPA engaged Mayer Hoffman McCann P.C. to perform financial audit services for the SEJPA for Fiscal Year 2009-10. The SEJPA felt their audit was satisfactory, but lacked the quality the SEJPA desired. Based on an examination of the quantity and quality of work performed by the audit team, coupled with an evaluation of the firm's responsiveness and ability to meet deadlines, the SEJPA management team rated the audit team's performance as marginal. Therefore, the SEJPA is recommending that Leaf & Cole, L.L.P. be engaged to perform audit services for the Fiscal Year 2010-11.

Board Member Roberts requested that the senior auditor and field auditors be different from previous years when Leaf & Cole, L.L.P. is appointed.

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

1. Authorize the Chair to appoint Leaf & Cole, L.L.P. as SEJPA auditor for the fiscal year ending June 30, 2011 with the clarification that a different senior auditor and field auditor will be assigned.

Motion carried with unanimous vote of approval.

13. AMENDMENT REQUEST NO. 1 FOR FINAL DESIGN OF THE RECYCLED WATER DEMINERALIZATION PROJECT FOR THE SAN ELIJO WATER RECLAMATION FACILITY

In 2009, the SEJPA began design efforts on new demineralization treatment for the recycled water program. The first phase, the preliminary design report (PDR), was completed in November 2009. The SEJPA Board of Directors accepted the PDR in December 2009 and authorized a final design contract with Kennedy/Jenks in January 2010.

The Final Design of the project includes geotechnical investigations of the construction site, development of construction drawings, preparation of contract documents, and technical specifications, and the development of a detailed construction cost estimate. The contract includes professional engineering services for preparing the Final Design, permitting assistance, construction contract bidding services, and funding assistance as part of the SEJPA's effort for securing a low-interest state loan. The negotiated contract fee with Kennedy/Jenks is \$399,000 for this scope of work.

General Manager Michael Thornton stated that the original equipment layout in the PDR met the project design criteria, after further examination, SEJPA began considering the needs of the Recycled Water Demineralization Project (RWD) that could be imposed by changes in the recycled water quality requirements and by needs associated with the new NPDES ocean discharge permit. As part of the Final Design of the RWD project, Kennedy/Jenks has proposed that the layout of the equipment and appurtenances be refined in order to add value to the project by providing greater flexibility for future conditions. SEJPA has also identified additional permitting support work to be completed

by Kennedy/Jenks to meet funding agency requirements for the CEQA permit and Coastal Development Permit that was not specified in the original scope of work.

In support of these changes, Kennedy/Jenks has developed a scope of work and Amendment Request for an additional \$51,800 to complete the additional work.

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

1. Authorize the Chair to execute Amendment No. 1 with Kennedy/Jenks Consultants for Final Design of the Recycled Water Demineralization Project for the San Elijo Water Reclamation Facility; and
2. For the SEJPA Staff to return to the Board with an alternative financing analysis for this project.

Motion carried with unanimous vote of approval.

14. GENERAL MANAGER'S REPORT

General Manager Michael Thornton reported that the SEJPA has engaged Dr. Michael Welch as the lead technical author to develop a plan for the new NPDES permit compliance, which is due by March 8, 2011.

The SEJPA received a letter from the California Regional Water Quality Control Board stating that the 12-month average for SEJPA exceeded allowed TDS levels as required by Order No. R9-2000-0010. A response has been submitted referring to the intent to construct the Recycled Water Demineralization Project that will assist the SEJPA in complying with this order.

The North San Diego County Cooperative Demineralization Project has been approved for a \$1 million grant. It now goes to the California Department of Water Resources for approval.

The SEJPA staff submitted comments to CalTrans in regard to the draft EIR I-5 widening project.

15. GENERAL COUNSEL'S REPORT

General Counsel Greg Moser stated that the Gessner lawsuit was dismissed for the SEJPA. Mr. Moser stated that he is working for the 22nd Agriculture District in regard to the sale of the Del Mar Fairgrounds.

16. BOARD MEMBER COMMENTS

Board Member Roberts reported that he and Michael Thornton attended a dinner with the Climate Club on Water Energy Series, regarding the region's available water and recycled water supplies and pricing. There has been progress made on the Marine Life Protection Act Initiative update and it needs to be a future agenda item.

17. CLOSED SESSION

None

18. ADJOURNMENT

The Board of Directors adjourned at 9:56 a.m. The next Board of Directors meeting will be held on January 10, 2011.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager