

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON MAY 9, 2011
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

Thomas M. Campbell, Chair

Teresa Barth, Vice Chair

A Meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, May 9, 2011, at 9:00 a.m., at the San Elijo Water Reclamation Facility at 2695 Manchester Avenue, Cardiff by the Sea, California.

1. CALL TO ORDER

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

2. ROLL CALL

Directors Present:

Teresa Barth
Maggie Houlihan
Dave W. Roberts

Directors Absent:

Thomas M. Campbell

Others Present:

General Manager
Director of Finance/Administration
Administrative Assistant
Safety/HR Administrator
Electrical Instrumentation Technician

Michael Thornton
Greg Lewis
Monica Blake
Marisa Buckles
Casey Larsen

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Greg Moser
Greta Proctor

City of Encinitas,
Director of Public Works

Larry Watt

City of Encinitas,
Public Works Management Analyst

Bill Wilson

City of Solana Beach,
City Manager

David Ott

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

General Manager Michael Thornton stated that Casey Larsen, SEJPA's Electrical Instrumentation Technician, was awarded the California Water Environment Association (CWEA) 2010 Electrical/Instrumentation Person of the Year at the state level.

The General Manager, Vice Chair Teresa Barth, and the Board thanked Casey Larsen for his outstanding work and service to the SEJPA.

6. CONSENT CALENDAR

Moved by Board Member Houlihan and seconded by Board Member Roberts to approve the Consent Calendar with the following vote of approval:

AYES: T. Barth, M. Houlihan, and D. Roberts
NOES: None
ABSENT: T. Campbell
ABSTAIN: None

Consent Calendar:

- | | |
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| Agenda Item No. 7 | Approval of Minutes for the April 11, 2011 meeting |
| Agenda Item No. 8 | Approval for Payment of Warrants and Monthly Investment Report |
| Agenda Item No. 9 | San Elijo Water Reclamation Facility Treated Effluent Flows – Monthly Report |
| Agenda Item No. 10 | San Elijo Joint Powers Authority Recycled Water Program – Monthly Report |

11. ITEMS REMOVED FROM CONSENT CALENDAR

None

12. SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR 2011-12 RECOMMENDED BUDGET UPDATE

Director of Finance/Administration Gregory Lewis reported that the SEJPA recommended budget was reviewed by the Member Agencies and the Agencies had no comments or recommendations. The Fiscal Year 2011-12 Budget will be presented at the June Board of Directors meeting for adoption.

This was an informational report not requiring Board action.

13. AWARD OF CONSTRUCTION CONTRACT FOR THE ELECTRICAL UPGRADES PROJECT FOR THE SAN ELIJO WATER RECLAMATION FACILITY

General Manager Michael Thornton reported that the Electrical Upgrades Project was advertised for public bidding in March 2011, and a mandatory pre-bid conference was held at the SEJPA on March 17, 2011. Bids were received and opened on April 14, 2011. The apparent low bidder was Southern Contracting Company, with a bid amount of \$1,058,900.00. SEJPA staff recommended awarding the contract for construction to Southern Contracting Company, contingent upon verification that the apparent low bidder meets bid requirements, including bonding and insurance. Funds in the amount of \$497,000 will need to be appropriated in the Fiscal Year 2011-12 budget to complete this project.

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

1. Approve and authorize the General Manager to issue the Notice of Award to Southern Contracting Company and waive the listing of the equipment in the bid as an irregularity;
2. Approve and authorize the Chair of the Board to execute Agreement for Construction Services between San Elijo Joint Powers Authority and Southern Contracting Company, upon receipt and approval of all submittal requirements; and
3. Approve and authorize the General Manager to issue the Notice to Proceed to Southern Contracting Company, upon receipt and approval of all bid submittal requirements.

