

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON DECEMBER 10, 2024
AT THE SAN ELIJO WATER CAMPUS

Kellie Hinze, Chair

Kristi Becker, Vice Chair

A meeting of the Board of Directors of San Elijo Joint Powers Authority (SEJPA) was held Tuesday, December 10, 2024, at 8:30 a.m., at the San Elijo Water Campus.

1. CALL TO ORDER

Board Chair Hinze called the meeting to order at 8:30 a.m.

2. ROLL CALL

Directors Present:

Kellie Hinze
Kristi Becker
Allison Blackwell
David Zito

Others Present:

General Manager	Michael Thornton
Director of Operations	Chris Trees
Director of Infrastructure and Sustainability	Tom Falk
Director Finance and Administration	Kevin Lang
Senior Project Manager	Michael Konicke
Interim Director of Finance	Richard Duffey
Accounting Technician I	Maria Cruz

SEJPA Counsel:

Snell & Wilmer	Tracie Stender
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City of Encinitas:

Engineer	Daniel Nutter
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City of Solana Beach:

Director of Engineering	Mohammad "Mo" Sammak
City Manager	Alyssa Muto

Leaf & Cole:

Partner	Michael Zizzi
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3. PLEDGE OF ALLEGIANCE

Board Chair, Hinze, led the Pledge of Allegiance.

4. ORAL COMMUNICATION/PUBLIC COMMENT PERIOD

None.

5. AWARDS AND RECOGNITION

- Vanessa Hackney, Administrative Coordinator, 5 years of Service Award

6. CONSENT CALENDAR

Agenda Item No. 7	Approval of Minutes for the November 12, 2024 Board Meeting
Agenda Item No. 8	Approval for Payment of Warrants and Monthly Investment Report – November
Agenda Item No. 9	Wastewater Treatment Report – October
Agenda Item No. 10	Recycled Water Report – October
Agenda Item No. 11	Reportable Meetings

Moved by Chair Hinze and seconded by Board Member Becker to approve the Consent Calendar.

Motion carried with the following vote of approval:

AYES: Hinze, Becker, Blackwell, Zito
NOES: None
ABSENT: None
ABSTAIN: None

13. FY 2023-24 FINANCIAL AUDIT REPORT ACCEPTANCE

Guest Speaker Michael Zizzi, CPA, a Partner for Leaf & Cole, LLP, gave a presentation reporting on the financial audit of SEJPA for Fiscal Year (FY) 2023-24, conducted annually as required by California Government Code and Board policy. The financial audit of SEJPA for FY 2023-24 has been completed and it is the auditor's opinion that SEJPA's June 30, 2024 financial statements are presented fairly in all material respects, as evidenced by their unqualified opinion. The audit was performed in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Upon completion of the audit, Leaf & Cole, LLP stated that no transactions were noted where there was a lack of authoritative guidance or consensus. In addition, there were no difficulties or disagreements with management in performing and completing the audit.

Moved by Chair Hinzie and seconded by Board Member Blackwell to:

1. Accept and file the San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2024;
2. Accept and file the FY2023-24 SEJPA Audit Conclusion Letter (SAS 114); and

3. Discuss and take action as appropriate.

Motion carried with the following vote of approval:

AYES: Hinze, Becker, Blackwell, Zito
NOES: None
ABSENT: None
ABSTAIN: None

14. SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR 2023-24 FINANCIAL PERFORMANCE REVIEW

Director of Finance and Administration Kevin Lang, gave a presentation reviewing the operating and debt service expenses of SEJPA for FY 2023-24, which ended June 30, 2024. The presentation included an overview of the expenses of all SEJPA programs. In summary, SEJPA programs were collectively \$33,971 or 0.3% under budget. The Wastewater Treatment and Disposal program, including pump stations and other services, was \$252,842 or 3.5% over budget. Recycled Water was \$286,813 or 10.5% under budget. Overall, SEJPA was below budget by \$33,971 or 0.3%. There was no contribution to the PARS trust for FY2023-24. All debt service payments were paid according to the terms of the loan agreements, with an outstanding balance of \$31,383,313. Furthermore, SEJPA's Standard & Poor's bond credit rating remains AA+.

No action required. This item was submitted for information only.

15. RATIFY AND AUTHORIZE CHANGE ORDERS FOR THE BIOSOLIDS DEWATERING FACILITY IMPROVEMENT PROJECT CONTRACT

Director of Infrastructure and Sustainability Tom Falk stated that the Biosolids Dewatering Facilities Improvements consists of two major components: replacement of the aging Biosolids Dewatering Equipment, electrical systems, and rehabilitation of the Dewatering Building Replacement of MS-2 which powers two thirds of the San Elijo Water Campus. The project was publicly bid and SEJPA awarded a contract to GSE Construction, Inc. (GSE) in January 2023 in the amount of \$8,687,200. SEJPA has authorized Contract Change Order (CCO) Nos. 1 through 6 to date totaling \$247,916.35 and granted time extension of 125 calendar days.

