AGENDA
REGULAR BOARD MEETING OF THE
SAN ELIJO JOINT POWERS AUTHORITY
NOVEMBER 17, 2026 AT 8:30 A.M.
SAN ELIJO WATER CAMPUS – BOARD MEETING ROOM
2695 MANCHESTER AVENUE
CARDIFF BY THE SEA, CALIFORNIA

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1. CALL TO ORDER

2. ROLL CALL

3. PLEDGE OF ALLEGIANCE

4. ORAL COMMUNICATIONS/PUBLIC COMMENT PERIOD (NON-ACTION ITEM)

5. NEW HIRES, AWARDS AND RECOGNITION

   None.

6. CHANGES TO THE AGENDA

   Announcements of administrative changes to the agenda, in compliance with the Brown Act.

7. **CONSENT CALENDAR**

   7A.* APPROVAL OF MINUTES FOR OCTOBER 20, 2026 MEETING

   7B.* APPROVAL FOR PAYMENT OF WARRANTS AND MONTHLY INVESTMENT REPORTS – OCTOBER 2026

   7C.* WASTEWATER TREATMENT REPORT – SEPTEMBER 2026

   7D.* RECYCLED WATER REPORT – SEPTEMBER 2026

   7E.* REPORTABLE MEETINGS

   7F.* SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) SERVICES - CONTRACT AMENDMENTS

   7G.* DESIGNATION OF PLAN COORDINATOR FOR THE SAN ELIJO JOINT POWERS AUTHORITY 401(A) MONEY PURCHASE AND 457(B) DEFERRED COMPENSATION PLANS

   7H.* SECOND AMENDMENT TO THE AGREEMENT WITH SUBRECIPIENTS OF THE TITLE XVI WATER RECLAMATION AND GRANT AWARD FOR THE NORTH SAN DIEGO WATER REUSE COALITION REGIONAL RECYCLED WATER PROGRAM

8. * 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.

9. **REGULAR AGENDA**

9A. FY 2025-26 FINANCIAL AUDIT REPORT ACCEPTANCE

1. Accept and file the San Elijo Joint Powers Authority Financial Statements and Independent Auditors' Report for the Fiscal Year Ended June 30, 2026;

2. Accept and file the FY 2025-26 Report to the Board of Directors including the SEJPA Audit Conclusion Letter (SAS 114); and

3. Discuss and take action as appropriate.

Staff Reference: Director of Finance and Administration

9B. SAN ELIJO JOINT POWERS AUTHORITY FY 2025-26 FINANCIAL PERFORMANCE REVIEW

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

Staff Reference: Director of Finance and Administration

9C. EL NIÑO PREPAREDNESS AND EMERGENCY RESPONSE PREPARATIONS

1. Authorize the General Manager to enter into a rental agreement with Bay City Electric Works for backup generator and issue a purchase order in the amount of $32,000;

2. Authorize General Manager to select a suitable pump and enter into a rental agreement for standby trailer-mounted bypass pump in an amount estimated at $45,000; and

3. Discuss and take action as appropriate.

Staff Reference: General Manager

10. GENERAL MANAGER'S REPORT

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

11. GENERAL COUNSEL'S REPORT

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

12. 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.

13. CLOSED SESSION

None.

14. ADJOURNMENT

The next regularly scheduled San Elijo Joint Powers Authority Board Meeting will be Tuesday, December 15, 2026 at 8:30 a.m.

NOTICE:

The San Elijo Joint Powers Authority's open and public meetings comply with 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 Thomas Falk, General Manager, (760) 753-6203 ext. 77.

The agenda package and materials related to an agenda item submitted after the packet's distribution to the Board are 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 2026 SEJPA Board meetings schedule is available at SEJPA Board Meeting Dates.

AFFIDAVIT OF POSTING

I, Thomas Falk, 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 on the SEJPA website at www.sejpa.org, and in the following locations:

- San Elijo Water Campus, 2695 Manchester Avenue, Encinitas, California
- City of Encinitas, 505 South Vulcan Avenue, Encinitas, California
- City of Solana Beach, 635 South Highway 101, Solana Beach, California

The original agenda was published on Thursday, November 12, 2026, at least 72 hours prior to the meeting, in accordance with Government Code Section 54954.2(a).

Date: November 17, 2026

Thomas Falk, P.E.
Secretary / General Manager

Agenda Item No. 7A

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON OCTOBER 20, 2026
AT THE SAN ELIJO WATER CAMPUS

Luke Shaffer, Chair — David Zito, Vice Chair

A meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Tuesday, October 20, 2026, at 8:30 a.m., at the San Elijo Water Campus.

1. CALL TO ORDER

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

2. ROLL CALL

Directors Present:

Board Chair	Luke Shaffer
Vice Chair	David Zito
Board Member	Jim O'Hara
Board Member	Kristi Becker

Others Present:

General Manager	Michael Thornton
Deputy General Manager	Thomas Falk
Director of Operations	Christopher Trees
Director of Finance and Administration	Kevin Lang
Administrative Coordinator	Vanessa Hackney

SEJPA Counsel:

Snell and Wilmer	Adriana Ochoa

City of Encinitas:

Senior City Engineer	Will Trax

City of Solana Beach:

Senior Civil Engineer	Olga Reyes

3. PLEDGE OF ALLEGIANCE

General Manager Thornton led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS/PUBLIC COMMENT PERIOD

None.

5. NEW HIRES, AWARDS AND RECOGNITION

None.

6. CHANGES TO THE AGENDA

Moved by Board Chair Shaffer and seconded by Vice Chair Zito to make the following order changes to the Agenda:

1. Move Closed Session, Item 13, before the Consent Calendar; and

2. Move Item 9D, Proclamation of the Board of Directors Honoring Michael Thornton's Retirement After 26 Years of Service to the San Elijo Joint Powers Authority, after Item 11, General Counsel's Report.

Motion carried with the following vote of approval:

AYES:	Shaffer, Zito, O'Hara, Becker
NOES:	None
ABSENT:	None
ABSTAIN:	None

13. CLOSED SESSION

A closed session was held for:

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION (Gov. Code 54956.9(d)(4))

- One potential matter

The closed session began at 8:31 am and ended at 8:47 am with no reportable actions taken.

7. CONSENT CALENDAR

Agenda Item No. 7A	APPROVAL OF MINUTES FOR SEPTEMBER 15, 2026 MEETING
Agenda Item No. 7B	APPROVAL FOR PAYMENT OF WARRANTS AND MONTHLY INVESTMENT REPORTS – SEPTEMBER 2026
Agenda Item No. 7C	WASTEWATER TREATMENT REPORT – AUGUST 2026
Agenda Item No. 7D	RECYCLED WATER REPORT – AUGUST 2026
Agenda Item No. 7E	REPORTABLE MEETINGS

Agenda Item No. 7F CONSTRUCTION COMPLETION ACCEPTANCE – EMERGENCY RECYCLED LATERAL REPAIR ON SAXONY ROAD IN ENCINITAS

Agenda Item No. 7G WANKET TANK CONSTRUCTION PHASE AMENDMENTS

Moved by Vice Chair Zito and seconded by Board Member O'Hara to approve the Consent Calendar.

Motion carried with the following vote of approval:

AYES: Shaffer, Zito, O'Hara, Becker
NOES: None
ABSENT: None
ABSTAIN: None

9A. AGREEMENT FOR THE IMPLEMENTATION OF OPEN SPACE MANAGEMENT SERVICES

General Manager Michael Thornton presented on the need for open space management at the San Elijo Water Campus (SEWC). The SEWC property includes approximately 6.5 acres which are subject to a Coastal Bluff Conservation Open Space Easement held by the City of Encinitas. This area, along the western coastal bluff, contains native habitat and invasive vegetation that contributes to wildfire risk, particularly along slopes adjacent to structures.

On June 11, 2025, the City adopted Ordinance 2025-07, updating the CAL FIRE Local Responsibility Area Fire Hazard Severity Zones and designating the Water Campus area as a Very High Fire Hazard Severity Zone. To understand the impact of this ordinance and to develop a proactive open space management plan, SEJPA contracted with the Nature Collective to prepare an Open Space Management and Fire Risk Reduction Plan (Plan), which balances wildfire mitigation with conservation easement requirements. The Plan was completed in April 2026.

Implementation of the Plan will prioritize high-risk fire areas, with work scheduled to begin in winter 2026–2027. Initial vegetation clearing is planned for completion before nesting bird season begins in mid-February 2027. The Nature Collective was selected to implement the Plan based on its more than 25 years of habitat restoration experience, management of the adjacent San Elijo Lagoon Ecological Reserve, and existing regional permits and state agency authorizations applicable to the proposed work.

The proposed five-year, time-and-materials agreement for Plan implementation and maintenance has an estimated value of $391,950. The majority of costs are anticipated in Years 1–3 for initial vegetation removal and habitat restoration, with Years 4–5 focused primarily on retreatment and ongoing maintenance. The adopted FY 2026–27 Budget includes funding for work planned during the current fiscal year. Funding for FY 2027–28 through FY 2030–31 will be included in the respective future recommended annual budgets.

Moved by Vice Chair Zito and seconded by Chair Shaffer to:

1. Authorize the General Manager to execute a five-year Technical Services Agreement with the Nature Collective for open space management services in an amount not to exceed $391,950.

Motion carried with the following vote of approval:

AYES: Shaffer, Zito, O'Hara, Becker
NOES: None
ABSENT: None
ABSTAIN: None

9B. AWARD CONSTRUCTION PHASE CONTRACTS FOR THE AERATION BASIN MIXING PROJECT

Deputy General Manager Thomas Falk presented the Aeration Basin Mixing Project, explaining that staff pilot-tested large-bubble mixers in Aeration Basins Nos. 2 and 3. Testing demonstrated improved solids suspension and process reliability, supporting staff's recommendation to install a permanent mixing system.

SEJPA is coordinating construction with the upcoming late-fall maintenance window, when treatment conditions are expected to allow the basins to be temporarily taken offline. To meet this limited construction window, SEJPA pre-procured 16 large-bubble mixers under the General Manager's procurement authority.

The Request for Bids (RFB) for installation of the mixers was posted on SEJPA's PlanetBids procurement portal and advertised in The Coast News Group. Five bids were received and evaluated for compliance, contractor qualifications, and price. Staff recommends awarding the project to SS Mechanical Construction Corp., the lowest responsive and responsible bidder.

Staff also recommends amending the existing Valley CM contract by $39,900 to provide construction management and inspection (CM&I) services. Valley CM's successful performance on the Biosolids Dewatering Improvements Project and familiarity with SEJPA's facilities and operations provide continuity during the limited construction window. The project was identified as a priority in the current capital program and will be funded through previously collected wastewater capital funds.

Moved by Board Member O'Hara and seconded by Vice Chair Zito to:

1. Authorize the General Manager to award and execute a contract for the construction of the Aeration Basin Mixing Project to SS Mechanical Construction Corporation in the lump sum amount of $159,365; and

2. Authorize the General Manager to amend existing construction management and inspection contract with Valley CM for construction management services for the Aeration Basin Mixing Project in an amount not to exceed $39,900.

Motion carried with the following vote of approval:

AYES: Shaffer, Zito, O'Hara, Becker
NOES: None
ABSENT: None
ABSTAIN: None

9C. AMENDMENT FOR THE IMPLEMENTATION OF PRE-FILTER CHLORINATION STUDY

Deputy General Manager Thomas Falk presented the efforts to improve the disinfection of treated recycled water at the SEWC. SEJPA's recycled water disinfection uses both sand filters and microfiltration/reverse osmosis filters as key components of the tertiary treatment process. SEJPA's sand filters, constructed as part of the original Recycled Water Program in 2000, consistently meet turbidity requirements, and the chlorine disinfection system maintains required contact time and dosage. However, intermittent total coliform exceedances continue to occur, requiring operational intervention and occasionally resulting in recycled water permit violations.

SEJPA engaged Trussell Technologies (Trussell) to investigate recurring coliform detections and evaluate treatment improvements. The investigation identified particle shielding associated with the sand filters as a likely contributing factor and recommended evaluating pre-filter chlorination, an approach successfully implemented at another recycled water facility in San Diego County.

Staff proposes a six-month, full-scale demonstration using temporary modifications to the existing treatment facilities. The demonstration system will be configured to maintain compliance with existing recycled water and ocean discharge permit requirements. Following the demonstration, Trussell will prepare a technical memorandum summarizing the results and recommending a long-term operational strategy and any permanent facility improvements needed to improve disinfection reliability. Demonstration project costs will be funded through Recycled Water Program operating reserves.

Moved by Chair Shaffer and seconded by Vice Chair Zito to:

1. Authorize the General Manager to amend Professional Services Agreement with Trussell Technologies to an amount not to exceed $88,056 for technical oversight of the Pre-Filter Chlorination Study.

Motion carried with the following vote of approval:

AYES: Shaffer, Zito, O'Hara, Becker
NOES: None
ABSENT: None
ABSTAIN: None

10. GENERAL MANAGER'S REPORT

General Manager Michael Thornton provided a brief update to the Board regarding staff's ongoing work to finalize the PREP Plan (Facility Plan) and staff will bring the draft to the Board in the near future. General Manager Thornton also gave a summary of the 3rd annual Water Career Day hosted at the San Elijo Water Campus on October 8, 2026 in partnership with Olivenhain Municipal Water District and Leucadia Wastewater District.

11. GENERAL COUNSEL'S REPORT

General Counsel Adriana Ochoa reported that she attended the CASA annual meeting in early October and reported on SB 1159, a new law that address A.I. as it relates to public agencies, including removal of bots from public meetings, social media, and response requirements to Public Record Requests that are sent by bots.

9D. PROCLAMATION OF THE BOARD OF DIRECTORS HONORING MICHAEL THORNTON'S RETIREMENT AFTER 26 YEARS OF SERVICE TO THE SAN ELIJO JOINT POWERS AUTHORITY

Deputy General Manager Thomas Falk presented on behalf of the Board, a proclamation recognizing General Manager Michael T. Thornton's 26 years of distinguished service to SEJPA and the community it serves upon his upcoming retirement. Mike joined the San Elijo Joint Powers Authority (SEJPA) in October 2000 and was appointed General Manager in December 2002.

Throughout his tenure, Mike has provided exceptional leadership and made lasting contributions to SEJPA, the communities it serves, and the broader water industry. His dedication to public service, environmental stewardship, and organizational excellence has helped shape the SEJPA into the organization it is today.

In recognition of his 26 years of distinguished service, the Board of Directors presented a proclamation honoring Mike's leadership, accomplishments, and lasting legacy. The full proclamation can be found as Attachment 1 to these meeting minutes.

Moved by Chair Shaffer and seconded by Board Member Zito to:

1. Adopt by motion a proclamation recognizing Michael T. Thornton for 26 years of dedicated service to the San Elijo Joint Powers Authority on the occasion of his retirement.

Motion carried with the following vote of approval:

AYES:	Shaffer, Zito, O'Hara, Becker
NOES:	None
ABSENT:	None
ABSTAIN:	None

12. BOARD MEMBER COMMENTS

None.

14. ADJOURNMENT

The meeting adjourned at 9:39 a.m. The next Board of Directors meeting is scheduled to be held on Tuesday, November 17, 2026 at 8:30 a.m.

Attachment 1

PROCLAMATION

Of the SAN ELIJO JOINT POWERS AUTHORITY BOARD OF DIRECTORS

Honoring MICHAEL T. THORNTON, GENERAL MANAGER

On the Occasion of his Retirement

WHEREAS, Michael T. Thornton, P.E., joined the San Elijo Joint Powers Authority (SEJPA) in October 2000 and was appointed General Manager in December 2002, dedicating 26 years of distinguished service to SEJPA and the communities of Encinitas, Solana Beach, and Del Mar; and

WHEREAS, under Michael's tenure, SEJPA modernized its treatment facilities, advanced innovative treatment technologies, and strengthened operational reliability, earning numerous industry awards recognizing outstanding safety record, capital projects, individual staff achievements, and treatment plant performance, thereby establishing the San Elijo Water Campus as a model of environmental stewardship and operational excellence; and

WHEREAS, Michael led the implementation and growth of SEJPA's recycled water program over the past 25 years, actively engaging the community, converting customers to recycled water, and expanding regional partnerships and distribution infrastructure; and through his sustained leadership, established a strong customer base and guided the program to financial independence, transforming the initial investment by SEJPA's member agencies into a sustainable and highly valued water resource for the communities of Encinitas, Solana Beach, and Del Mar; and

WHEREAS, Michael's leadership and commitment to the water industry extended well beyond SEJPA, proudly representing SEJPA through his service as President and Chapter Representative of WateReuse San Diego, 14 years on the WateReuse California Board of Trustees, and 24 years on the Board of Clean Water SoCal and governance positions with California Sanitation Risk Management Authority, championing regional collaboration and advancement of the water industry; and

WHEREAS, Michael has demonstrated an enduring commitment to developing the next generation of water industry professionals, establishing SEJPA's internship program that has helped launch careers and develop current staff and leaders throughout the industry, fostering educational partnerships with local community colleges and San Diego State University, and championing the award-winning Water Career Day hosted at the San Elijo Water Campus to introduce students to careers in the water industry; and

WHEREAS, throughout his career, Michael has demonstrated exceptional leadership, integrity, and stewardship of public resources, guiding strategic investments in infrastructure, environmental protection, and fiscal sustainability, while strengthening partnerships with member agencies, regional organizations, and the communities served by SEJPA, earning the respect of his colleagues and leaving a lasting legacy throughout the water industry; and

WHEREAS, Michael has invested in people as deliberately as in infrastructure, mentoring and developing generations of water industry professionals, establishing opportunities for education and career advancement, and fostering a culture of professionalism, innovation, teamwork, and public service that will continue to define SEJPA for years to come; and

WHEREAS, upon his retirement in November 2026, Michael concludes 26 years of dedicated public service, leaving the San Elijo Joint Powers Authority well-positioned to continue its mission of protecting public health and the environment through safe, reliable wastewater and recycled water services.

NOW, THEREFORE, BE IT PROCLAIMED, that the Board of Directors of the San Elijo Joint Powers Authority hereby recognizes and commends **MICHAEL T. THORNTON** for his 26 years of distinguished service, exceptional leadership, and lasting contributions to SEJPA, the water industry, and the communities it serves, and extends its deepest appreciation and warmest wishes for a fulfilling and well-deserved retirement.