Motion carried with the following vote of approval:

AYES: T. Barth, M. Houlihan, and D. Roberts
NOES: None
ABSENT: T. Campbell
ABSTAIN: None

14. SURPLUS RECYCLED WATER AGREEMENT BETWEEN THE SAN ELIJO JOINT POWERS AUTHORITY (SEJPA), THE SAN DIEGUITO WATER DISTRICT (SDWD), AND THE ENCINITAS RANCH GOLF AUTHORITY (ERGA)

General Manager Michael Thornton reported that water supply resources have dramatically changed since 1996, when the original recycled water sales agreements were signed between the SEJPA and the purveyors. SEJPA staff has been actively

working with each water purveyor to amend the agreements to reflect current conditions and the unique operating situation of each district. The goal is to develop agreements with a pricing structure and operating terms that provide full cost recovery for the SEJPA and the water districts at the lowest cost to the end customer.

The General Manager stated that SEJPA staff worked closely with SDWD and ERGA to develop an agreement for recycled water service that will benefit all parties. ERGA is the managing authority for the Encinitas Ranch Golf Course, a public golf course owned by the City of Encinitas. The golf course has historically been the largest user of recycled water for SDWD and has the ability to store large volumes of water onsite within their storage ponds. In this agreement, the SEJPA will get immediate and full access to 10 million gallons of storage in exchange for a fixed annual price for recycled water to the golf course. The golf course will receive access to surplus recycled water with the understanding that the water supply may be interrupted if demands in the system increase above production levels. The increased water use will help SDWD meet the purchase volume provisions of the current water purchase contract incentives. The agreement will deliver a minimum of 200 acre feet of water to the golf course on an annual basis for each of the next 6 years. The first year of the agreement provides a fixed fee of \$195,000 to the SEJPA, and each subsequent year includes a 5% annual cost increase. The total value of the 6 year contract is \$1.3 million.

The General Manager stated there are no downsides, only upsides to this joint agreement. Financially, the agreement is good for the SEJPA, the golf course, and the community. The key to this agreement is that the SEJPA has surplus water and the golf course has storage to accept it. The agreement is for 6 years and we can decide then if it is best for all parties to extend for another 6 years. Currently, the SEJPA is in discussions with multiple water districts to sell this surplus water, but because the infrastructure is so expensive, it takes many years to plan, design, permit, and finance new recycled water systems. Striking an agreement with one of these districts will likely result in a better selling price, but right now we have surplus water that is being discharged to the ocean. We have built in a 5% annual cost increase that should keep up with potential chemical and energy cost increases. Within 6 years, we should have clarity if the SEJPA can reach an agreement with another water district for use of this surplus water, or we have the option of entering into the second 6-year term of the agreement. There are other operational benefits that the golf course storage brings to the SEJPA, which just make this agreement more attractive. Also, if another golf course wanted the same agreement, we may be able to duplicate it as long as they have similar storage capacity.

Larry Watt, Director of Public Works with the City of Encinitas stated that this is a three-party agreement and he will be recommending approval at the San Dieguito Water District Board of Directors meeting to be held on May 25, 2011. Mr. Watt stated this agreement could be used as a template in the future for other golf courses served by SEJPA and thanked Mr. Thornton for his efforts in thinking outside of the box.

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

1. Approve the Surplus Recycled Water Agreement

Motion carried with following vote of approval:

AYES: T. Barth, M. Houlihan, and D. Roberts
NOES: None
ABSENT: T. Campbell
ABSTAIN: None

15. GENERAL MANAGER'S REPORT

None

16. GENERAL COUNSEL'S REPORT

General Counsel Greg Moser introduced Greta Proctor, Attorney at Law, with Procopio, Cory, Hargreaves & Savitch LLP.

17. BOARD MEMBER COMMENTS

None

18. CLOSED SESSION

The Board of Directors went into closed session at 9:28 a.m. pursuant to Government Code Section 54957 with respect to Public Employee Performance Evaluation for the General Manager.

The Board of Directors came out of closed session at 9:37 a.m. with the following reportable action:

A subcommittee was established for the General Manager Performance Review. The subcommittee members are Vice Chair Teresa Barth and Board Member David W. Roberts.

19. ADJOURNMENT

The Board of Directors adjourned at 9:38 a.m. The next Board of Directors meeting will be held on June 13, 2011.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager