

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON NOVEMBER 8, 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, November 8, 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

A. Aiko Osugi

City of Encinitas,
Director of Public Works
City of Encinitas,
Public Works Management Analyst
City of Solana Beach,
City Manager
City of Solana Beach,
Director of Engineering/Public Works

Larry Watt

Bill Wilson

David Ott

Mohammad "Mo" Sammak

Guests:

Mayer Hoffman McCann, P.C.

Frank Warner
Al Evans
Ken Al-Imam, C.P.A.

3. PLEDGE OF ALLEGIANCE

Frank Warner led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

None

6. CONSENT CALENDAR

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

Consent Calendar:

Agenda Item No. 7	Approval of Minutes for the October 11, 2010 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	Retrofit Loan Program Update

12. ITEMS REMOVED FROM CONSENT CALENDAR

None

13. SAN ELIJO JOINT POWERS AUTHORITY ANNUAL AUDIT

Director of Finance/Administration Gregory Lewis introduced SEJPA's auditor, Ken Al-Imam, C.P.A., from the audit firm of Mayer Hoffman McCann P.C. to give a verbal presentation to the Board of Directors summarizing the Fiscal Year 2009-10 audit. Mr. Al-Imam's firm was selected this past spring after reviewing proposals from various accounting firms.

Mr. Al-Imam reported that the results of the audit show the SEJPA is in a good and strong financial position with no instances of noncompliance and no deficiencies in

internal control. Of special note, Mr. Al-Imam stated that this year the SEJPA implemented GASB 45 for Other Post Employment Benefits (OPEB). This is now an annual cost that is included in the financial statements. The liability for future benefits is included in the footnotes of the financial statements in compliance with the new audit standards.

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

1. Accept and file the 2009-10 Fiscal Year Audit for the San Elijo Joint Powers Authority.

Motion carried with unanimous vote of approval.

14. UPDATE ON WHOLESALE PRICING OF RECYCLED WATER BY SAN ELIJO JOINT POWERS AUTHORITY

General Manager Michael Thornton reported that staff has finalized discussions with Santa Fe Irrigation District (SFID) in regard to wholesale pricing changes for calendar years 2011 and 2012. Staff concluded that a 5% per year rate increase appears adequate to meet the expected cost increases of the program. Furthermore, SFID has agreed to increase its minimum water purchase volume to 450 AFY from 393 AFY.

The General Manager relayed that Michael Bardin, General Manager of SFID, wanted to acknowledge the SEJPA's efforts on this timely subject. Michael Thornton stated that, from the direction of the Board of Directors at the October 2010 Board meeting, an amendment has been prepared to formally memorialize this rate and volume change. If approved by the SEJPA Board, the amendment will then be presented to the SFID Board of Directors for consideration and approval.

Guest speaker Frank Warner, from St. Francis Court HOA, thanked the SEJPA staff and Board Members for the timely response to the rate issue and stated that he supports this amendment to the agreement. Mr. Warner requested that future recycled water rates reflect the actual production costs of the water rather than being indexed to some other rate, and he requested that quarterly updates be provided on the progress of reaching new long-term agreements with the local water purveyors.

Board Member Roberts requested that the motion include quarterly updates to the Board of Directors on the progress of new water agreements.

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

1. Approve the proposed amendment adjusting the wholesale price of recycled water and minimum purchase volume in the "Agreement for Sale of Reclaimed Water to the Santa Fe Irrigation District by the San Elijo Joint Powers Authority".

Motion carried with unanimous vote of approval.

15. SAN DIEGO INTEGRATED REGIONAL WATER MANAGEMENT (IRWM) PLAN ADOPTION

General Manager Michael Thornton reported that the North San Diego County Cooperative Demineralization Project, which includes the SEJPA, Olivenhain Municipal Water District, and the San Elijo Lagoon Conservancy, has been accepted by the San Diego IRWM Group. As a condition for receiving grant funding through this program, the SEJPA is required to adopt a resolution stating its endorsement of the San Diego IRWM Plan.

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

1. Adopt Resolution No. 2011-05, A Resolution of Adoption for the San Diego Integrated Regional Water Management Plan.

Motion carried with unanimous vote of approval.

15. GENERAL MANAGER'S REPORT

The General Manager Michael Thornton stated that the new NPDES permit requirements set a new standard for the receiving water bacteria in our region, Region 9. The SEJPA is joining with several other wastewater facilities to analyze the benefits to the region, how the Regional Board and the EPA are quantifying the new requirements, and to see if other regions are in step with these new permit requirements.

Michael Thornton reported on his attending the WaterReuse Conference in Washington D.C. as a trustee on the California WaterReuse Board, and he presented on cost saving strategies that the SEJPA is incorporating into its Recycled Water Demineralization Project.

The General Manager presented a brief slide presentation on a recently completed project lead by SEJPA staff. The project, Cleaning and Repair Anaerobic Digester No.4, was completed in-house at a cost savings of over \$75,000 as compared to outside quotes.

16. GENERAL COUNSEL'S REPORT

General Counsel Aiko Osugi stated that the SEJPA has been dismissed from the Bradley Gessner vs Santa Fe Irrigation District lawsuit.

17. BOARD MEMBER COMMENTS

Board Member Roberts congratulated Board Member Teresa Barth on her re-election to the Encinitas City Council. The pending sale of the Del Mar Fairgrounds may have an effect on the SEJPA's sale of recycled water to Del Mar. Board Member Roberts asked staff to be sure to submit their comments on the I-5 widening issue and noted an article in the paper concerning water district board member fees.

18. CLOSED SESSION

None

19. ADJOURNMENT

The Board of Directors adjourned at 9:48 a.m. The next Board of Directors meeting will be held on December 13, 2010.

Respectfully submitted,

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

Michael T. Thornton, P.E.
General Manager