SAN ELIJO | JOINT POWERS AUTHORITY

BOARD OF DIRECTORS

On this 20th of October, 2026

LUKE SHAFFER, Chair, City of Encinitas

DAVID ZITO, Vice Chair, City of Solana Beach

JIM O'HARA, Board Member, City of Encinitas

KRISTI BECKER, Board Member, City of Solana Beach

SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS
For the Month of October 2026

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
47130	Albireo Energy LLC	Services - Maintenance	Annual fire alarm service	$ 932.00
47131	Allied Storage Containers	Equipment Rental/Lease	20' and 40' storage containers - Oct 26	359.89
47132	AT&T	Utilities - Telephone	Phone service - Aug 26	742.66
47133	Brax Process and Pump Equip.	Services - Maintenance	DAFT #1 recirculation pump rebuild	4,822.25
47134	Columbia Analytical Instr. Inc	Supplies - Lab	Test standard	972.39
47135	CWEA	Dues & Memberships	Certification and membership - T. Hutchinson	377.00
47136	Devin McGinness	Subsistence - Travel/Rm & Bd	Employee reimbursement - Mileage	51.40
47137	Dixieline Lumber Company	Shop Tools and Equip.	Various supplies	479.05
47138	Westbound Solar 2, LLC	Utilities - Solar Power	Solar - Aug 26	15,469.28
47139	EDCO Waste & Recycling Service	Utilities - Trash	Trash - Sep 26	536.64
47140	Eurofins Calscience, LLC	Services - Laboratory	Testing water samples	617.50
47141	Excel Landscape, Inc.	Services - Landscape	Grounds maintenance service - Sep 26	4,382.00
47142	Golden Bell Products	Supplies - Chemicals	Various supplies	2,766.16
47143	Grainger, Inc.	Repair Parts Expense	Various supplies	2,539.00
47144	Hardy Diagnostics	Supplies - Lab	Various lab supplies	1,166.75
47145	JCI Jones Chemicals, Inc	Supplies - Chem - Sodium Hypo	Procurement of Sodium Hypochlorite	9,214.75
47146	Lawson Products Inc.	Supplies - Shop & Field	Various supplies	623.83
47147	Liquid Environmental Solution	Services - Grease & Scum	Pumping service	2,861.65
47148	McCrometer, Inc.	Repair Parts Expense	Backwash flow meter rotating unit	4,157.69
47149	McMaster-Carr Supply Co.	Repair Parts Expense, Supplies - Shop & Field	Various supplies	980.26
47150	Joshua C McTaggart	Other Personnel Cost	Employee reimbursement - Health and wellness	120.00
47151	Cosby Oil Company, Inc	Fuel	Fuel - Sep 26	4,513.65
47152	Otis Elevator Company	Services - Maintenance	Elevator maintenance - Sep 26	243.78
47153	Pacific Pipeline Supply	Repair Parts Expense, Shop Tools and Equip.	Valve lids and water pipe shutoff tool	941.03
47154	Precision Balance Specialist	Services - Maintenance	Calibration of lab equipment	405.00
47155	Santa Fe Irrigation District	Utilities - Water	Water	129.87
47156	San Dieguito Water District	Utilities - Water	Water	2,987.52
47157	Snell & Wilmer L.L.P	Services - Legal	General counsel - Aug 26	1,232.50
47158	Trussell Technologies, Inc	Services - Engineering, Services - Professional	Task 1 - Pre-filter chlorination study and operational support	5,690.25
47159	Unifirst Corporation	Services - Uniforms	Uniform services	185.02
47160	Univar Solutions USA Inc.	Supplies - Chemicals	Sodium Hydroxide	2,188.51
47161	USA Bluebook	Supplies - Lab, Safety, Shop & Field	Various lab supplies	3,923.62
47162	Varec Biogas	Services - Maintenance	Maintenance and parts for Varec equipment	13,081.90
47163	Verizon Wireless	Utilities - Telephone	Telephone - Aug 26	619.30
47164	Benefits Coordinators Corp.	Dental/Vision	Vision - Oct 26	449.10
47165	VWR International, Inc.	Supplies - Lab	Various lab supplies	1,289.05
47166	WageWorks	Payroll Processing Fees	Admin fee - Sep 26	160.25
47167	Ardurra Group, Inc	Services - Engineering	Wanket tank refurbish support - Aug 26	1,580.20
47168	gafcon	Services - Contractors	Labor compliance for Wanket Tank - Aug 26	690.00
47169	San Dieguito Water District	Utilities - Water	Water	586.89
47170	Thayer Water, Inc	Services - Engineering	As needed engineering services - Aug 26	12,195.00
47171	Affordable Drain Services	Services - Maintenance	Jett/Vac truck service for plant	1,560.00
47172	Aflac	EE Deduction Benefits Payable	Aflac - Oct 26	1,380.81
47173	Ag Tech, LLC	Services - Biosolids Hauling	Biosolids hauling and reuse - Sep 26	19,647.12
47174	Asbury Environmental Services	Fees - Disposal	Used oil and gas filters disposal	509.28
47175	AT&T	Utilities - Internet	Internet service - Sep 26	2,181.10
47176	Black & Veatch	Services - Engineering	Facility plan update through Sep 26	16,159.25

SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS
For the Month of October 2026

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
47177	Boot World, Inc.	Uniforms - Boots	Safety boots - S. Best	225.00
47178	Brenntag Pacific, Inc	Supplies - Chemicals	Sodium Tripolyphosphate	3,633.33
47179	Burtech Pipeline, Inc.	Services - Contractors	Emergency repair services for Saxony Rd - RW Lateral	42,863.67
47180	California Water Technologies	Supplies - Chem - Ferric Chlo	Ferric chloride solution	11,176.45
47181	Corodata	Rent	Record storage - Sep 26	124.79
47182	D&H Water Systems	Supplies - Chemicals	Acetate buffer solution	726.24
47183	Nolan Dautremont	Dues & Memberships	Employee reimbursement - D2 certification fee and SWRCB Grade II Cert.	288.00
47184	Del Mar Blue Print	Printing, Supplies - Office	Photo art for administration building and Water career day poster	226.16
47185	Dixieline Lumber Company	Supplies - Shop & Field	Various supplies	245.44
47186	Environmental Express, Inc.	Supplies - Lab	Various lab supplies	1,269.73
47187	Eurofins Calscience, LLC	Services - Laboratory	Testing water samples	661.50
47188	Excel Landscape, Inc.	Services - Landscape	Repair main line	1,064.00
47189	Global Power Group Inc.	Services - Maintenance	As needed generator repair service	5,027.40
47190	Grainger, Inc.	Repair Parts Expense, Shop Tools and Equip.	Various supplies	433.01
47191	Hach Company	Repair Parts Expense	pH probe for odor scrubber #1	1,428.93
47192	Hardy Diagnostics	Supplies - Lab	Various lab supplies	1,169.03
47193	Hoch Consulting, APC	Services - Professional	Grant Support - Prop 1 Rd. 1 Proj. 7 and Proj. 6 - Jul - Sep 26	6,865.00
47194	Idexx Distribution,Inc.	Supplies - Lab	Test standard	2,959.81
47195	Kevin R. Lang	Subsistence - Travel/Rm & Bd	Employee reimbursement - CSDA conference various expenses	1,014.77
47196	Liquid Environmental Solution	Services - Grease & Scum	Pumping service	1,215.00
47197	Marine Taxonomic Services, LTD	Services - Professional	Intensive WQ monitoring Q3 26	3,384.22
47198	McMaster-Carr Supply Co.	Supplies - Safety, Supplies - Shop & Field, Repair Parts Expense	Various supplies and Water Career day station supplies	3,878.54
47199	MetLife - Group Benefits	Prepaid - Other	Dental - Nov 26	3,443.04
47200	Nash Fabricators	Repair Parts Expense	DAFT #1 sludge collector arms	13,433.19
47201	Nautilus Environmental, Inc	Services - Laboratory	Laboratory toxicity testing services for Aug 26	1,370.00
47202	Northstar Chemical	Supplies - Chemicals	Citric acid	2,799.51
47203	Olivenhain Municipal Water Dis	Rent, Services - Landscape	Pipeline rental payment - Sep 26 and Wanket reservoir 1/3 maint. - 1st qrt	17,146.98
47204	Parada Painting	Repair Parts Expense	Daft tank painting	10,626.33
47205	Polydyne Inc.	Supplies - Chem - Polymer	Clarifloc WE-2942	8,574.75
47206	Rusty Wallis, Inc.	Supplies - Shop & Field	Water softener, tank service, and salt bags	480.93
47207	Santa Fe Irrigation District	Utilities - Water	Supplemental Water	24,083.49
47208	SWRCB	Dues & Memberships	T2 Certification fees - N. Dautremont	75.00
47209	T.S. Industrial Supply	Repair Parts Expense	Expansion joint	972.26
47210	U.S. Bank Equipment Finance	Supplies - IT Equipment	Copier expense	298.35
47211	Unifirst Corporation	Supplies - Safety, Servoces - Uniform	Uniform service and gloves	536.74
47212	Underground Service Alert/SC	Services - Alarm	Dig alert and safe excavation board	160.14
47213	USA Bluebook	Supplies - Lab, Supplies - Safety	Various lab supplies and calibration gas for gas monitors	355.68
47214	Valley CM, Inc.	Services - Professional	Management and inspection services - Sep 26	7,140.00
47215	VWR International, Inc.	Supplies - Lab	Various lab supplies	619.27
47216	Cosby Oil Company, Inc	Fuel	Fuel - Oct 26	811.98
47217	RSF Security Systems	Services - Alarm	Security - Sep - Nov 26	1,932.00
47218	Adam Kaye	Services - Professional	Public communications	200.00
47219	Aguilar Plant Care, Inc	Services - Landscape	Palm treatment	2,675.00
47220	Allied Storage Containers	Equipment Rental/Lease	20' and 40' storage containers - Nov 26	359.89
47221	AT&T	Utilities - Telephone	Phone service - Sep 26	741.54
47222	American Water Chemicals, Inc.	Supplies - Chemicals	Antiscalant	10,298.92
47223	Miguel A Becerra	Supplies - Office	Employee reimbursement - Water career day station supplies	130.07

SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS
For the Month of October 2026

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
47224	Boot World, Inc.	Uniforms - Boots	Safety boots - R. Bandyopadhyyay, J. Perez, and A. Hernandez	675.00
47225	BrightView Landscapes	Services - Landscape	Grounds maintenance	6,504.00
47226	CA. Office Cleaning, Inc.	Services - Janitorial	Office and window cleaning	3,390.00
47227	California Water Technologies	Supplies - Chem - Ferric Chlo	Ferric chloride solution	12,373.89
47228	CDM Smith	Services - Engineering	Services for Jul 26 - Sep 26	13,063.75
47229	CSDA	Dues & Memberships	CSDA 2027 agency membership renewal	2,306.00
47230	Dixieline Lumber Company	Supplies - Shop & Field, Shop Tools and Equip.	Water career day station supplies	465.23
47231	Westbound Solar 2, LLC	Utilities - Solar Power	Solar - Sep 26	13,227.37
47232	eMaint Enterprises, LLC	Licenses	Annual software license for maintenance management - Nov 26 - Oct 27	7,434.00
47233	City of Encinitas	Service - IT Support	Admin network - Oct 26	7,121.00
47234	Eurofins Calscience, LLC	Services - Laboratory	Testing water samples	1,125.50
47235	Excel Landscape, Inc.	Services - Landscape	Grounds maintenance - Oct 26	4,382.00
47236	Thomas C Falk	Subsistence - Meals	Employee reimbursements	214.63
47237	Firehawk Fire & Safety	Services - Maintenance	Annual fire extinguisher service	2,381.24
47238	Fisher Scientific	Supplies - Chemicals	AWP chemicals	484.70
47239	Flottweg Separation Tech., Inc	Repair Parts Expense	Various parts	12,322.29
47240	Evan E Fox	Subsistence - Travel/Rm & Bd	Employee reimbursement - Mileage	178.68
47241	FRS Environmental	Services - Maintenance	Parts washer service	308.70
47242	Glasco UV LLC	Repair Parts Expense	Del mar fairgrounds UV parts	439.22
47243	Global Power Group Inc.	Services - Maintenance	As needed generator repair service	9,012.91
47244	Idexx Distribution,Inc.	Supplies - Lab	Various lab supplies	1,387.07
47245	JCI Jones Chemicals, Inc	Supplies - Chem - Sodium Hypo	Procurement of Sodium Hypochlorite	9,690.35
47246	Kevin R. Lang	Supplies - Office, Subsistence - Travel/Rm & Bd	Employee reimbursement - Water career day supplies and CSMFO registration	1,283.37
47247	Lawson Products Inc.	Supplies - Shop & Field	Various supplies	667.71
47248	McMaster-Carr Supply Co.	Repair Parts Expense, Supplies - Shop & Field	Various supplies	800.54
47249	Napa Auto Parts	Repair Parts Expense, Shop Tools and Equip.	Various supplies	301.71
47250	Nigro & Nigro PC	Services - Accounting	Audit services - FY 26	12,000.00
47251	Oasis Palm Nursery, Inc.	Services - Maintenance	Fall service - Palm maintenance	600.00
47252	Olivenhain Municipal Water Dis	Services - Maintenance	Weigand Zona Gale - 2nd quarter FY 27	3,729.25
47253	Otis Elevator Company	Services - Maintenance	Elevator maintenance for Oct 26	243.78
47254	Pencco Inc.	Supplies - Chem - Odor	Liquid calcium nitrate	11,555.26
47255	Polydyne Inc.	Supplies - Chem - Polymer	Clarifloc WE-007	4,287.38
47256	RingCentral, Inc	Utilities - Telephone	Phone service - Oct 26	537.96
47257	Rising Tide Partners, LLC	Services - Professional	Event service - Water Career Day 26	6,440.00
47258	Rohan & Sons, Inc	Services - Maintenance	Bi-annual HVAC maintenance	950.00
47259	Santa Fe Irrigation District	SFID Distribution Pipeline	Pipeline purchase payment	5,684.92
47260	San Dieguito Water District	Utilities - Water	Water	2,229.83
47261	Snell & Wilmer L.L.P	Services - Legal	General counsel through Sep 26	5,397.50
47262	Southland Manufacturing, Inc.	Supplies - Shop & Field, Shop Tools and Equip.	Various supplies	2,361.88
47263	Specialty Seals & Accessories	Repair Parts Expense	TWAS pump mechanical seal	3,802.01
47264	Terminix Processing Center	Services - Maintenance	Pest control	584.93
47265	Thayer Water, Inc	Services - Engineering	As needed engineering services - Sep 26	7,920.00
47266	Trussell Technologies, Inc	Services - Engineering, Services - Professional	T1 - Operational support and pre-filter chlorination support for Sep 26	12,330.00
47267	Univar Solutions USA Inc.	Supplies - Chemicals	Sodium Hydroxide	2,014.94
47268	USA Bluebook	Supplies - Lab	Various lab supplies	1,790.00
47269	Velocity Dynamics LLC	Repair Parts Expense	Various supplies	1,716.85
47270	Verizon Wireless	Utilities - Telephone	09/11/26 - 10/10/26	623.49

SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS
For the Month of October 2026

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
47271	Verizon Wireless	Utilities - Telephone	Cell phone service - Sep 26	756.75
47272	VWR International, Inc.	Supplies - Lab	Various lab supplies	636.22
47273	WageWorks	Payroll Processing Fees	Admin fee - Oct 26	160.25
On-line 1317	Calpers	Services - Accounting	GASB - 68 reporting service fee	350.00
On-line 1318	Mission Square	Retirement Plan - PERS	ICMA - 401 a	9,469.18
On-line 1319	Mission Square - 304175	EE Deduction Benefits Payable	ICMA - 457	12,306.59
On-line 1320	P.E.R.S.	Medical Insurance - Pers	Health - Oct 26	50,399.60
On-line 1321	Void			-
On-line 1322	WM Corporate Services, Inc.	Services - Sediment Disposal	10 yd roll off disposal - Sep 26	3,461.01
On-line 1323	BankCard Center	Supplies - Safety	Various supplies	11,090.85
On-line 1324	Home Depot Credit Services	Supplies - Safety, Supplies - Shop & Field	Various supplies	4,652.02
On-line 1325	Mission Square	ICMA Retirement	ICMA - 401 a	9,468.32
On-line 1326	Mission Square - 304175	EE Deduction Benefits Payable	ICMA - 457	12,313.62
On-line 1327	Public Employees- Retirement	Retirement Plan - PERS	Retirement - Oct 26	25,637.59
On-line 1328	Public Employees- Retirement	Retirement Plan - PERS	Retirement - Oct 26	24,788.68
On-line 1329	Blue Triton Brands Inc	Supplies - Lab	Kitchen and lab supplies	487.63
On-line 1330	Sun Life Financial	Prepaid - Other	Life and disability - Nov 26	3,451.03
On-line 1331	CA. Dept. of Tax & Fee Admin.	Accrued Sales Tax Payable	Use Tax - Q1 FY27	3,969.00
On-line 1332	Mission Square	ICMA Retirement	ICMA - 401	9,564.27
On-line 1333	Mission Square - 304175	EE Deduction Benefits Payable	ICMA - 457	12,544.90
On-line 1334	Blue Triton Brands Inc	Supplies - Lab	Kitchen and lab supplies	649.44
On-line 1335	San Diego Gas & Electric	Utilities - Gas & Electric	Gas and electric - Sep 26	101,690.82
On-line 1336	UPS	Postage/Shipping	Shipping	34.94
On-line 1337	WM Corporate Services, Inc.	Services - Grit & Screenings	Roll off bins - Sep 26	330.00
Payroll ACH	San Elijo Payroll Account	Payroll	Payroll - Pay Date 10/02/2026	142,708.85
Payroll ACH	San Elijo Payroll Account	Payroll	Payroll - Pay Date 10/16/2026	131,753.22
Payroll ACH	San Elijo Payroll Account	Payroll	Payroll - Pay Date 10/30/2026	152,630.45
				$ 1,271,493.30

AGENDA ITEM NO. 7B

SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS SUMMARY

For the Month of OCTOBER 2026
As of OCTOBER 31, 2026

PAYMENT OF WARRANTS	$ 1,271,493.30

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 SEJPA, including the Member Agency commitment in their operating budgets to support the operations of SEJPA, are expected to be adequate to meet SEJPA's obligations over the next six months. I also certify that SEJPA's investment portfolio complies with the SEJPA's investment policy.



Kevin Lang
Director of Finance and Administration

SAN ELIJO JOINT POWERS AUTHORITY

STATEMENT OF FUNDS AVAILABLE FOR PAYMENT OF WARRANTS AND INVESTMENT INFORMATION

As of OCTOBER 31, 2026

FUNDS ON DEPOSIT WITH	**AMOUNT**
LOCAL AGENCY INVESTMENT FUND *(OCTOBER 2026 YIELD 3.989%)*	$ 19,879,069.76
CALIFORNIA BANK AND TRUST *(OCTOBER 2026 YIELD 0.01%)*	829,089.41
U.S. Bank *(OCTOBER 2026 YIELD 3.16%)*	2,580,023.51
PARS *(SEPTEMBER 2026 YIELD -2.14%)*	1,317,767.61
TOTAL RESOURCES	$ 24,605,950.29

*

AGENDA ITEM NO. 7C

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

November 17, 2026

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Operations

SUBJECT: WASTEWATER TREATMENT REPORT – SEPTEMBER 2026

RECOMMENDATION

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

DISCUSSION

Monthly Treatment Facility Performance and Evaluation

Wastewater treatment for the San Elijo Joint Powers Authority (SEJPA) met all National Pollutant Discharge Elimination System (NPDES) ocean effluent limitation requirements for the month of September 2026. The primary indicators of treatment performance include the removal of Total Suspended Solids (TSS) and Carbonaceous Biochemical Oxygen Demand (CBOD). SEJPA is required to remove a minimum of 85 percent of the TSS and CBOD from the wastewater. Treatment levels for **TSS** and **CBOD** were **98.6** and **98.1** percent removal, respectively, during the month of September.

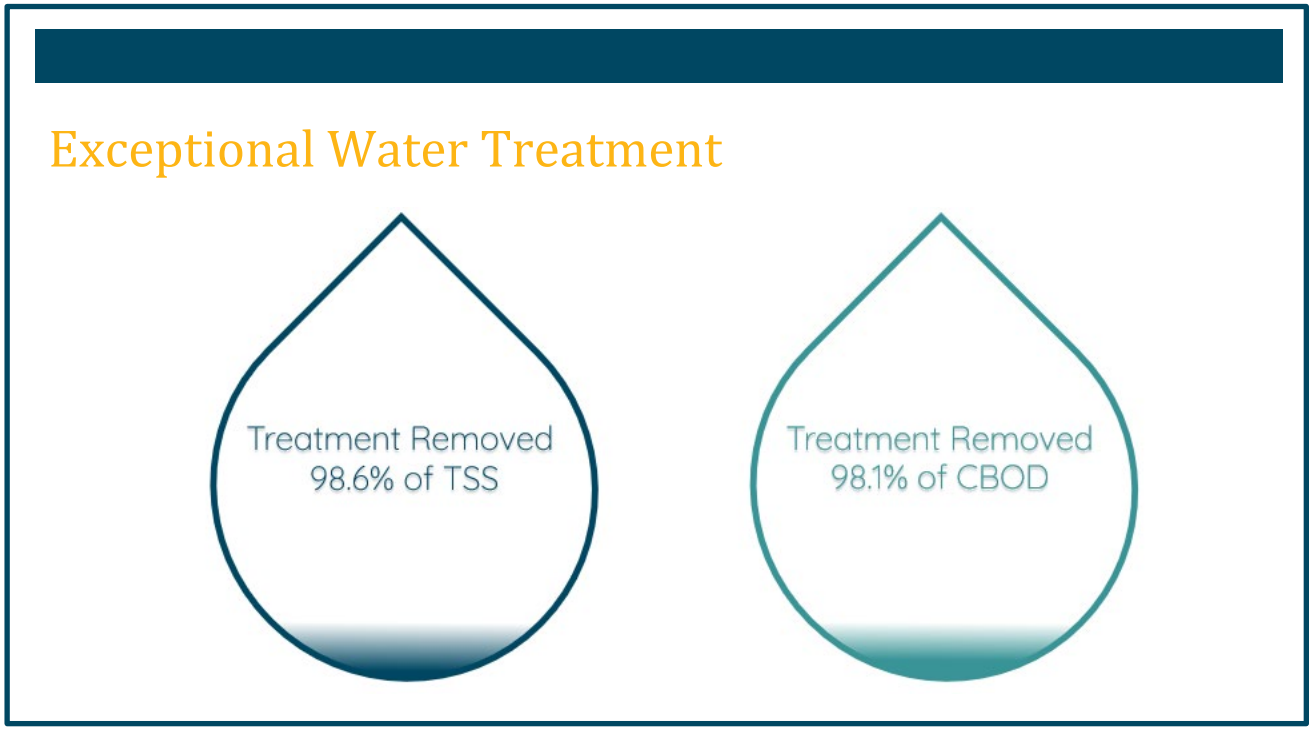
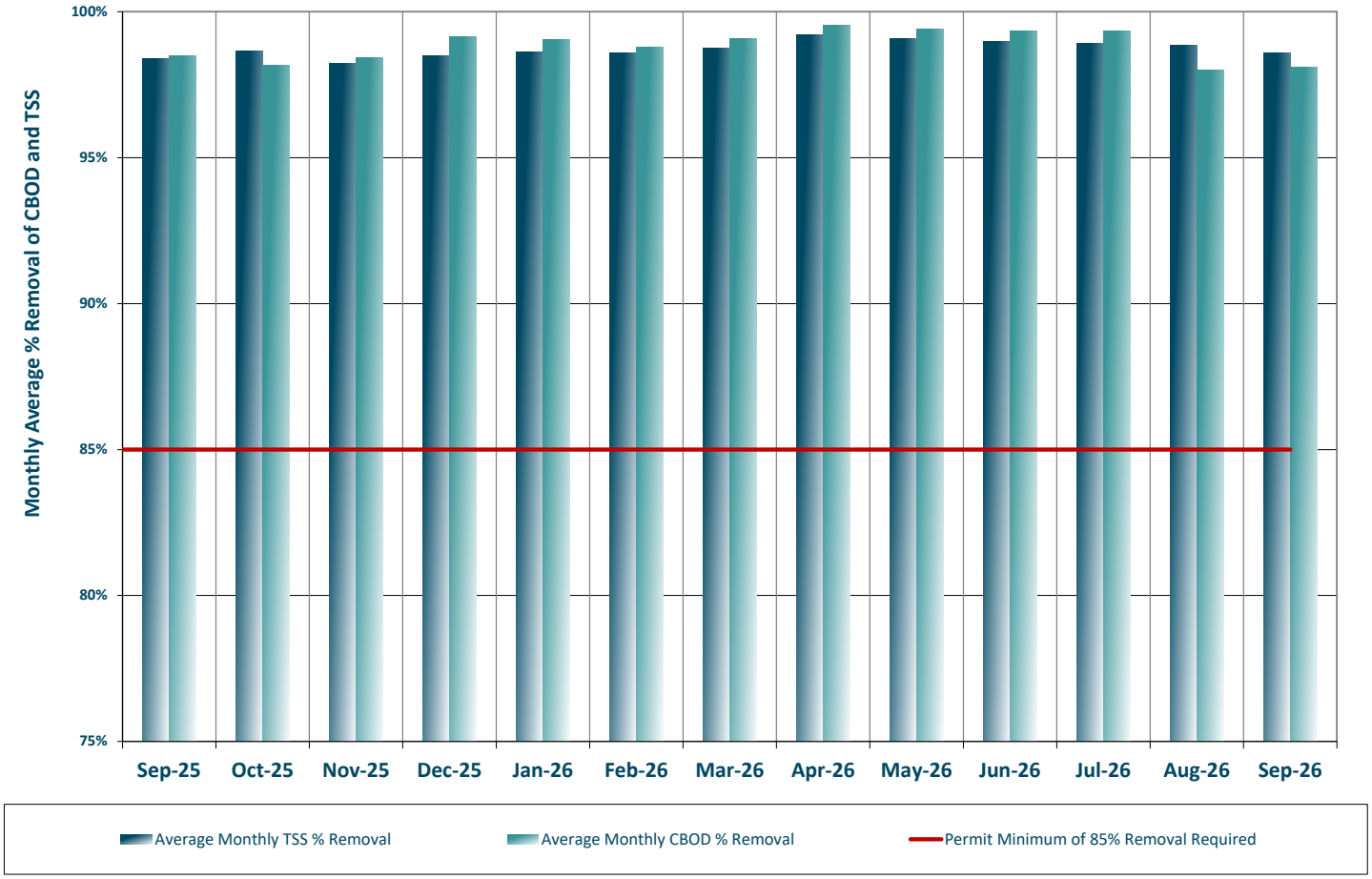


Figure 1 (below) shows historic treatment performance trends for the removal of TSS and CBOD over the last 13 months compared to the permit minimum removal requirement of 85%.

Figure 1: Wastewater Treatment Performance of the SEJPA % Removal of Total Suspended Solids (TSS) and Carbonaceous Biochemical Oxygen Demand (CBOD)



Figures 2 and 3 (below) show historic influent vs effluent TSS and CBOD concentration fluctuations in the strength of the wastewater being received and discharged by the SEJPA.

FIGURE 2: TREATED EFFLUENT FLOWS REMOVAL OF TSS

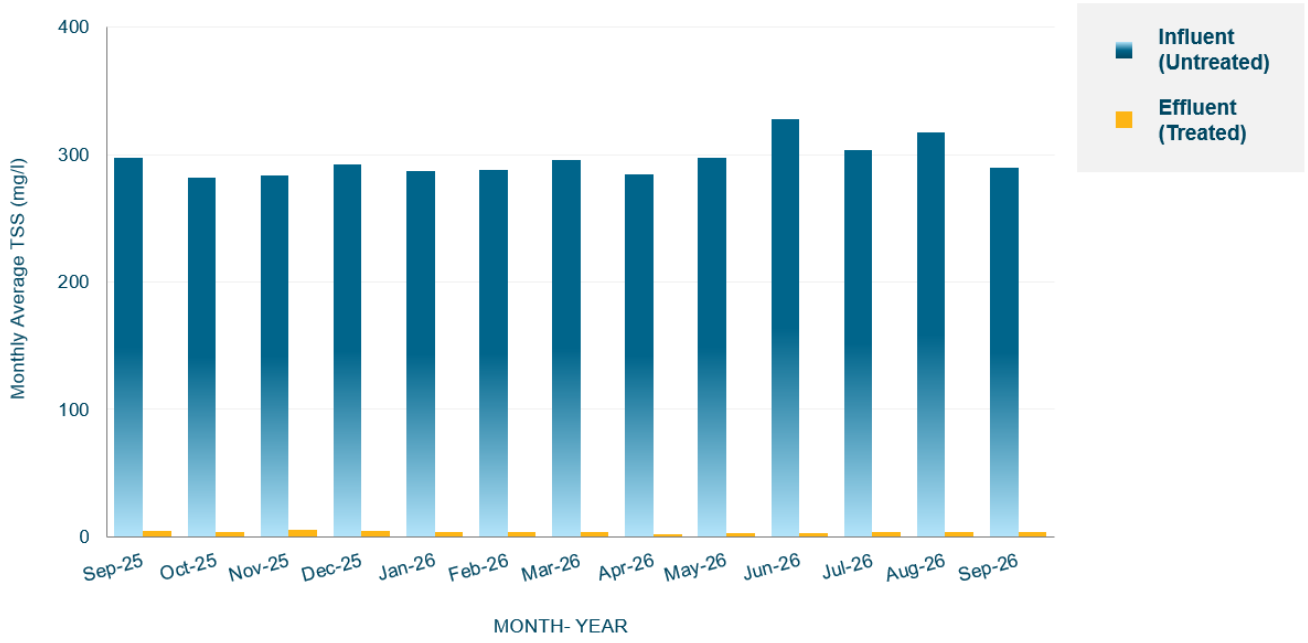
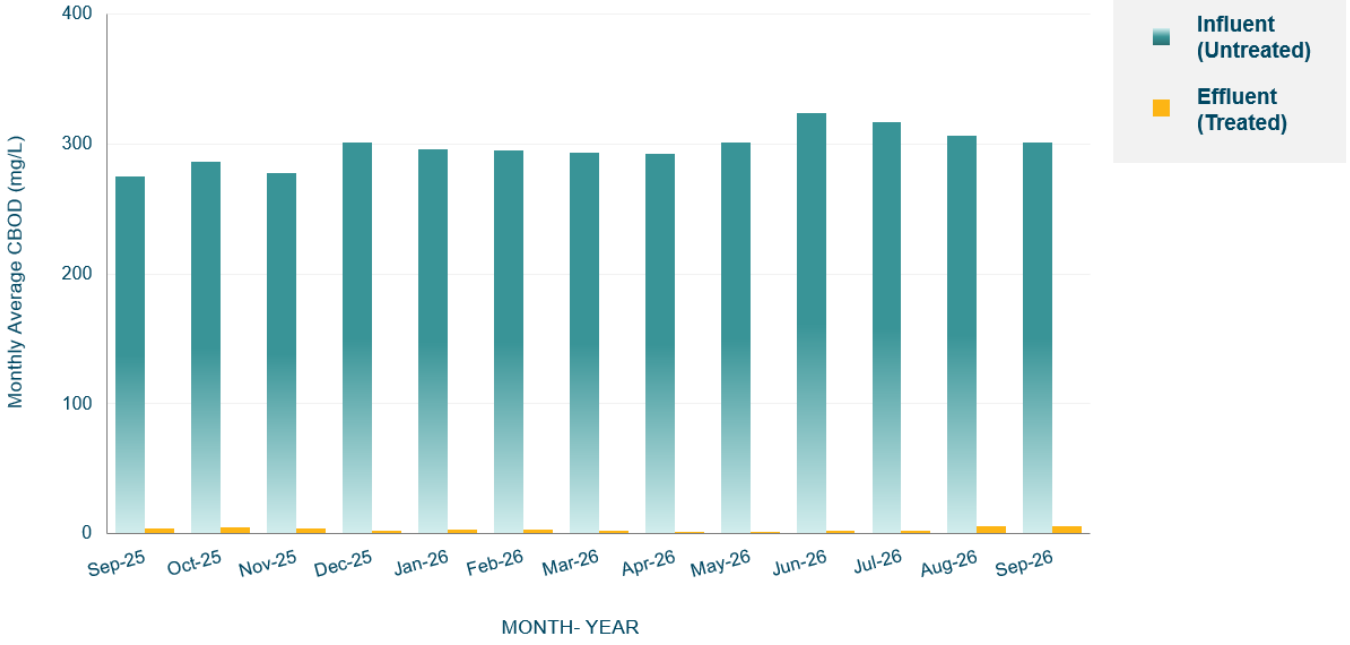


FIGURE 3: TREATED EFFLUENT FLOWS REMOVAL OF CBOD



Member Agency Flows

Table 1 provides a summary of influent and effluent flows for September. Average daily influent volumes were measured for each contributing agency. During this reporting period, approximately 69% of the influent was treated and beneficially reused as recycled water, while the balance was conveyed to the ocean outfall.

TABLE 1 – INFLUENT AND EFFLUENT FLOWS IN SEPTEMBER

	Influent (mgd)	Recycled Water (mgd)	Effluent (mgd)*
Cardiff Sanitary Division	1.323	0.911	0.412
City of Solana Beach	1.009	0.694	0.315
Rancho Santa Fe SID	0.160	0.111	0.049
City of Del Mar	0.464	0.319	0.145
Total San Elijo Water Campus Flow	2.956	2.035	0.921

* Effluent is calculated by subtracting the recycled water production from the influent wastewater.

Table 2 (below) presents the historical average and unit influent flow rates per month for each of the contributing agencies during the past 3 years. It also presents the number of connected Equivalent Dwelling Units (EDUs) for each agency during this same time.

TABLE 2 - SAN ELIJO WATER CAMPUS MONTHLY REPORT - FLOWS AND EDUS

	AVERAGE DAILY INFLUENT FLOW RATE (MGD)					CONNECTED EDUs					AVERAGE UNIT INFLUENT FLOW RATE (GAL/EDU/DAY)				
MONTH	CSD	RSF	SB	DM	TOTAL INLET	CSD	RSF	SB	DM	TOTAL EDUS	CSD	RSF	SB	DM	TOTAL UNIT
Sep-23	1.161	0.161	0.885	0.371	2.578	8,559	586	8,166	2,622	19,933	136	275	108	152	129
Oct-23	1.125	0.163	0.870	0.308	2.466	8,559	587	8,166	2,622	19,934	131	278	107	125	124
Nov-23	1.246	0.186	0.961	0.409	2.802	8,559	588	8,166	2,622	19,935	146	317	118	149	141
Dec-23	1.313	0.173	1.011	0.377	2.874	8,559	588	8,166	2,622	19,935	153	294	124	133	144
Jan-24	1.416	0.190	1.055	0.380	3.041	8,569	588	8,166	2,622	19,945	165	323	129	134	152
Feb-24	1.788	0.256	1.099	0.422	3.565	8,569	588	8,166	2,622	19,945	209	436	135	151	179
Mar-24	1.395	0.200	1.061	0.352	3.008	8,616	588	8,166	2,639	20,009	162	340	130	125	150
Apr-24	1.313	0.216	1.036	0.368	2.933	8,620	588	8,166	2,639	20,013	152	368	127	130	147
May-24	1.294	0.196	1.017	0.349	2.856	8,620	588	8,166	2,639	20,013	150	334	125	125	143
Jun-24	1.275	0.191	1.058	0.508	3.032	8,620	588	8,166	2,639	20,013	148	325	130	184	152
Jul-24	1.310	0.185	1.076	0.494	3.065	8,620	588	8,166	2,639	20,013	152	315	132	182	153
Aug-24	1.279	0.166	1.090	0.512	3.047	8,621	588	8,178	2,639	20,025	148	283	133	188	152
Sep-24	1.278	0.165	1.034	0.399	2.876	8,621	588	8,178	2,657	20,043	148	281	126	147	143
Oct-24	1.296	0.160	1.019	0.340	2.815	8,621	591	8,178	2,657	20,046	150	271	125	122	140
Nov-24	1.250	0.184	0.967	0.482	2.883	8,621	591	8,178	2,657	20,046	145	312	118	165	144
Dec-24	1.231	0.182	1.079	0.408	2.900	8,621	593	8,178	2,657	20,048	143	307	132	134	145
Jan-25	1.398	0.187	1.105	0.381	3.071	8,621	593	8,178	2,657	20,048	162	316	135	124	153
Feb-25	1.471	0.186	1.120	0.408	3.185	8,621	593	8,178	2,657	20,048	171	314	137	134	159
Mar-25	1.524	0.214	1.133	0.390	3.261	8,621	593	8,178	2,657	20,048	177	361	139	129	163
Apr-25	1.355	0.210	1.084	0.367	3.016	8,621	593	8,178	2,657	20,048	157	354	133	122	150
May-25	1.349	0.202	1.071	0.371	2.993	8,621	593	8,178	2,657	20,048	156	341	131	123	149
Jun-25	1.310	0.190	1.071	0.524	3.095	8,621	593	8,178	2,657	20,048	152	321	131	175	154
Jul-25	1.326	0.204	1.109	0.502	3.141	8,621	593	8,126	2,657	19,996	154	344	136	168	157
Aug-25	1.351	0.213	1.090	0.556	3.210	8,621	594	8,126	2,680	20,020	157	359	134	187	160
Sep-25	1.354	0.187	1.050	0.426	3.017	8,623	596	8,126	2,680	20,025	157	314	129	142	151
Oct-25	1.292	0.176	1.039	0.378	2.885	8,627	596	8,126	2,680	20,029	150	296	128	126	144
Nov-25	1.407	0.188	1.050	0.424	3.069	8,629	596	8,126	2,680	20,031	163	316	129	144	151
Dec-25	1.362	0.171	1.011	0.379	2.923	8,629	595	8,126	2,680	20,030	158	288	124	128	146
Jan-26	1.473	0.190	1.051	0.383	3.097	8,631	595	8,126	2,680	20,032	171	320	129	129	155
Feb-26	1.464	0.182	1.052	0.417	3.115	8,631	595	8,126	2,680	20,032	170	306	129	140	156
Mar-26	1.357	0.181	1.046	0.401	2.985	8,631	595	8,126	2,680	20,032	157	304	129	135	149
Apr-26	1.309	0.166	1.012	0.350	2.837	8,631	596	8,126	2,680	20,033	152	279	125	118	142
May-26	1.332	0.181	1.003	0.344	2.860	8,638	597	8,126	2,680	20,041	154	303	123	118	143
Jun-26	1.309	0.177	1.004	0.464	2.954	8,638	597	8,126	2,680	20,041	152	296	124	161	147
Jul-26	1.337	0.183	1.053	0.505	3.078	8,638	598	8,126	2,680	20,041	155	306	130	177	154
Aug-26	1.363	0.160	1.050	0.520	3.093	8,639	598	8,126	2,680	20,042	158	268	129	182	154
Sep-26	1.323	0.160	1.009	0.464	2.956	8,642	598	8,371	2,696	20,307	153	268	121	161	146

CSD: Cardiff Sanitary Division

RSF: Ranch Santa Fe Community Service District

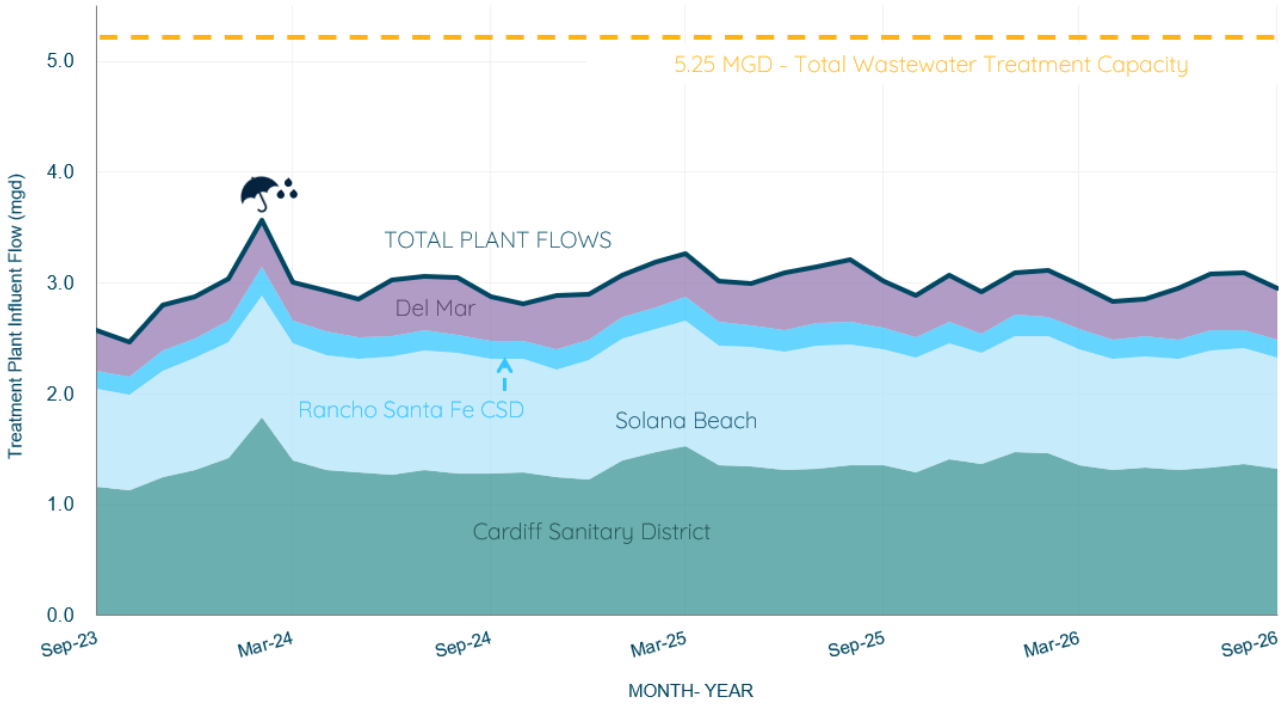
SB: Solana Beach

DM: City of Del Mar

EDU: Equivalent Dwelling Unit

Figure 4 (below) presents the 3-year historical average daily flows per month for each contributing agency. This is to provide a historical overview of the average flow treated for each agency. Also shown in Figure 4 is the total wastewater treatment capacity of the water campus, 5.25 mgd, of which the Cities of Encinitas and Solana Beach each have the right to 2.2 mgd, Rancho Santa Fe Community Service District leases 0.25 mgd, and the City of Del Mar leases 0.60 mgd.

FIGURE 4: SEJPA AVERAGE DAILY FLOWS OVER THE PAST 3 YEARS



City of Escondido Flows

The average and peak daily flow rate for the month of September 2026 from the City of Escondido's Hale Avenue Resource Recovery Facility, which discharges through the San Elijo Ocean Outfall, is reported below in Table 3.

TABLE 3 – CITY OF ESCONDIDO DAILY FLOWS

	Flow (mgd)
Escondido (Average flow rate)	9.2
Escondido (Peak flow rate)	18.6

Connected Equivalent Dwelling Units

The City of Solana Beach and the City of Del Mar updated the number of connected EDUs reported to the SEJPA in September 2026. The connected EDUs for Solana Beach were increased due to the reconstruction of Solana Highlands apartments. The City of Encinitas and Rancho Santa Fe CSD update their connected EDUs report every month. The number of EDUs connected for each of the Member Agencies and lease agencies is reported in Table 4 below.

TABLE 4 – CONNECTED EDUs BY AGENCY

	Connected (EDU)
Cardiff Sanitary Division	8,642
Rancho Santa Fe SID	598
City of Solana Beach	8,034
San Diego (to Solana Beach)	337
City of Del Mar	2,696
Total EDUs to System	20,307

Respectfully submitted,



Christopher A. Trees, P.E.
Director of Operations

*

AGENDA ITEM NO. 7D

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

November 17, 2026

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Operations

SUBJECT: RECYCLED WATER REPORT – SEPTEMBER 2026

RECOMMENDATION

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

DISCUSSION

Recycled Water Production

In September 2026, recycled water production totaled 209.2 acre-feet (AF) in a 32-day period, which included 8.9 AF of supplemental potable water. Production for the month was 16.2% higher than the budget estimate of 180 AF. The continuing high demand resulted in low pressure issues in the north system and required more supplemental potable water use than normal to meet system demands.

During the reporting period, the recycled water system exceeded its permitted coliform limit, with two samples reporting results above 23 MPN/100 mL. Follow-up inspections were conducted to identify potential contributing factors. The inspections identified a broken sand washer in one of the sand filters, which was subsequently repaired. Additional filter sand was also ordered to replenish the filter media to the manufacturer's recommended operating level. These corrective actions were initiated to address the identified equipment deficiency and support the system's return to compliant operating conditions.

Figure 1 (attached) provides a ten-year history of annual recycled water production and rainfall, illustrating the correlation between precipitation and production. Figure 2 compares September production over the past ten years, and Figure 3 shows budgeted versus actual recycled water production for FY 2026-27.

Respectfully submitted,



Christopher A. Trees, P.E.
Director of Operations

FIGURE 1: RECYCLED WATER PRODUCTION AND RAINFALL COMPARISON

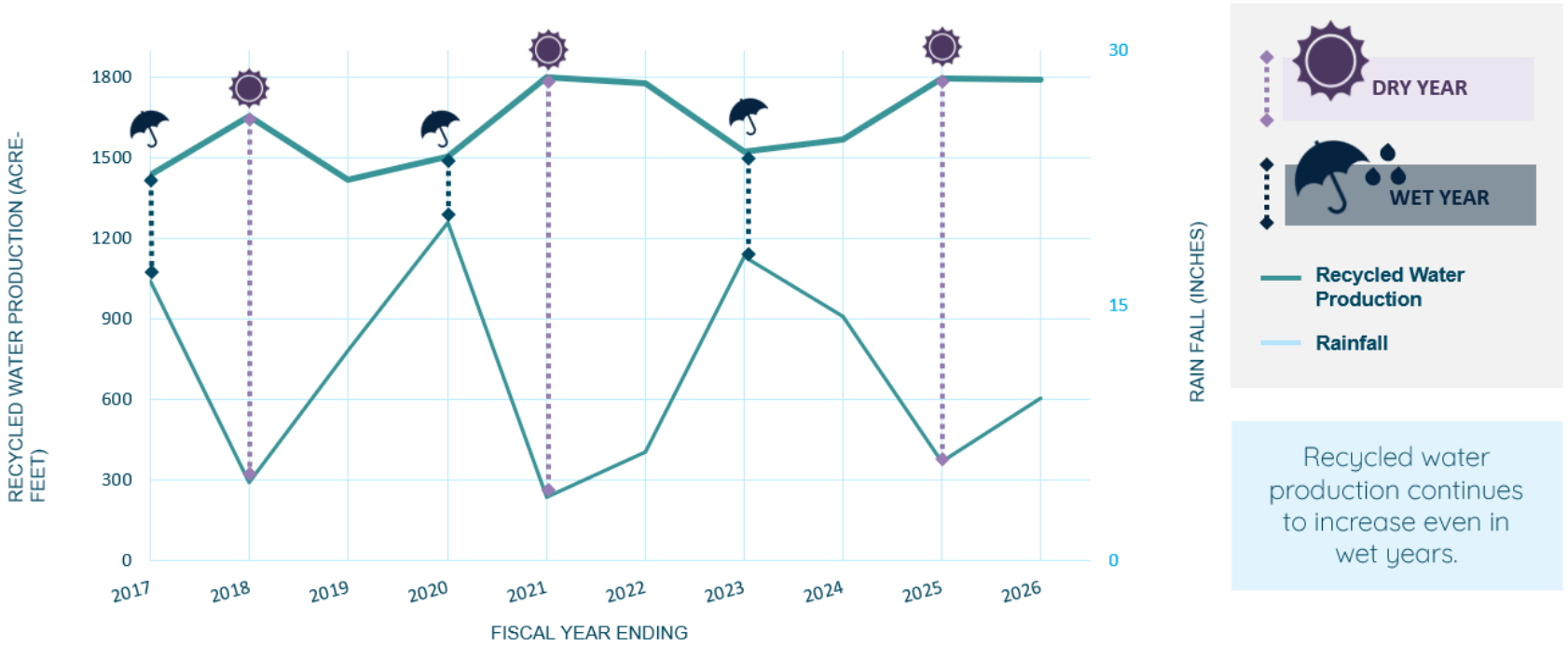


FIGURE 2: SEPTEMBER RECYCLED WATER DEMAND

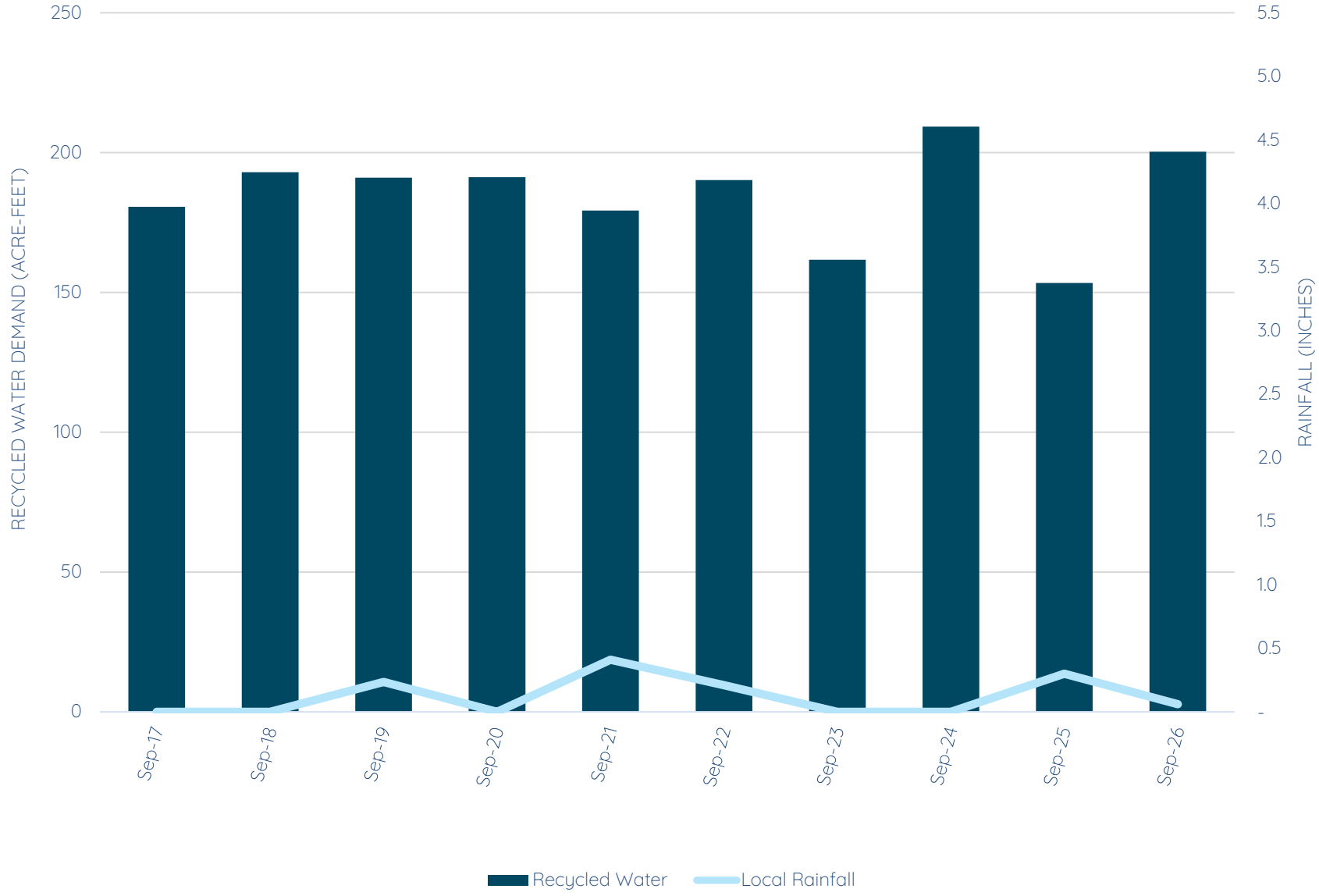
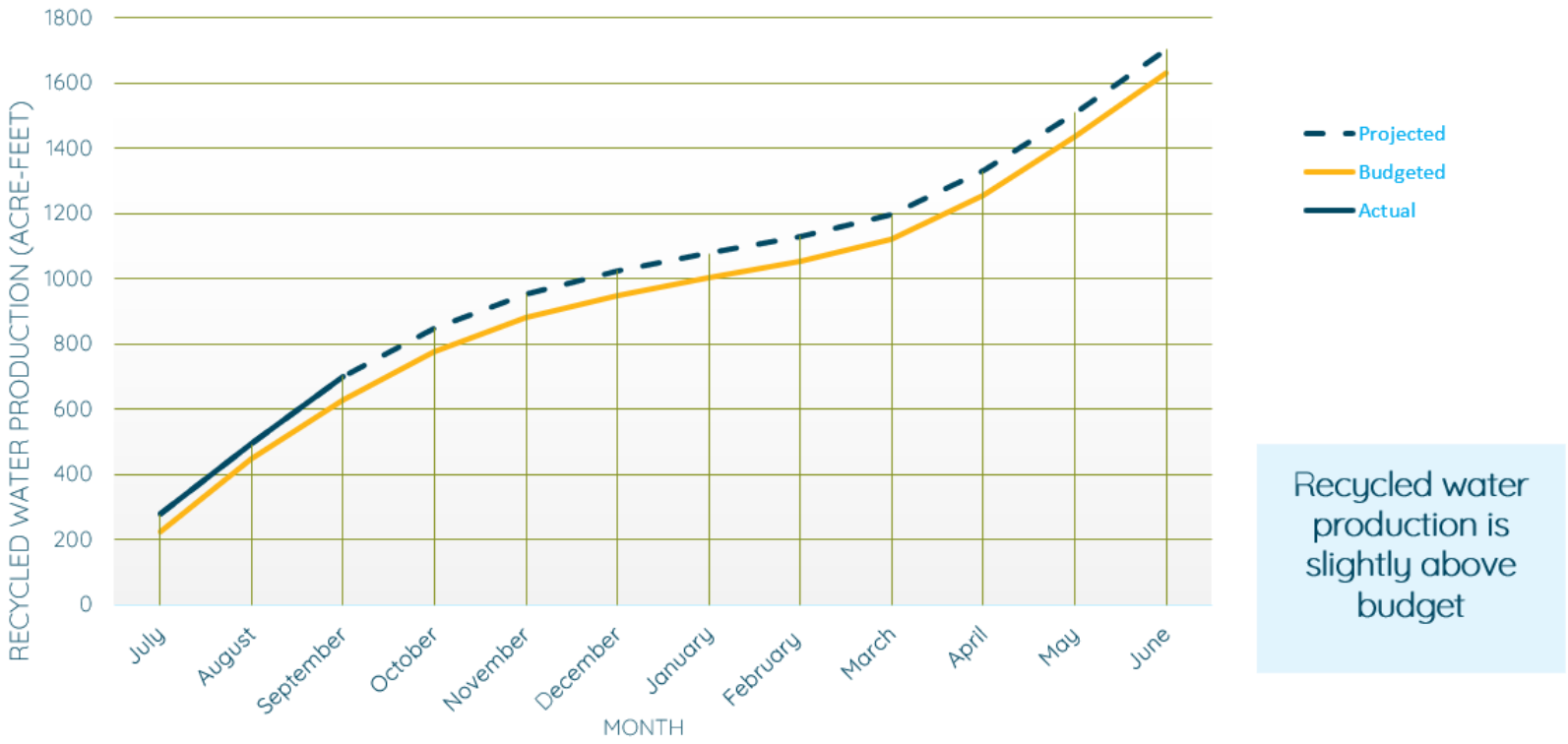


FIGURE 3: FY2026/27 CUMULATIVE PRODUCTION VS BUDGET



Recycled water production is slightly above budget

*

AGENDA ITEM NO. 7E

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

November 17, 2026

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: REPORTABLE MEETINGS

RECOMMENDATION

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

BACKGROUND

The General Manager or his designee may meet monthly with one or more Board Members in preparation for the Board Meeting.

DISCUSSION

The following meetings have taken place since previously reported:

- Meeting to review Board Meeting Agenda with Chairperson Shaffer on October 16, 2026

FINANCIAL IMPACT

Per the SEJPA Restatement Agreement, SEJPA offers the Board Member $160 for each reportable meeting, which the Board Member may choose to accept or reject. These meetings are accounted for in our annual budget.

Respectfully submitted,

Thomas Falk, P.E.
General Manager

*

AGENDA ITEM NO. 7F

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

November 17, 2026

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) SERVICES – CONTRACT AMENDMENTS

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to amend the SCADA services agreement with TESCO Controls, Inc., increasing the contract amount by $45,000;
2. Ratify As-Needed Automation, Electrical, Instrumentation, PLC and SCADA Support Agreement with Technical Systems, Inc. (TSI) in the amount of $40,000 and authorize the General Manager to amend agreement, increasing the amount by $60,000; and
3. Discuss and take action as appropriate.

BACKGROUND

San Elijo Joint Powers Authority (SEJPA) utilizes a Supervisory Control and Data Acquisition (SCADA) system to monitor and control operations at the San Elijo Water Campus, remote wastewater pump stations, and recycled water distribution facilities. SCADA provides real-time operational monitoring, process control, and system automation and is essential to maintaining reliable operations and regulatory compliance.

Tesco Controls, Inc. (TESCO) completed SEJPA's original SCADA system upgrade in 2020 and has provided as-needed technical support services since 2021. Following the retirement of SEJPA's SCADA Manager in late 2025, SEJPA has continued SCADA operations through an interim consultant-based support model, utilizing two professional service providers, TESCO and TSI. The scope of TESCO's existing agreement was expanded to include routine system maintenance, backups, and technical support, including 24-hour emergency response. To broaden SEJPA’s technical bench and local resources, a separate agreement was established with TSI. This arrangement with two complementary consultants has proven effective in maintaining system reliability, responding to operational needs, and efficiently implementing targeted programming changes and system improvements.

DISCUSSION

SEJPA's experience throughout 2026 has demonstrated that the consultant-based SCADA service model provides an effective and cost-efficient approach to managing the agency's critical control systems. Staff recommends continuing this service strategy into 2027 through amendments to the existing professional services agreements with TESCO and TSI.

Although the agency's adopted FY 2026-27 budget includes funding for a full-time SCADA position, staff recommends deferring recruitment at this time while continuing to evaluate operational needs. This deferral is intended to be temporary and does not reflect a determination that the position is no longer necessary. Future recruitment will be reassessed based on evolving operational demands and the effectiveness of the current consultant support model. The current consultant team provides a broad range of specialized expertise, including system programming, troubleshooting, SCADA development, networking, cybersecurity support, preventive maintenance, and emergency response. This collective technical capability, combined with flexible staffing and access to specialized resources, provides a level of service that would be difficult to replicate through a single full-time employee.

The continued use of two consultants also provides important operational advantages. The shared service model expands the pool of available technical personnel, improves responsiveness to concurrent or specialized assignments, and reduces dependency on any one individual or service provider. SEJPA’s Operations team retains responsibility for coordinating and prioritizing assignments, managing consultant performance, and overseeing system maintenance and improvements.

The proposed SCADA management plan for 2027 will emphasize:

- **System Reliability:** Continue scheduled preventive maintenance, system backups, routine updates, and timely corrective maintenance to minimize operational interruptions.
- **Responsive Technical Support:** Maintain access to local and remote technical resources, including 24-hour emergency response capabilities.
- **Resource Flexibility:** Utilize the complementary capabilities of TESCO and TSI to efficiently assign work based on technical expertise, availability, and operational requirements.
- **Long-Term Staffing Strategy:** Preserve the option to establish a dedicated SCADA staff position as system needs, workload, and organizational priorities evolve.

Staff recommends amending the existing agreements with TESCO and TSI to extend services through December 31, 2027, and increase contract authorizations to support anticipated SCADA maintenance and upgrades. SCADA programming and integration associated with capital improvement projects will be contracted separately. The proposed amendments will maintain continuity of critical SCADA services and provide flexibility to address evolving operational needs while preserving the option to recruit a dedicated SCADA professional in the future.

FINANCIAL IMPACT

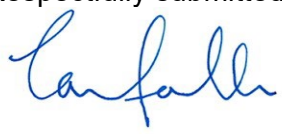
SCADA consulting expenditures for calendar year 2026 are projected to total approximately $130,000, including routine maintenance, system support, emergency response, and programming improvements. A comparable level of service and expenditure is anticipated for 2027. The projected consultant contract expenditures would be fully offset by deferred, budgeted personnel costs associated with the vacant SCADA position. Accordingly, this consultant services strategy is expected to maintain or improve the level of technical support without increasing overall agency expenditures during FY 2026-27. Future budgets will reflect the agency's evolving operational needs and the appropriate balance of consultant services and a full-time SCADA position.

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to amend the SCADA services agreement with TESCO Controls, Inc., increasing the contract amount by $45,000;
2. Ratify As-Needed Automation, Electrical, Instrumentation, PLC and SCADA Support Agreement with Technical Systems, Inc. (TSI) in the amount of $40,000 and authorize the General Manager to amend agreement, increasing the amount by $60,000; and
3. Discuss and take action as appropriate.

Respectfully submitted,



Thomas C. Falk, P.E.
General Manager

Attachments:

Attachment 1 – Amendment 9 to SCADA Support Services Agreement with TESCO (2021-038SC)
Attachment 2 – Amendment 1 to As-Needed Automation, Electrical, Instrumentation, PLC and SCADA Support Agreement with TSI (2026-007 PSA)

Agreement No.: 2021-038SC

Account Allocation: 10-5404-10-Varies

AMENDMENT 9 TO AGREEMENT

This **AMENDMENT 9** is made and entered into on this 17th day of November, 2026, by and between the San Elijo Joint Powers Authority, a joint powers authority organized and operating pursuant to Government Code Sections 6500 *et seq*., hereinafter referred to as "AUTHORITY", and Tesco Controls, Inc., a California Corporation, hereinafter referred to as "CONSULTANT".

WITNESSETH:

WHEREAS, the AUTHORITY entered into an Agreement with CONSULTANT on January 1, 2021, for Supervisory Control and Data Acquisition (SCADA) Support Services, in the amount not to exceed $33,000;

WHEREAS, the AUTHORITY amended the Agreement (Amendment 1) with CONSULTANT on February 1, 2022, to revise the scope of services and extend the contract term to June 30, 2023;

WHEREAS, the AUTHORITY amended the Agreement (Amendment 2) the CONSULTANT on February 15, 2023, to revise the scope of services and increase contract value to $38,780.00;

WHEREAS, the AUTHORITY amended the Agreement (Amendment 3) with CONSULTANT on June 30, 2023, to revise the scope of services, increase the contract value to $115,280 and extend the contract term to June 30, 2024;

WHEREAS, the AUTHORITY amended the Agreement (Amendment 4) with CONSULTANT on December 7, 2023, to revise the scope of services, increase the contract value to $118,680.00;

WHEREAS, the AUTHORITY amended the Agreement (Amendment 5) with CONSULTANT on June 30, 2024, to extend the contract expiration date to June 30, 2025;

WHEREAS, the AUTHORITY amended the Agreement (Amendment 6) with CONSULTANT on January 3, 2025 (new Task 9) to support ongoing capital project, Biosolids Dewatering Improvements Project for SCADA Screen Development in the lump sum amount of $12,750 (reference TESCO Quote No. 24L127Q01); and

WHEREAS, the AUTHORITY amended the Agreement (Amendment 7) with CONSULTANT on August 15, 2025 to extend services (revised Task 2 and Task 4 and new Task 9A and Task 10), reallocating existing unused contract budgets, to provide professional services pertaining to SCADA system upgrades and maintenance, extend the contract expiration date by 12 months to June 30, 2026, and increase contract maximum by $33,000; and

WHEREAS, the AUTHORITY amended the Agreement (Amendment 8) with CONSULTANT on December 10, 2025 to extend the term of the contract through December 31, 2026, and increase contract maximum by $130,000 for SCADA maintenance services and continued as-needed and emergency support services; and

WHEREAS, the AUTHORITY desires and the CONSULTANT is willing to extend the term of the contract through December 31, 2027 and increase contract budget by $45,000 for continuing SCADA maintenance and project support services;

NOW THEREFORE, the AUTHORITY and CONSULTANT agree to amend Sections 1.01, 2.01, and 3.01 of the AGREEMENT as follows:

1.01 CONSULTANT will perform the deliverables within the scope described in Attachment(s) A, B, C, D, E, F, G **and H**. CONSULTANT will provide SEJPA with periodic reports regarding the progress of services performed, at SEJPA's request. Any changes to the scope of services or timeframes identified in Attachments A, B, C, D, E, F, G **and H** must be authorized by SEJPA in writing and shall be set forth as an amendment to this Agreement.

2.01 This Agreement will become effective on the date stated above, and will continue in effect until **December 31, 2027**, or until terminated as provided in this Agreement.

3.01 Compensation for all work performed under this Agreement, including labor, equipment, materials and services which CONSULTANT is obligated to perform, including all applicable taxes, for the services described in Attachments A, B, C, D, E, F, G **and H** shall not exceed **Three Hundred, Thirty-Nine Thousand, Four Hundred Thirty Dollars ($339,430.^{00}).** This amount shall not be exceeded unless there is a change in scope of work, and agreed to in writing by both parties, and set forth in an amendment to this Agreement. Such amendment shall identify any change in compensation as a result of the change in scope of work. CONSULTANT and SEJPA agree that this fee was arrived at through arm's length negotiations between the parties. SEJPA shall make payments to CONSULTANT in response to duly submitted invoices in accordance with this Section.

All other provisions of the AGREEMENT shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first above written.

SAN ELIJO JOINT POWERS AUTHORITY

By:_____
Thomas Falk, P.E.
General Manager

TESCO CONTROLS, INC.

By:_____

Printed Name:_____

Title:_____

Attachment H – Amendment 9 Scope of Services

- Recognize completion of work activities and close Tasks 10 (SCADA Maintenance SOP), and 12A (PLC Enviro Kickoff Mtg). Re-allocate unused budget of $4,231.18 from these closed tasks to Task 7 (As-Needed Services).
- Extend Contract to December 31, 2027.
- Increase budget amount for Task 11 (Routine SCADA Maintenance) by $30k (12 months at projected $2,500/mo burn rate).
- Increase budget amount for Task 12 (Planned SCADA Assignments) by $15k

Reference TESCO Controls' Quote 26K059Q01 (11/11/2026), attached.

TESCO CONTROLS www.TescoControls.com

Corporate Office
8440 Florin Road, Sacramento, CA 95828
P.O. Box 299007, Sacramento, CA 95829
PH: 916.395.8800 FX: 916.429.2817

To: San Elijo Joint Powers Authority
Attn: Tom Falk
Re: San Elijo Joint Powers Authority
SCADA Maintenance and Support Tasks 2027

Quote Date: 11/11/2026
Quote No.: 26K059Q01

Dear Tom:

Thank you for your continued interest in TESCO products, services, and solutions. We are pleased to quote the following Time-&-Material (T&M) services and Rate(s) for rendering the proposed services.

Project Background

Tesco Controls is currently contracted with San Elijo Joint Powers Authority (Client) to provide support services regarding the Client's SCADA system under Tesco job number T-44854X4. This quotation is to outline the scope of work on each task and provide a level of effort to be counted against the pre-purchased services within the support contract. This will also outline any additional fees above the pre-purchased amount. All services will be performed under the rates within the existing support contract.

Scope of Work

Task 7C (Revised) – As Needed Support

Tesco will establish a Not-To-Exceed budget amount for as-needed services. Services will be provided either by task order development which a scope of work and corresponding price/budget will be established per task OR on-call remote technical support which may incur emergency services rates. These services to be performed on a time-plus-materials basis utilizing Tesco's hourly rates listed in the Rate Schedule below.

Task 10 – SCADA Maintenance SOP

The customer would like to descope this task and convert the remaining funds into **Task 7C.** Tesco will reallocate the remaining funds of Task 4 into the newly scoped **Task 7C**.

Task 11A – Routine SCADA Maintenance

Tesco will conduct monthly maintenance based upon the recommendations and finding from Task 10's Maintenance SOP. The intention of the monthly maintenance is to increase the reliability of the owner's existing SCADA system. A Customer Service Report (CSR) will be provided to the owner upon monthly billings.

Task 12 – Planned SCADA Assignments

A qualified Tesco PLC and SCADA Engineer will participate in scheduled 1-hour long bi-weekly meetings with the owner to discuss desired tasks and modifications to be made to the owner's existing system within the allotted 10-SCADA-hours per-month and the allotted 8-PLC-hours per-month. Any tasks that cannot be completed within the allotted timeframe will be quoted separately. The timeline for task completion is dependent on the specific task, description, and complexity.

Task 12A – PLC Environment Kickoff Meeting

The customer would like to descope this task and convert the remaining funds into **Task 7C.** Tesco will reallocate the remaining funds of Task 4 into the newly scoped **Task 7C**.

Task 13 – SCADA Software Updates

Tesco will monitor SCADA software and associated licenses. Tesco will review the newly released software patches and recommend updates based upon the quality of the release. Upon Tesco's evaluation of patch stability, Tesco will apply the newly released updates accordingly.

Note: Routine/Planned meetings, maintenance, and assignments from Task 11A & Task 12 are only to occur up to December 31, 2027 as Task 11A is for a 12-month term. All professional services will be done remotely unless specified otherwise. This quote is professional services only, all material will be provided within a separate quote. This quote is not inclusive of any additional license/software costs, all license/software costs will be provided within a separate quote.

Scope of Supply

Item	Description	Rate	Allowance
	Time-&-Material (T&M) Services		
1	**Task 7C (Revised) - Support** to include: ▪ Task order development or on-call remote services performed on a time-plus-materials basis	See Rate Sheet	$30,125.56 (Not to Exceed)
2	**Task 10 - SCADA Maintenance SOP** to include: ▪ Reallocate remaining funds to Task 7C	See Rate Sheet	$0.00

3	**Task 11A – Routine SCADA Maintenance** to include:
	▪ Project Manager (22 Hours @ $215/hr)
	▪ SCADA Engineer (145 Hours @ $200/hr)
	  ▪ Verify Veeam backup jobs are executing as expected
	  ▪ Verify sufficient disk space is available in NAS
	  ▪ Onsite visit (1-visit/month)
	  ▪ Download Full Backups
	  ▪ SCADA Application, Auto Dialer, Historian Configurations
	  ▪ In-person meeting/maintenance discussion
	  ▪ Migrate backup set (including Historical data) to removable storage
	  ▪ Provide owner with physical copy
	  ▪ Verify McAfee anti-virus scan is taking place as expected
	  ▪ Capture and review Windows Event Viewer log entries
	  ▪ Capture and review AVEVA SMC logs
	  ▪ Assess VM resource usage
	  ▪ Disk space
	  ▪ CPU
	  ▪ Memory
	  ▪ Gather and review performance monitor reports
	  ▪ Verify NTP time sync is functioning correctly
	  ▪ Hardware Report (Semi-Annual Report)
	  ▪ Equipment Environment
	  ▪ Equipment Age/Condition
	  ▪ Overall scores and recommendations
	  ▪ Software Report (Semi-Annual Report)
	  ▪ Software version evaluation
	  ▪ Error logs
	  ▪ Overall scores and recommendations
	  ▪ 2-hour onsite physical hardware cleaning
	  ▪ Remove unneeded objects from server rack
	  ▪ Remove dust utilizing wipes and/or air duster
	Note: This quote is inclusive of travel expenses (mileage, per diem, ect.)
		See Rate Sheet	$35,892.58
			(Not to Exceed)

Item	Description	Rate	Allowance
4	**Task 12 – Planned SCADA Assignments** to include: ▪ Project Manager (24 Hours @ $215/hr) ▪ Project Engineer (20 Hours @ $190/hr) ▪ Engineer recommended replacement equipment ▪ SCADA Engineer (120 Hours @ $200/hr) ▪ Bi-Weekly meeting to discuss desired SCADA tasks/modifications ▪ 1-hour remote meeting ▪ Allotted 20-hours per month for tasks, modification, investigations ▪ 15-hours per month minimum ▪ PLC Engineer (98 Hours @ $200/hr) ▪ Bi-Weekly meeting to discuss desired PLC tasks/modifications ▪ 1-hour remote meeting ▪ Allotted 16-hours per month for tasks, modification, investigations ▪ 12-hours per month minimum *Note: This quote is NOT inclusive of travel expenses. All professional services are to be done remotely.*	See Rate Sheet	$52,880.71 (Not to Exceed)
5	**Task 12A – PLC Environment Kickoff Meeting** to include: ▪ Reallocate remaining funds to Task 7C	See Rate Sheet	$0.00
6	**Task 13 – SCADA Software Updates** to include: ▪ Project Manager (6 Hours @ $215/hr) ▪ SCADA Engineer (43 Hours @ $43/hr) ▪ Update SCADA Software/Licenses ▪ Review newly released software patches ▪ Upgrade software to latest patch (subject to version stability) *Note: This quote is inclusive of travel expenses (mileage, per diem, ect.)*	See Rate Sheet	$10,000.00 (Not to Exceed)
	TOTAL ESTIMATE/ALLOWANCE:		**$128,898.85** (Not to Exceed)

Rate Schedule

The following rate schedule identifies the Professional Services offered by Tesco Controls, Inc (TESCO) for On-Call Task Order and/or On-Call Technical support services only. Please note that this rate schedule is not intended to be used for pre-designed project, project bidding, or larger scale project opportunities, which shall be administered separately from this Service and Support Contract (TESCO can negotiate and quote these separate work efforts, as needed; please contact your TESCO representative for more detail). This rate schedule applies to the services and support covered by this Service Contract per the applicable rate category and correlating provision, as well as, additional services that may be available for other ancillary support needs.

The rates shown below include the direct hourly rate only and do not include expenses related to business travel, ME&I costs, per diem, or other miscellaneous fees.

Professional Services	Standard Rate	Premium Service	Emergency Services
Factory Repairs / Manufacturing Services	$125	$140	$150

Professional Services	Standard Rate	Premium Service	Emergency Services
Engineering Support	$150	$165	$180
Drafter/Designer	$170	$185	$200
Project Engineer	$190	$210	$235
Project Manager	$215	$235	$255
PLC Applications Programmer	$200	$225	$250
SCADA Applications Programmer	$200	$225	$250
Field Service Engineer/Specialist	$175	$200	$240
Network/Communications Engineer	$225	$250	$285

Provisions

- Normal working hours are Monday through Friday, 8:00 a.m. to 5:00 p.m. Overtime at one and one-half the standard rate is billed for services outside the normal working hours, excluding weekends and holidays
- Saturday working hours is billed at two times the standard rates.
- Sunday working hours is billed at three times the standard rates.
- Holiday working hours is billed at three times the standard rates.
- The above rates are billed one-hour minimum and in 30-minute increments.
- Portal-to-portal travel time is billed at the indicated hourly rate, plus mileage.
- Actual travel expenses (airfare, ground transportation, lodging, meals, etc.) are billed at cost plus 25% overhead and administration.
- Authorized parts and components or any third party services will be billed separately at cost plus 25% overhead/procurement expenditures and 15% margin. Sales tax will be applied as appropriate. Please note that delivery may be based on manufacturer or service provider availability.

Terms and Conditions

- Quote is firm for 30 days unless otherwise stated.
- Quote is for **technical services only** and does not include any trade labor, trade work, or construction/site improvement activities.
- TESCO price is FOB factory, full freight allowed.
- TESCO warranties against defect in design workmanship and materials for a period of one year from date of installation, which does not exceed 18 months from the date of shipment from the factory.
- TESCO carries liability insurance, with full workman's compensation coverage.
- Terms are net 30 days on approved credit accounts.
- Interest will be applied to all past due invoices.
- All merchandise sold is subject to lien laws.
- Final retention to be paid within 10 days after the project notice of completion.

Please feel free to contact us at (916) 395-8800 to discuss any questions or comments you may have regarding this quotation.

Sincerely,

TESCO CONTROLS

Robet Carr
Technical Sales Estimator
rcarr@tescocontrols.com

Agreement No.: 2026-007 PSA

Account Allocation: 10-5404-10-Varies

AMENDMENT 1 TO AS-NEEDED AUTOMATION, ELECTRICAL, INSTRUMENTATION, PLC AND SCADA SUPPORT AGREEMENT

This **AMENDMENT 1** is made and entered into on this 17th day of November, 2026, by and between the San Elijo Joint Powers Authority, a joint powers authority organized and operating pursuant to Government Code Sections 6500 *et seq*., hereinafter referred to as "AUTHORITY", and Technical Systems, Inc., a California Corporation, hereinafter referred to as "CONSULTANT".

WITNESSETH:

WHEREAS, the AUTHORITY entered into an Agreement with CONSULTANT on December 12, 2025, for Supervisory Control and Data Acquisition (SCADA) Support Services, in the amount not to exceed $40,000;

WHEREAS, the AUTHORITY desires and the CONSULTANT is willing to extend the term of the contract through December 31, 2027 and increase contract budget by $60,000 for continuing as-needed, onsite technical services; and

NOW THEREFORE, the AUTHORITY and CONSULTANT agree to amend Sections 1.01, 2.01, and 3.01 of the AGREEMENT as follows:

1.01 CONSULTANT will perform the deliverables within the scope described in Attachment(s) A, **and B**. CONSULTANT will provide SEJPA with periodic reports regarding the progress of services performed, at SEJPA's request. Any changes to the scope of services or timeframes identified in Attachments A **and B** must be authorized by SEJPA in writing and shall be set forth as an amendment to this Agreement.

2.01 This Agreement will become effective on the date stated above, and will continue in effect until **December 31, 2027**, or until terminated as provided in this Agreement.

3.01 Compensation for all work performed under this Agreement, including labor, equipment, materials and services which CONSULTANT is obligated to perform, including all applicable taxes, for the services described in Attachments A **and B** shall not exceed **One Hundred Thousand and no/100ths ($100,000.^{00}).** This amount shall not be exceeded unless there is a change in scope of work, and agreed to in writing by both parties, and set forth in an amendment to this Agreement. Such amendment shall identify any change in compensation as a result of the change in scope of work. CONSULTANT and SEJPA agree that this fee was arrived at through arm's length negotiations between the parties. SEJPA shall make payments to CONSULTANT in response to duly submitted invoices in accordance with this Section.

All other provisions of the AGREEMENT shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first above written.

SAN ELIJO JOINT POWERS AUTHORITY	**TECHNICAL SYSTEMS, INC.**
By:_____	By:_____
Thomas Falk, P.E. General Manager	Printed Name:_____
	Title:_____

Attachment B – Amendment 1 Scope of Services

- Extend Contract to December 31, 2027.
- Increase contract maximum to $100,000.
- As-needed onsite services including PLC programming, SCADA programming, HMI programming, troubleshooting, networking support, and on-call system support.
- Adopt TSI's 2027 Service Rates

Reference TSI (Technical Systems Inc.) Amendment 1 proposal (11/11/2026), attached.

Technical Systems Inc.

So. CA Office
3800 Oceanic Drive
Suite 111
Oceanside, CA 92056
TSIcontrols.com

November 11, 2026

Tom Falk
San Elijo Joint Powers Authority
2695 Manchester Ave.
Cardiff, CA 92007

RE: As-needed Support Contract Amendment 1

Dear Tom,
We are very pleased that San Elijo JPA is happy with our support over the past year. We are looking forward to continuing our relationship in the years to come. I have attached our 2027 Rate Sheet for your use.

Please do not hesitate to reach out in you need any further information.

Thank you,

Scott Ashton
Chief Strategy Officer
Technical Systems Inc.

Technical Systems Inc.

So. CA Office
3800 Oceanic Drive
Suite 111
Oceanside, CA 92056
TSIcontrols.com

2027 Service Rates

The following is the list of hourly service rates for Technical Systems, Inc.

Classification	Straight Time per Hour
Project Manager	$220.00
Project / Software Engineer	$220.00
Field Technician	$190.00
CAD Designer	$150.00

Rates do not include any state, local or use taxes.

Overtime
Services that occur after 5:00 pm or more than eight (8) hours per day Monday through Friday, will be billed at 1.5 times the hourly rate. Saturdays, Sundays, and all business holidays will be billed at 2 times the hourly rate. Emergency services are billed at a minimum of four (4) hours.

Travel
Travel time will be billed at the employee's classification and corresponding rate.
Mileage for driving: (Standard IRS Rate)
Airfare: Billed at cost + 10%
Meals and incidentals: Billed at cost + 10% ($80.00 per day)
Hotel & Rental Car: Billed at cost + 10%

Tools and Equipment
Normal technician tools are included with the associated rate. Special test equipment that may be required will be rented and billed at cost.

Invoicing and Payment
All services will be billed via invoice with service reports every month. All invoices are Net 30 Days.

Standard Warranty Policy
Technical Systems, Inc (TSI) warrants defects in material and workmanship for all systems supplied by TSI for a period of one (1) year beginning on the date of shipment. Individual component warranties will be limited to the published warranty for the component purchased and supplied by TSI. All published warranties provided by the component manufacturers will be assigned in their entirety to the end user. No warranties are verbally expressed or implied. Defective materials or workmanship will be repaired or replaced free of charge during the warranty period.

This warranty does not include:
- Any condition resulting from incorrect or inadequate maintenance or care
- Damage resulting from misuse, abuse, negligence, or accidents

*

AGENDA ITEM NO. 7G

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

November 17, 2026

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: DESIGNATION OF PLAN COORDINATOR FOR THE SAN ELIJO JOINT POWERS AUTHORITY 401(A) MONEY PURCHASE AND 457(B) DEFERRED COMPENSATION PLANS

RECOMMENDATION

It is recommended that the Board of Directors:

1. Adopt Resolution No. 2027-02, formally designating Thomas Falk, General Manager, as the Plan Coordinator for SEJPA's money purchase and deferred compensation plans administered by MissionSquare Retirement; and
2. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) offers employee deferred compensation and retirement savings options through plans administered by MissionSquare Retirement (formerly known as ICMA-RC). Administrative rules under MissionSquare agreements and VantageTrust provisions require the agency to maintain an official, resolution-backed designation of a named individual, referred to as the Plan Coordinator, to manage operational notices, execute routine administrative updates, and oversee local plan compliance.

DISCUSSION

MissionSquare Retirement administrative agreements and VantageTrust provisions require the agency to formally designate an official organizational representative to oversee plan administration, receive official notices, and manage operational coordination. To satisfy this administrative requirement and ensure operational continuity, staff recommends adopting a resolution designating Thomas Falk, General Manager, as the Plan Coordinator.

Formalizing this designation provides the following operational benefits:

- Administrative Clarity: Establishes a clear, named point of contact responsible for receiving official notices, reports, and communications from MissionSquare Retirement.

- Operational Efficiency: Empowers the designated Plan Coordinator to execute routine plan coordination forms, manage participant communications, and coordinate oversight internally and with third-party providers.

- Governance Alignment: Ensures agency records precisely reflect current internal administrative assignments.

FINANCIAL IMPACT

There is no direct fiscal impact associated with the adoption of this resolution, as it is strictly an administrative update regarding the management of existing agency plans.

RECOMMENDATION

It is recommended that the Board of Directors:

1. Adopt Resolution No. 2027-02, formally designating Thomas Falk, General Manager, as the Plan Coordinator for SEJPA's money purchase and deferred compensation plans administered by MissionSquare Retirement; and
2. Discuss and take action as appropriate.

Respectfully submitted,



Kevin Lang, CPA
Director of Finance & Administration

Attachments:

Attachment 1 – Resolution No. 2027-02 – A Resolution Of The Board Of Directors Of The San Elijo Joint Powers Authority Designating Thomas Falk, General Manager, As Plan Coordinator For The Agency's MissionSquare Retirement Plans (401(a) and 457(b))

Attachment 1

RESOLUTION NO. 2027-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY DESIGNATING THOMAS FALK, GENERAL MANAGER, AS PLAN COORDINATOR FOR THE AGENCY'S MISSIONSQUARE RETIREMENT PLANS (401(a) AND 457(b))

WHEREAS, the San Elijo Joint Powers Authority (SEJPA) has established and maintains a 401(a) Money Purchase Plan and a 457(b) Deferred Compensation Plan for the benefit of its eligible employees, with said plans administered by MissionSquare Retirement and invested through VantageTrust; and

WHEREAS, administrative rules, agreements, and VantageTrust provisions require the agency to formally designate a specific organizational representative to act as the Plan Coordinator to oversee ongoing plan administration, receive official notices, execute routine administrative updates, and manage operational coordination with MissionSquare Retirement; and

WHEREAS, SEJPA desires to formally update and designate its current General Manager, Thomas Falk, to fulfill these administrative duties and serve as the official Plan Coordinator;

NOW, THEREFORE, BE IT RESOLVED:

1. Designation of Plan Coordinator: Thomas Falk, General Manager, is hereby formally designated as the Plan Coordinator for SEJPA's existing 401(a) Money Purchase Plan and 457(b) Deferred Compensation Plan administered by MissionSquare Retirement.

2. The Plan Coordinator is authorized to receive reports, notices, and communications from MissionSquare Retirement or VantageTrust, cast any required votes under VantageTrust on behalf of SEJPA, delegate routine administrative tasks as appropriate, and execute all necessary operational agreements and administrative forms incidental to the ongoing maintenance of the plans.

3. This Resolution shall take effect with an effective date of November 3, 2026, the date of Thomas Falk's appointment as General Manager.

PASSED AND ADOPTED at a meeting of the Board of Directors of the San Elijo Joint Powers Authority held on November 17, 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

Thomas Falk, P.E. Secretary of the Board	Luke Shaffer, Chairperson SEJPA Board of Directors

*

AGENDA ITEM NO. 7H

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

November 17, 2026

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: SECOND AMENDMENT TO THE AGREEMENT WITH SUBRECIPIENTS OF THE TITLE XVI WATER RECLAMATION AND GRANT AWARD FOR THE NORTH SAN DIEGO WATER REUSE COALITION REGIONAL RECYCLED WATER PROGRAM

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to execute Amendment No. 2 to Agreement 23AGR001 Between Olivenhain Municipal Water District and Subrecipients of the Title XVI Water Reclamation and Reuse FY 2021 Grant Award for the North San Diego Water Reuse Coalition Regional Recycled Water Program; and

2. Authorize payment of $94,195 to Olivenhain Municipal Water District for SEJPA's share of the legislative advocacy cost rebalancing, funded from the recycled water utility's operating reserves; and

3. Discuss and take action as appropriate.

BACKGROUND

In the 1990s, San Elijo Joint Powers Authority (SEJPA), together with Olivenhain Municipal Water District (OMWD), Leucadia Wastewater District, and the City of Carlsbad, jointly pursued and secured $20 million in federal funding through the U.S. Bureau of Reclamation's (USBR) Title XVI Water Reclamation and Reuse Program for their respective recycled water projects. In 2010, these agencies established the North San Diego Water Reuse Coalition (Coalition) to promote regional collaboration, interconnect recycled water facilities, and maximize the beneficial use of recycled water across agency boundaries. The Coalition subsequently developed a Regional Recycled Water Facilities Plan and pursued state and federal funding to advance regional recycled water projects.

In 2021 and 2022, USBR awarded the Coalition a combined $23.9 million through its Title XVI program for the Regional Recycled Water Program's 2020 Project. OMWD serves as the federal grant recipient and administers the funding agreement on behalf of the Coalition, while SEJPA participates as a subrecipient responsible for implementing its designated projects and complying with applicable grant requirements. The original subrecipient agreement was executed in January 2023, establishing each agency's responsibilities and incorporating provisions for sharing

legislative advocacy costs based on individual grant allocations. A First Amendment to the subrecipient agreement was subsequently approved in January 2024 to incorporate revisions to the federal funding agreement, including project costs, cost shares, scope of work, and project milestones.

In June 2024, USBR awarded the Coalition an additional $6,073,048 in funding, bringing the total Title XVI award to $30 million. USBR amended the federal funding agreement on July 30, 2025, incorporating further project and funding revisions. In September 2026, Coalition partners agreed to redistribute $2,701,468 in grant funding previously allocated to the City of Escondido, which elected to discontinue certain project work, among five participating agencies. The partners also agreed to reconcile previously incurred legislative advocacy costs in accordance with the original cost-sharing provisions. These changes are reflected in the proposed Second Amendment to the subrecipient agreement.

DISCUSSION

The proposed Second Amendment reallocates an additional $571,854 in grant funding to SEJPA, previously allocated to the City of Escondido. The additional allocation will increase the federal grant reimbursement available for SEJPA's eligible recycled water project costs.

The revised grant allocations also require a rebalancing of previously paid legislative advocacy costs, which were originally shared among Coalition members based on their respective grant awards. SEJPA's share of this cost rebalancing is $94,195, which will be paid to OMWD, as grant administrator, for redistribution to the applicable Coalition agencies in accordance with the original cost-sharing provisions.

The Second Amendment also incorporates the updates included in USBR's most recent amendment to the federal funding agreement, including revisions to project costs, federal and non-federal cost shares, scope of work, project completion dates, and milestones. Execution of the amendment will align SEJPA's subrecipient agreement with the current federal funding agreement and establish its revised grant allocation and associated obligations.

Staff recommends that the Board authorize the General Manager to execute the Second Amendment to the subrecipient agreement and authorize payment of $94,195 to OMWD for SEJPA's share of the lobbying cost reconciliation.

FINANCIAL IMPACT

The Second Amendment increases SEJPA's Title XVI grant allocation by $571,854, providing additional federal reimbursement for eligible recycled water project costs. SEJPA's $94,195 legislative advocacy cost reconciliation payment will be funded from operating reserves.

The additional grant allocation exceeds the required payment by $477,659, representing a net positive financial benefit to SEJPA.

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to execute Amendment No. 2 to Agreement 23AGR001 Between Olivenhain Municipal Water District and Subrecipients of the Title XVI Water Reclamation and Reuse FY 2021 Grant Award for the North San Diego Water Reuse Coalition Regional Recycled Water Program; and

2. Authorize payment of $94,195 to Olivenhain Municipal Water District for SEJPA's share of the legislative advocacy cost rebalancing, funded from the recycled water utility's operating reserves; and

3. Discuss and take action as appropriate.

Respectfully submitted,



Kevin Lang, CPA
Director of Finance & Administration

Attachments:

Attachment 1 – Amendment No. 2 to Agreement 23AGR001 Between Olivenhain Municipal Water District and Subrecipients of the Title XVI Water Reclamation and Reuse FY 2021 Grant Award for the North San Diego Water Reuse Coalition Regional Recycled Water Program

Attachment 1

AMENDMENT NO. 2 TO AGREEMENT 23AGR001 BETWEEN OLIVENHAIN MUNICIPAL WATER DISTRICT AND SUBRECIPIENTS OF THE TITLE XVI WATER RECLAMATION AND REUSE FY 2021 GRANT AWARD FOR THE NORTH SAN DIEGO WATER REUSE COALITION REGIONAL RECYCLED WATER PROGRAM

The agreement between Olivenhain Municipal Water District, a Municipal Water District organized and operating pursuant to Water Code Sections 71000 et seq. (hereinafter Olivenhain); and Carlsbad Municipal Water District (Carlsbad), the City of Escondido (Escondido), Leucadia Wastewater District (Leucadia), the City of Oceanside (Oceanside), Rincon del Diablo Municipal Water District (Rincon), San Elijo Joint Powers Authority (San Elijo), and Vallecitos Water District (Vallecitos) (collectively Subrecipients), which was entered into by the parties on September 8, 2022 (hereinafter Subrecipient Agreement), is amended as follows:

1. Purpose of this Amendment. This amendment proposes a redistribution of award funding, a redistribution of costs paid by the Parties for legislative outreach efforts, and updates included in Amendment No. 2 issued by the US Bureau of Reclamation for the Title XVI Grant Agreement R22AP00518 on July 30, 2025. These amendments include, but are not limited to the following:

- Adjust the total project costs and federal contribution, due to additional funding received from USBR in the amount of $6,073,048.
- Adjust the estimated federal and non-federal cost-share amounts and percentages, due to the additional funding received.
- Extend the period of performance and completion date.
- Reallocation of funding available from previous awards.
- Revise the costs for grant administration.
- Reallocate costs incurred by each Party under the Joint Lobbying and Cost Sharing Agreement.

Draft

2. Amend Grant Agreement. **Section 2, "Grant Agreement,"** is revised as follows:

Olivenhain has entered into the Grant Agreement with USBR on behalf of the Parties. The total estimated amount of federal funding is **$30,000,000**. USBR estimates its administrative costs associated with NEPA compliance to be $100,000, which it will withhold from the amount disbursed to Olivenhain; however, if USBR does not expend the administrative funds in their entirety, the remaining funds may be obligated to Olivenhain. Therefore, the initial amount of federal funds available is limited to **$29,900,000**.

In 2026, Escondido determined that it would no longer pursue some of its projects listed within the Scope of Work in the Grant Agreement with USBR. As a result, the Parties agree to reassign $2,701,468 in grant funding from Escondido to eligible Parties in the following amounts: Carlsbad, $414,053, Oceanside, $571,854, Olivenhain, $571,854, San Elijo, $571,854, Vallecitos, $571,854.

The total award funding allocated by Party after this reassignment is reflected in the table below. The distribution of the additional FY 2023 award in the amount of $6,073,048 will be formalized in a future amendment.

Olivenhain: **$4,249,545**
Carlsbad: **$3,557,050**
Escondido: **$1,215,223**
Leucadia: **$191,858**
Oceanside: **$6,852,190**
Rincon: **$424,866**
San Elijo: **$4,312,226**
Vallecitos: **$3,023,996**
Total: **$23,826,952**

Draft

3. Amend Subrecipient Cost Share of Project Costs. **Section 3, "Subrecipient Cost Share of Project Costs,"** is revised as follows:

At least 75% non-federal cost-share is required for costs incurred under this Agreement. Based on the budget estimate in the Grant Agreement, the estimated federal share of allowable costs is **25% ($30,000,000)** and the estimated non-federal cost share is **75% ($91,201,821)**. Reimbursement of these costs will be at 25% up to the grant amount identified in the Grant Agreement.

The federal share of allowable costs shall not be expended in advance of the Parties' non-federal share. It is expected that expenditure of federal and non-federal funds based upon the estimated cost share percentages shall occur concurrently. At the end of the period of performance, if the final costs are lower than the original estimate and the 75% non-federal cost share is met, the final payment and financial report can reflect a lower cost share for the Parties than the original budget estimate.