CCO No. 7 and CCO No. 8 authorized necessary changes to the project as outlined in the staff report.

CCO No. 9 was recommended to the board and will increase the contract value by \$71,546.00 and add 0 calendar days to the contract duration.

GSE's change order proposals (CCO No. 7, No. 8, and No. 9) were reviewed by SEJPA and the project construction manager (Valley CM). The change order level of effort and costs were determined to be fair and reasonable for the requested work.

An additional change order is being proposed for rehabilitation and reinforcement of the Biosolids building roof and is estimated to cost up to \$160,000. Upon executing CCO No. 9 (\$71,546.00) and providing authority to the General Manager to negotiate and finalize a change order for the rehabilitation and reinforcement of the Biosolids Building roof (not-to-

exceed \$160,000), contingency funds will be reduced to approximately \$505,000 for the remainder of the project, which is approximately 60% complete. No additional capital appropriations are needed at this time.

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

1. Ratify Contract Change Order No. 7 (increase contract value by \$8,657.29 and 0 days) and Contract Change Order No. 8 (increase contract value by \$26,768.00 and 0 days), previously executed under General Manager's signing authority;
2. Authorize the General Manager to execute Contract Change Order No. 9 in an amount of \$71,546.00 for additional construction services related to the Biosolids Dewatering Facility Improvements project;
3. Authorize the General Manager to negotiate and authorize a change order for additional work within the existing Dewatering Building to rehabilitate and reinforce deteriorated roof in an amount not-to-exceed \$160,000; and
4. Discuss and take action as appropriate.

Motion carried with the following vote of approval:

AYES: Hinze, Becker, Blackwell, Zito
NOES: None
ABSENT: None
ABSTAIN: None

16. REJECT CONSTRUCTION BIDS FOR THE STORMWATER CAPTURE AND REUSE AND SITE WATER QUALITY IMPROVEMENTS PROJECT

Director of Infrastructure and Sustainability Tom Falk reported that on November 14, 2024, two (2) construction bids for the Stormwater Project were received from Palm Engineering Construction Company, Inc. (\$1,577,700.00) and Fordyce Construction Inc. (\$1,972,596).

SEJPA staff reviewed the ongoing capital improvement program, noting elevated bids over the past two years and anticipated capital needs to be identified in the forthcoming 2025 Facility Plan. Considering priorities across the agency, staff concluded the bids received for this work do not represent the best use of available capital funds. The base scope of this project, eligible for reimbursement through state and federal grants, includes infrastructure to divert stormwater from the regional storm channel and on the Water Campus to direct captured stormwater to the onsite detention pond and ultimately to the headworks. Staff is prepared to re-bid a consolidated scope in an attempt to receive responsive bids at a construction value within SEJPA's available budget. Upon receiving an acceptable bid, Staff will return to the Board for approval of Award.

Moved by Board Chair Hinze and seconded by Board Member Becker to:

1. Authorize the General Manager to reject all bids for the construction of the Stormwater Capture and Reuse and Site Water Quality Improvements Project;
2. Discuss and take action as appropriate.

Motion carried with the following vote of approval:

AYES: Hinze, Becker, Blackwell, Zito
NOES: None
ABSENT: None
ABSTAIN: None

17. BIOLOGICAL TREATMENT CAPITAL PROJECT UPDATE

General Manager Thornton presented an update on the Biological Treatment Capital Project and cited that recent construction bids came in higher than estimates with the examples of the Wanket Tank and Pipeline bid coming in at 45% higher and the Stormwater Capture and Reuse bid coming in 42% higher than estimated. Mike Thornton stated that the Biological Treatment Improvement design is complete, but the estimated cost exceeds available funding. The near-term capital projects funding gap is estimated to be \$2.5 million and includes work on the Ocean Outfall Pumping Station, a SCADA upgrade and Safety and miscellaneous facility improvements. The key considerations for postponing the Biological Treatment Improvement Project are the anticipated project costs are expected to exceed the budget and surpass the pay-go funding capacity of SEJPA and its member agencies.

By delaying the project, SEJPA and its member agencies will gain clarity on project prioritization and capital needs from the 2025 Facility Plan. Additional time will enable alignment with member agencies on their current and future sewer rates and preferred debt strategies. Additionally postponing allows SEJPA to advance its near-term capital projects using pay-go funding. This approach is supported by SEJPA and member agency staff.

Consensus was reached to postpone the Biological Treatment Improvement Project and decided that no formal vote was required.

18. GENERAL MANAGER'S REPORT

General Manager Thornton recognized the outgoing Board Members, Board Chair Kellie Hinze and Board Member Allison Blackwell.

19. GENERAL COUNSEL'S REPORT

None.

20. BOARD MEMBER COMMENTS

None.

21. CLOSED SESSION

None.

22. ADJOURNMENT

The meeting adjourned at 9:50 a.m. The next Board of Directors meeting is scheduled to be held on Tuesday, January 21, 2025, at 8:30 a.m.

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