Documentation of cost must be submitted to Olivenhain for inclusion in the invoicing packet submitted to USBR. A change in the Project's total costs may change the required cost share.

4. Amend Scope of Work. **Section 4, "Scope of Work,"** is revised as follows:

In accordance with Section 5 of the Grant Agreement, Subrecipients shall complete the tasks shown below no later than the Planned Completion Date:

Draft

Subrecipient	Task	Planned Completion Date
Olivenhain	**a. Surf Cup** **b. Manchester Avenue Recycled Water Pipelines** **c. Rancho Paseana Recycled Water Pipeline** **d. Extension 153 Flowmeter** **e. HOA Conversions** **f. 4S Ranch Neighborhood Pump Station**	**a. July 2019** **b. May 2024** **c. August 2023** **d. November 2023** **e. August 2026** **f. September 2025**
Carlsbad	**a. Tank Site D** **b. Pipeline Expansion Segment 9** **c. Pipeline Expansion Segment 5**	**a. June 2025** **b. October 2018** **c. December 2023**
Escondido	**a. Recycled Water Easterly Agriculture Distribution System**	**a. September 2026**
Leucadia	**a. Gafner B1 Pipeline Replacement**	**a. November 2023**
Oceanside	**a. Fire Mountain Reservoir and Pump Station** **b. Lower System Phase 1** **c. Downtown Phase 2 Recycled**	**a. December 2026** **b. September 2026** **c. September 2026**
Rincon	**a. Pump station Upgrades**	**a. September 2026**
San Elijo	**a. Encinitas Ranch Pump Station and Pipelines** **b. Wanket Tank, Pipeline, and Connections** **c. Stormwater Capture and Reuse** **d. SEWC Conservation and Production Upgrades** **e. SEWC Storage and Equalization**	**a. September 2026** **b. March 2026** **c. September 2025** **d. April 2028** **e. April 2028**
Vallecitos	**a. Meadowlark Treatment Upgrades** **b. Meadowlark Conversion to Sodium Hypochlorite**	**a. December 2026** **b. December 2026**

5. Amend Reporting Requirements. **Section 7, "Reporting Requirements,"** is revised as follows:

For the term of this Agreement, the Parties must submit regular progress reports in accordance with Section 6.1.3 and Section 10 of the Grant Agreement. Subrecipients shall submit to Olivenhain semi-annual progress reports which shall accompany an invoice and all invoice backup documentation; Olivenhain will submit this information to USBR. A final performance report is required at the conclusion of the performance period. Subrecipients must provide reporting information to Olivenhain according to the following schedule:

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Report	Due to Olivenhain
Progress Report for **April 1, 2025,** through **September 30, 2025**	**October 22, 2025**
Progress Report for **October 1, 2025,** through **March 31, 2026**	**April 22, 2026**
Progress Report for **April 1, 2026,** through **September 30, 2026**	**October 22, 2026**
Progress Report for **October 1, 2026,** through **March 31, 2027**	**April 22, 2027**
Progress Report for **April 1, 2027,** through **September 30, 2027**	**October 22, 2027**
Progress Report for **October 1, 2027,** through **March 31, 2028**	**March 22, 2028**
Final Report	**April 30, 2028**

6. Amend Costs for Grant Administration and Compliance with the National Environmental Protection Act. **Section 9, "Costs for Grant Administration and Compliance with the National Environmental Protection Act,"** is revised as follows:

On behalf of the Coalition, Olivenhain entered into an agreement in December 2021 with Woodard & Curran for administration of the grant; this agreement expired in 2023. In August 2023, Olivenhain entered into a new agreement with Rincon Consultants; **this agreement expired in 2026.**

With the submission of Claim 6 to USBR, which contained costs incurred by the Parties through September 2025, Leucadia, Rincon, and Carlsbad had exhausted their award allotments and had no additional projects for which to continue seeking reimbursement. As such, costs for future grant administration support services would be divided amongst the remaining five Parties. All costs incurred by and billed to the Parties for administration of the grant prior to Amendment No. 2 shall be considered final.

In September 2026, Olivenhain entered into a new agreement with Rincon Consultants on behalf of the Coalition to administer the grant. The value of the Rincon Consultants grant administration support agreement is $150,948.00. Costs to administer the grant shall be divided evenly among Escondido, Oceanside, Olivenhain, San Elijo, and Vallecitos ($30,189.60 each).

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Olivenhain shall act as the administrator for the **September 2026 agreement with Rincon Consultants**. Olivenhain shall have no obligation to advance funds to Rincon Consultants on behalf of the Parties if funds are not deposited in a timely manner with Olivenhain. Olivenhain will administer the grant administration support agreement as a convenience only and assumes no other responsibility under said contract on behalf of the other Parties. Olivenhain shall receive monthly reports from **Rincon Consultants** and share them with the other Parties. All Parties may agree to meet with the consultant for consultation and reports as needed or requested.

All Parties shall have the right to comment on all consultant invoices, payments to the consultant, and fund requests and request corrections thereto if necessary.

7. Amend Joint Lobbying and Cost Sharing Agreement. **Section 16, "Future Grant Awards,"** is revised as follows:

B. Future Award(s). The maximum amount of funding for any one Title XVI WIIN project is **$40,000,000**. As USBR has committed **$30,000,000** to the 2020 Project so far, the 2020 Project is eligible for an additional award or awards totaling **$10,000,000**. When future Title XVI funding opportunities are made available by USBR, the Parties will apply for an additional award or awards of **$10,000,000**. Costs associated with the application will be divided among the Parties proportional to the amount of grant funds requested by each party in the subsequent application.

C. Division of Grant Awards. Each party is entitled to a one-eighth share of the cumulative $30,000,000 award less withholdings by USBR. In the event that a party is unable to accept the full one-eighth share for any reason, that party may notify the other Parties of its intent to reassign a portion of the one-eighth share to other Parties. Reassigned funds may be accepted on a pro-rata basis by any party demonstrating that its project costs are sufficient to meet cost-share requirements associated with a larger portion of cumulative award. Parties accepting reassigned funds must reimburse the reassigning party for a pro-rata share of all

Draft

costs incurred by the assigning party under the Joint Lobbying and Cost Sharing Agreement, as amended, unless other terms are mutually agreed upon by the reassigning party and the party accepting reassigned funds.

The Parties hereby agree that the value of the reimbursements are as follows:

Party	Lobbying cost liability	Lobbying costs incurred	Reimbursement amount now due
Olivenhain	**$318,824**	**$229,055**	**$89,768**
Carlsbad	**$269,921**	**$229,055**	**$40,866**
Escondido	**$94,804**	**$232,353**	**-$137,549**
Leucadia	**$13,080**	**$203,055**	**-$189,975**
Oceanside	**$502,619**	**$229,055**	**$273,563**
Rincon	**$28,966**	**$203,055**	**-$174,090**
San Elijo	**$323,409**	**$229,214**	**$94,195**
Vallecitos	**$232,334**	**$229,112**	**$3,222**
Total	**$1,783,957**	**$1,783,957**	**$0**

Carlsbad, Oceanside, San Elijo, and Vallecitos agree to submit to Olivenhain the balances indicated in the table above no later than April 30, 2027. Upon and not prior to receipt of the balances from Carlsbad, Oceanside, San Elijo, and Vallecitos, Olivenhain will disburse to Escondido, Leucadia, and Rincon the balances indicated in the table above.

D. Withdrawal from Participation. In the event that any party to this Agreement notifies all other Parties in writing of its intent to terminate participation in future grant awards, no refunds of any monies already paid will be reimbursed and the party will have no further interest or right in this Agreement or the federal or state funding being pursued. The remaining Parties agree to adjust their future cost sharing on an equal basis or otherwise mutually agreed upon basis among the remaining Parties.

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8. Original Agreement in Full Force and Effect. All other terms, covenants, and conditions in the Subrecipient Agreement shall remain in full force and effect and shall be applicable to this Amendment.

9. Effective Date. The effective date of this Amendment executed in counterparts within the North County Judicial District, County of San Diego, State of California, is _____, 2026.

[Signatures on next page]

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DATED: _____ OLIVENHAIN MUNICIPAL WATER DISTRICT

By: _____
Kimberly A. Thorner, General Manager

DATED: _____ CARLSBAD MUNICIPAL WATER DISTRICT

By: _____
Amanda Flesse, Utilities Director and General Manager

DATED: _____ CITY OF ESCONDIDO

By: _____
Daniel Peterson, Director of Utilities

DATED: _____ LEUCADIA WASTEWATER DISTRICT

By: _____
Paul Bushee, General Manager

DATED: _____ CITY OF OCEANSIDE

By: _____
Frederick Mayo, Water Utilities Director

DATED: _____ RINCON DEL DIABLO MUNICIPAL WATER DISTRICT

By: _____
Jeff Umbrasas, General Manager

Draft

DATED: _____ SAN ELIJO JOINT POWERS AUTHORITY

By: _____
Thomas Falk, General Manager

DATED: _____ VALLECITOS WATER DISTRICT

By: _____
James Gumpel, General Manager

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AGENDA ITEM NO. 9A

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

November 17, 2026

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: FY 2025-26 FINANCIAL AUDIT REPORT ACCEPTANCE

RECOMMENDATION

It is recommended that the Board of Directors:

1. Accept and file the San Elijo Joint Powers Authority Financial Statements and Independent Auditors' Report for the Fiscal Year Ended June 30, 2026;

2. Accept and file the FY 2025-26 Report to the Board of Directors including the SEJPA Audit Conclusion Letter (SAS 114); and

3. Discuss and take action as appropriate.

BACKGROUND

San Elijo Joint Powers Authority (SEJPA) is required by California Government Code, its debt agreements, and Board policy to conduct an annual audit of its financial records. Nigro & Nigro, PC (N&N) was awarded a three (3) year professional service agreement at the July 21, 2026 Board meeting, with two optional one (1) year extensions. The agreement provides for the performance of an audit of the financial records, to express an opinion on the financial statements, and to attend a Board meeting to present the year-end audit report to SEJPA's Board of Directors.

DISCUSSION

The financial audit of SEJPA for FY 2025-26 has been completed and it is the auditor's opinion that SEJPA's June 30, 2026 financial statements are presented fairly in all material respects, as evidenced by their unmodified 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. As part of the audit, N&N is required by professional standards to communicate specific information related to the audit to the Board of Directors. This communication to those charged with governance (auditor's SAS 114 letter) includes information related to accounting practices, audit difficulties, disagreements with management (if any), management representations, corrected and uncorrected

misstatements, and other audit findings, issues, or matters. Upon completion of the audit, N&N 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. And lastly, there were no recorded audit adjustments.

The audited financial statements include the following sections:

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Supplementary Information
- Other Information

Mr. Jared Solmonsen, CPA, a Partner for N&N, will present a summary of audit findings to the Board of Directors and answer questions.

RECOMMENDATION

It is therefore recommended that the Board of Directors:

1. Accept and file the San Elijo Joint Powers Authority Financial Statements and Independent Auditors' Report for the Fiscal Year Ended June 30, 2026;

2. Accept and file the FY 2025-26 Report to the Board of Directors including the SEJPA Audit Conclusion Letter (SAS 114); and

3. Discuss and take action as appropriate.

Respectfully submitted,



Kevin Lang, CPA
Director of Finance & Administration

Attachments:

Attachment 1 – San Elijo Joint Powers Authority Financial Statements and Independent Auditors' Report for the Fiscal Year Ended June 30, 2026

Attachment 2 – Report to the Board of Directors for the Fiscal Year Ended June 30, 2026 including the Audit Conclusion Letter (SAS 114)

Attachment 1

SAN ELIJO JOINT POWERS AUTHORITY

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended
June 30, 2026
(With Comparative Amounts as of June 30, 2025)

NIGRO & NIGRO PC

SAN ELIJO JOINT POWERS AUTHORITY
For the Fiscal Year Ended June 30, 2026
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NIGRO & NIGRO PC

A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Directors
San Elijo Joint Powers Authority
Cardiff by the Sea, California

Opinion

We have audited the accompanying financial statements of the San Elijo Joint Powers Authority (Authority), which comprise the Statement of Net Position as of June 30, 2026, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2026, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Notes 1 and 14 to the financial statements, as of July 1, 2025, the Authority adopted new accounting guidance, GASB Statement No. 103, Financial Reporting Model Improvements, Statement No. 104, Disclosure of Certain Capital Assets and Statement No. 105, Subsequent Events. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA
Jessica Miller, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA | Oscar Gonzalez, CFE

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Authority's Proportionate Share of the Plan's Net Pension Liability, Schedule of the Authority's Contributions to the Pension Plan, Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining schedule of net position, the combining schedule of revenues, expenses and changes in net position, and the combining schedule of cash flows are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of net position, combining schedule of revenues, expenses, and changes in net position and combining schedule of cash flows are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

The other information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2025, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a separate report dated November 17, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Murrieta, California
November 17, 2026

Management's Discussion and Analysis (MD&A) offers readers of San Elijo Joint Powers Authority's financial statements a narrative overview of the Authority's financial activities for the year ended June 30, 2026. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes the Authority's enterprise financial statements, fiduciary fund financial statements, and notes to the financial statements.

The enterprise financial statements consist of the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. Together, these statements present the Authority's financial position, operating results, changes in net position, and cash flows associated with its wastewater treatment and recycled water operations. They are prepared using the economic resources measurement focus and accrual basis of accounting.

The fiduciary fund financial statements consist of the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These statements report on resources held by the Authority in a fiduciary capacity and the changes in those resources. Fiduciary resources are reported separately from resources available to finance the Authority's own operations.

The notes to the financial statements provide additional information about significant accounting policies, financial statement balances, long-term obligations, commitments, contingencies, and other matters necessary to understand the financial statements.

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of SEJPA's finances and to demonstrate SEJPA's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact SEJPA, at (760) 753-6203, ext. 73.

FINANCIAL SUMMARY AND DETAILED ANALYSES

- Total assets decreased by $820,149 (0.70%), from $116,725,093 to $115,904,944. The decrease was primarily attributable to reductions in non-current assets, partially offset by increases in current assets and capital assets.

- Net capital assets increased by $1,056,575 (1.42%), from $74,228,833 at June 30, 2025, to $75,285,408 at June 30, 2026.

- Total deferred outflows of resources decreased by $426,472 from $1,748,149 at June 30, 2025, to $1,321,677 at June 30, 2026, due to reductions in certain deferred outflows related to the Authority's CalPERS pension liability.

- Total liabilities decreased by $4,311,986 (10.34%), from $41,701,816 to $37,389,830, primarily due to decreases in accounts payable and long-term debt obligations.

- Outstanding long-term debt decreased by approximately $1.2 million (3.76%), from approximately $31.9 million to $30.7 million, as a result of scheduled principal repayments. No additional debt was issued during the year.

- Total deferred inflows of resources increased by $314,566, from $785,807 at June 30, 2025, to $1,100,373 at June 30, 2026, primarily due to changes in certain deferred inflows related to the Authority's CalPERS pension liability.

- Operating revenues increased by $892,110 (7.42%), from $12,027,762 to $12,919,872, primarily due to higher operating contributions from member agencies and charges for services to other government agencies.

- Net non-operating revenues, increased by $2,399,203 (124.39%), from $1,928,818 to $4,328,021, primarily due to increased federal grant funding and lower capital asset transfer expense compared with the prior year.

- Operating expenses before depreciation increased by $550,321 (5.11%), from $10,763,407 to $11,313,728. Depreciation expense increased by $388,147 (13.89%), from $2,795,219 to $3,183,366.

- The Authority reported an operating loss of $1,577,222, compared with $1,530,864 in the prior year, an increase of $46,358 (3.03%).

- Total net position increased by $2,750,799 (3.62%), from $75,985,619 at June 30, 2025, to $78,736,418 at June 30, 2026.

FINANCIAL SUMMARY AND DETAILED ANALYSES (continued)

Condensed Statements of Net Positions

	June 30, 2026	June 30, 2025	Change
Assets:			
Current assets	$ 19,168,265	$ 15,831,574	$ 3,336,691
Non-current assets	21,451,271	26,664,686	(5,213,415)
Capital assets, net	75,285,408	74,228,833	1,056,575
Total assets	115,904,944	116,725,093	(820,149)
Deferred outflows of resources	1,321,677	1,748,149	(426,472)
Total assets and deferred outflows of resources	$ 117,226,621	$ 118,473,242	$ (1,246,621)
Liabilities:			
Current liabilities	$ 3,112,670	$ 5,446,143	$ (2,333,473)
Non-current liabilities	34,277,160	36,255,673	(1,978,513)
Total liabilities	37,389,830	41,701,816	(4,311,986)
Deferred inflows of resources	1,100,373	785,807	314,566
Net position:			
Net investment in capital assets	66,228,597	69,164,159	(2,935,562)
Unrestricted	12,507,821	6,821,460	5,686,361
Total net position	78,736,418	75,985,619	2,750,799
Total liabilities, deferred outflows of resources and net position	$ 117,226,621	$ 118,473,242	$ (1,246,621)

The Authority's total net position increased by $2,750,799, from $75,985,619 at June 30, 2025, to $78,736,418 at June 30, 2026. This increase was driven primarily by a $4,311,986 decrease in total liabilities, which more than offset an $820,149 decrease in total assets, a $426,472 decrease in deferred outflows of resources, and a $314,566 increase in deferred inflows of resources.

Current assets increased by $3,336,691, primarily due to the reclassification of restricted recycled water loan proceeds from noncurrent to current assets following the release of funds for project costs, including the Wanket Reservoir Refurbishment and Pipeline and Stormwater Capture and Reuse projects. Noncurrent assets decreased correspondingly due to this reclassification.

Net capital assets increased by $1,056,575, as additions of $4,282,771 were partially offset by depreciation expense of $3,183,366 and the transfer of $42,830 in completed improvements to the City of Encinitas.

Current liabilities decreased by $2,333,473, primarily due to lower payables following completion of major capital projects under construction at June 30, 2025. Noncurrent liabilities decreased by $1,978,513, primarily reflecting a lower CalPERS net pension liability and scheduled principal payments on long-term debt.

At June 30, 2026, net investment in capital assets totaled $66,228,597, or 84.1% of total net position. This amount reflects capital assets, net of accumulated depreciation, related outstanding debt, and the corresponding member agency loan receivable. These assets support the Authority's operations and are not available for general operating expenditures or other discretionary uses.

FINANCIAL SUMMARY AND DETAILED ANALYSES (continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	June 30, 2026	June 30, 2025	Change
Operating revenues	$ 12,919,872	$ 12,027,762	$ 892,110
Operating expenses	(11,313,728)	(10,763,407)	(550,321)
Operating income before depreciation	1,606,144	1,264,355	341,789
Depreciation expense	(3,183,366)	(2,795,219)	(388,147)
Operating income (loss)	(1,577,222)	(1,530,864)	(46,358)
Non-operating revenues(expenses), net	4,328,021	1,928,818	2,399,203
Change in net position	2,750,799	397,954	2,352,845
Net position:			
Beginning of year	75,985,619	75,587,665	397,954
End of year	$ 78,736,418	$ 75,985,619	$ 2,750,799

For fiscal year 2026, the Authority reported an operating loss of $1,577,222, compared to $1,530,864 in the prior year. Operating revenues increased by $892,110 to $12,919,872. Wastewater treatment revenues increased primarily due to a 4.8% rate increase to address rising costs. Recycled water revenues increased due to higher demand and scheduled rate increases of 3.9% effective July 1, 2025, and an additional 10% effective January 1, 2026, following adoption of the Authority's Recycled Water Cost of Service Study.

Operating expenses increased by $550,321 to $11,313,728, reflecting higher personnel costs and professional fees, as well as increased costs for utilities, chemicals, and supplies associated with higher recycled water production. Operating results before depreciation improved by $341,789; however, depreciation expense of $3,183,366 contributed to the operating loss and reflects the Authority's wastewater, recycled water, and ocean outfall infrastructure.

Nonoperating revenues, net, increased by $2,399,203 to $4,328,021, primarily reflecting increased federal grant funding and lower capital asset transfer expenses following the contribution of the completed Moonlight Beach Pump Station project to the City of Encinitas

FINANCIAL SUMMARY AND DETAILED ANALYSES (continued)

Total Revenues

	June 30, 2026	June 30, 2025	Increase (Decrease)
Operating revenues:			
Charges for services to other government agencies	$ 6,811,130	$ 6,639,906	$ 171,224
Operating contributions from members	6,024,207	5,307,261	716,946
Rental revenue	78,735	70,332	8,403
Other operating revenues	5,800	10,263	(4,463)
Total operating revenues	12,919,872	12,027,762	892,110
Non-operating revenues:			
Investment earnings	634,369	1,068,753	(434,384)
Member agency interest revenue for debt service	794,158	820,075	(25,917)
Capital contrbutions:			
Federal capital grants	2,195,615	947,480	1,248,135
State capital grants	372,856	944,498	(571,642)
Member agency capital assessments	1,564,156	1,579,158	(15,002)
Total non-operating revenues	5,561,154	5,359,964	201,190
Total revenues	$ 18,481,026	$ 17,387,726	$ 1,093,300

Total revenues increased by $1,093,300 during fiscal year 2026. Operating revenues increased by $892,110, primarily reflecting higher operating contributions from member agencies and increased charges for services to other government agencies. Nonoperating revenues increased by $201,190, driven primarily by federal grant funding, including $1,634,387 recognized for the San Elijo Water Campus Water Conservation Project, partially offset by lower investment earnings and state grant revenues compared with fiscal year 2025.

FINANCIAL SUMMARY AND DETAILED ANALYSES (continued)

Total Expenses

	June 30, 2026	June 30, 2025	Increase (Decrease)
Operating expenses:			
Personnel costs	$ 5,999,651	$ 5,821,920	$ 177,731
Utilities	1,475,674	1,405,322	70,352
Contracted services	1,406,279	1,142,352	263,927
Supplies	1,036,162	1,060,470	(24,308)
Repair parts expense	439,250	378,448	60,802
Disposal services	245,462	271,021	(25,559)
Permit/purveyor fees	217,712	219,026	(1,314)
Insurance	205,879	184,931	20,948
Rent	150,723	144,711	6,012
Other	136,936	135,206	1,730
Depreciation expense	3,183,366	2,795,219	388,147
Total operating expenses	14,497,094	13,558,626	938,468
Non-operating expenses:			
Interest expense	1,190,303	1,237,258	(46,955)
Capital contribution to City of Encinitas	42,830	2,193,888	(2,151,058)
Total non-operating expenses	1,233,133	3,431,146	(2,198,013)
Total expenses	$ 15,730,227	$ 16,989,772	$ (1,259,545)

Total expenses decreased by $1,259,545 compared to the prior year, primarily due to lower transfers of completed capital assets to the City of Encinitas, which more than offset increases in personnel costs, contracted services, and depreciation expense. Personnel costs increased due to the addition of an HR Analyst III position, cost-of-living adjustments in accordance with the Authority's Salary and Benefits Resolution, and merit increases. Contracted services increased due to emergency recycled water pipeline repairs. Depreciation expense increased as major capital improvement projects were completed and placed into service during the fiscal year, including improvements to the Authority's wastewater treatment and recycled water infrastructure. Interest expense decreased slightly due to scheduled principal payments on outstanding debt.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

Capital assets:	Balance June 30, 2026	Balance June 30, 2025
Non-depreciable assets	$ 6,288,236	$ 17,273,725
Depreciable assets	124,936,431	109,711,001
Accumulated depreciation	(55,939,259)	(52,755,893)
Total capital assets, net	$ 75,285,408	$ 74,228,833

Net capital assets increased by $1,056,575, from $74,228,833 at June 30, 2025, to $75,285,408 at June 30, 2026. During the year, the Authority invested approximately $4.3 million in capital asset additions and transferred approximately $15.3 million of current and prior year construction-in-progress (CIP) to depreciable capital assets as projects were completed and placed into service. Significant completed projects included the San Elijo Water Conservation Project ($11.7 million), Stormwater Capture and Reuse project ($2.0 million), and Wanket pipeline ($1.4 million). These project completions contributed to the decrease in CIP from $17.3 million to $6.3 million, while depreciable capital assets increased from $109.7 million to $124.9 million. The net increase in capital assets was partially offset by $3.2 million in depreciation expense.

Current CIP projects include the 2035 Plant Resiliency, Efficiency, and Performance (PREP) facility plan ($0.5 million), the Wanket Reservoir Refurbishment Project ($4.5 million), and preliminary work for a biological treatment improvement project ($1.0 million), along with other smaller projects. These investments support the continued maintenance and improvement of the Authority's wastewater treatment and recycled water infrastructure.

Long-term Debt

The long-term debt of the Authority is summarized below:

Long-term debt:	Balance June 30, 2026	Balance June 30, 2025
Long-term debt	$ 30,711,198	$ 31,883,295

The Authority's outstanding long-term debt decreased by approximately $1.2 million during fiscal year 2026 due to scheduled principal repayments. No additional debt was issued during the year. Outstanding debt totaled $30.7 million at June 30, 2026, compared to $31.9 million at June 30, 2025. See Note 8 for additional information.

CURRENT KNOWN FACTS, DECISIONS OR CONDITIONS

Effective July 1, 2026, the Board adopted a new Salary and Benefits Resolution governing compensation and benefits for Authority staff for the period through June 30, 2029. The resolution provides for a 4% cost-of-living adjustment (COLA) effective July 1, 2026, followed by additional 3% adjustments effective July 1, 2027, and July 1, 2028. Fiscal year 2029–30 is an option year during which employees may vote by majority to opt in or out of the resolution, subject to final Board approval. If a new resolution is not in place by July 1, 2030, the existing provisions will continue, with salary and benefit allowances frozen at fiscal year 2029–30 limits. The resolution is expected to increase personnel costs over its term, with future financial impacts depending on staffing levels, implementation of the scheduled adjustments, and the outcome of the option-year process.

The Board approved the Authority's Recycled Water Cost of Service Study in fall 2025, which established a schedule of recycled water rate adjustments. Effective January 1, 2027, recycled water rates will increase by 10%, representing the second year of the approved rate adjustments. The increase is expected to increase recycled water revenues during the second half of fiscal year 2027. The actual financial impact will depend on recycled water sales volumes, customer demand, and related operating costs.

For fiscal year 2026–27, operating revenues from the Authority's member agencies, treatment lessees, and other revenue sources are budgeted to increase by approximately $428,000, or 4.3%, compared with the fiscal year 2025–26 budget. The fiscal year 2026–27 budget incorporates increased operations and maintenance costs, including higher personnel costs associated with the Salary and Benefits Resolution, as well as increases in other operating costs necessary to fulfill the Authority's operational and service obligations.

The Authority continues to advance capital improvements to maintain the reliability, performance, and resilience of its wastewater treatment and recycled water infrastructure. Near-term priorities include completing the Wanket Reservoir Refurbishment Project and finalizing the Plant Resiliency, Efficiency, and Performance (PREP) Plan. The PREP Plan is intended to establish a framework for prioritizing capital investments over the next decade based on asset condition, operational risk, system performance, resiliency, efficiency, and life-cycle considerations. Other identified needs include rehabilitation and replacement of aging infrastructure, modernization of electrical and control systems, and improvements to recycled water reliability.

The timing and financial effects of these capital initiatives will depend on project schedules, final cost estimates, funding availability, and subsequent implementation decisions. As projects advance, capital expenditures and any related financing requirements may affect the Authority's future financial position and operating results.

Management will continue to evaluate the financial implications of these adopted compensation and rate changes and planned capital investments through its operating budget, financial forecasts, and capital planning process.

Basic Financial Statements

SAN ELIJO JOINT POWERS AUTHORITY
Statement of Net Position
June 30, 2026

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2026	2025
Current assets:		
Cash and cash equivalents (Note 2)	$ 17,497,586	$ 12,777,377
Accrued interest receivable	373,843	394,934
Due from other governments (Note 3)	583,546	2,005,262
Prepaid expenses	129,109	96,578
Lease receivable (Note 4)	24,181	22,423
Loans receivable (Note 5)	560,000	535,000
Total current assets	19,168,265	15,831,574
Non-current assets:		
Restricted – cash and cash equivalents (Note 2)	2,894,387	7,523,621
Lease receivable, net (Note 4)	356,884	381,065
Loans receivable, net (Note 5)	18,200,000	18,760,000
Capital assets – not being depreciated (Note 6)	6,288,236	17,273,725
Capital assets – being depreciated, net (Note 6)	68,997,172	56,955,108
Total non-current assets	96,736,679	100,893,519
Total assets	115,904,944	116,725,093
Deferred outflows of resources:		
Deferred amounts related to total OPEB liability (Note 9)	35,723	48,262
Deferred amounts related to net pension liability (Note 10)	1,285,954	1,699,887
Total deferred outflows of resources	1,321,677	1,748,149
Total assets and deferred outflows of resources	$ 117,226,621	$ 118,473,242

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current liabilities:		
Accounts payable and accrued expenses	$ 1,195,977	$ 3,307,858
Unearned revenues	-	286,702
Accrued interest payable	296,110	306,756
Due to fiduciary fund	84,000	100,000
Long-term liabilities – due within one year:		
Compensated absences (Note 7)	417,161	374,754
Long-term debt (Note 8)	1,097,809	1,052,003
Total OPEB liability (Note 9)	21,613	18,070
Total current liabilities	3,112,670	5,446,143
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences, net (Note 7)	249,107	338,100
Long-term debt, net (Note 8)	29,613,389	30,831,292
Total OPEB liability, net (Note 9)	367,142	361,684
Net pension liability (Note 10)	4,047,522	4,724,597
Total non-current liabilities	34,277,160	36,255,673
Total liabilities	37,389,830	41,701,816
Deferred inflows of resources:		
Deferred amounts related to total OPEB liability (Note 9)	214,611	223,489
Deferred amounts related to net pension liability (Note 10)	552,483	200,105
Deferred amounts related to leases (Note 4)	333,279	362,213
Total deferred inflows of resources	1,100,373	785,807
Net position:		
Net investment in capital assets (Note 11)	66,228,597	69,164,159
Unrestricted	12,507,821	6,821,460
Total net position	78,736,418	75,985,619
Total liabilities, deferred inflows of resources and net position	$ 117,226,621	$ 118,473,242

SAN ELIJO JOINT POWERS AUTHORITY
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2026

	2026	2025
Operating revenues:		
Charges for services to other government agencies	$ 6,811,130	$ 6,639,906
Contributions from City of Encinitas	3,302,345	3,020,003
Contributions from City of Solana Beach	2,721,862	2,287,258
Rental revenue	78,735	70,332
Other operating revenues	5,800	10,263
Total operating revenues	12,919,872	12,027,762
Operating expenses:		
Personnel costs	5,999,651	5,821,920
Utilities	1,475,674	1,405,322
Contracted services	1,406,279	1,142,352
Supplies	1,036,162	1,060,470
Repair parts expense	439,250	378,448
Disposal services	245,462	271,021
Permit/purveyor fees	217,712	219,026
Insurance	205,879	184,931
Rent	150,723	144,711
Other	136,936	135,206
Total operating expenses	11,313,728	10,763,407
Operating income before depreciation expense	1,606,144	1,264,355
Depreciation expense	(3,183,366)	(2,795,219)
Operating loss	(1,577,222)	(1,530,864)
Non-operating revenues(expenses):		
Investment earnings	634,369	1,068,753
Member agency interest revenue for debt service (Note 5)	794,158	820,075
Capital contributions:		
Federal capital grants	2,195,615	947,480
State capital grants	372,856	944,498
Member agency capital assessments	1,564,156	1,579,158
Interest expense	(1,190,303)	(1,237,258)
Capital contribution to City of Encinitas	(42,830)	(2,193,888)
Total non-operating revenues(expenses), net	4,328,021	1,928,818
Change in net position	2,750,799	397,954
Net position:		
Beginning of year	75,985,619	75,587,665
End of year	$ 78,736,418	$ 75,985,619

SAN ELIJO JOINT POWERS AUTHORITY
Statements of Cash Flows
For the Fiscal Year Ended June 30, 2026

	2026	2025
Cash flows from operating activities:		
Cash receipts from government agencies	$ 14,077,309	$ 11,376,521
Cash paid to employees for services	(5,525,609)	(5,081,565)
Cash paid to suppliers for goods and services	(7,922,153)	(3,362,576)
Net cash provided by operating activities	629,547	2,932,380
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(4,282,771)	(15,192,284)
Member agency capital assessments	1,564,156	1,579,158
Proceeds from federal and state capital grants	2,568,471	1,891,978
Principal paid on long-term debt	(1,101,873)	(1,044,944)
Interest paid on long-term debt	(1,271,173)	(1,317,633)
Net cash used in capital and related financing activities	(2,523,190)	(14,083,725)
Cash flows from investing activities:		
Principal received from member agencies for loans receivable	535,000	510,000
Interest received from member agencies for debt service	794,158	820,075
Investment earnings	655,460	1,158,874
Net cash provided by investing activities	1,984,618	2,488,949
Net increase (decrease) in cash and cash equivalents	90,975	(8,662,396)
Cash and cash equivalents:		
Beginning of year	20,300,998	28,963,394
End of year	$ 20,391,973	$ 20,300,998
Reconciliation of cash and cash equivalents to the balance sheet:		
Cash and cash equivalents	$ 17,497,586	$ 12,777,377
Restricted – cash and investments	2,894,387	7,523,621
Total cash and cash equivalents	$ 20,391,973	$ 20,300,998

SAN ELIJO JOINT POWERS AUTHORITY
Statements of Cash Flows (continued)
For the Fiscal Year Ended June 30, 2026

	2026	2025
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (1,577,222)	$ (1,530,864)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	3,183,366	2,795,219
Change in assets – (increase)decrease:		
Due from other governments	1,421,716	806,880
Prepaid expenses	(32,531)	20,328
Lease receivable	22,423	20,812
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to total OPEB liability	12,539	12,533
Deferred amounts related to net pension liability	413,933	454,342
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(2,111,881)	1,821,585
Unearned revenues	(286,702)	(1,450,000)
Due to fiduciary fund	(16,000)	100,000
Compensated absences	(46,586)	87,053
Total OPEB liability	9,001	(99,432)
Net pension liability	(677,075)	(28,080)
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to total OPEB liability	(8,878)	96,947
Deferred amounts related to net pension liability	352,378	(146,010)
Deferred amounts related to leases	(28,934)	(28,933)
Total adjustments	2,206,769	4,463,244
Net cash provided by operating activities	$ 629,547	$ 2,932,380
Noncash investing, capital and financing transactions:		
Amortization of bond premium	$ 70,224	$ 70,224
Capital contribution to City of Encintias	$ (42,830)	$ (2,193,888)

SAN ELIJO JOINT POWERS AUTHORITY
Statement of Fiduciary Net Position
June 30, 2026

	Post-Employment Benefits Trust
ASSETS	
Cash and cash equivalents (Note 2)	$ 1,339,378
Due from other funds	84,000
Total assets	$ 1,423,378
NET POSITION	
Held in trust for the benefit of employees of the San Elijo Joint Powers Authority	1,423,378
Total net position	$ 1,423,378

SAN ELIJO JOINT POWERS AUTHORITY
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2026

	Post-Employment Benefits Trust
ADDITIONS:	
Contribution	$ 84,000
Investment earnings	148,797
Total additions	232,797
DEDUCTIONS:	
Administrative fees	7,042
Total deductions	7,042
Change in net assets	225,755
Net position:	
Beginning of year	1,197,623
End of year	$ 1,423,378

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

San Elijo Joint Powers Authority (SEJPA) was established on June 17, 1987 with the power to own, operate, maintain and upgrade the San Elijo Water Reclamation Facility (WRF) through an agreement between the Cardiff Sanitation District (Cardiff) and the Solana Beach Sanitation District (Solana Beach) (the member agencies). SEJPA which is governed by a board consisting of four members, two from each member agency; serves as a wastewater treatment facility for the member agencies as well as portions of Rancho Santa Fe Community Services District, Improvement Areas 2 and 3, the City of Del Mar and portions of the City of San Diego. On July 1, 1990, the City of Solana Beach succeeded to the powers and responsibilities of the Solana Beach Sanitation District; and on October 18, 2001, the City of Encinitas succeeded to the powers and responsibilities of the Cardiff Sanitation District.

Under the agreement establishing SEJPA, Cardiff retained its right to 56% of the available treatment capacity of the plant, and Solana Beach retained its right to the remaining 44%. In May 1989 through an agreement between SEJPA and the member agencies to upgrade and expand the WRF; Solana Beach paid Cardiff to increase its ownership percentage and capacity rights to 50%.

SEJPA and the City of Escondido are joint owners and users, 21% and 79% respectively, of the San Elijo Ocean Outfall which is generally comprised of a regulator station, effluent pump station, and piping extending from an on-shore location out into the ocean.

SEJPA adopted resolution 2019-001 creating Employment Benefits Trust, San Elijo Joint Powers Authority. Funding of the irrevocable trust provides restricted funds that may be used at the Board's discretion to smooth the pension expense that can fluctuate due to changes in investment market conditions and CalPERS policies, in addition to making additional contributions to reduce the Unfunded Actuarial Liability (UAL).

The criteria used in determining the scope of the reporting entity is based on the provisions of GASB Cod. Sec, 2100 "Defining the Financial Reporting Entity". SEJPA is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because SEJPA appoints a voting majority of the component units board, or because the component unit will provide a financial benefit or impose a financial burden on SEJPA. SEJPA has no component units.

B. Basis of Accounting

SEJPA utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, the statement of net position and the statement of revenues, expenses, and changes in net position have been prepared using the economic resources measurement focus and the accrual basis of accounting.

The Post-Employment Benefits Trust is used to account for contributions and distributions, related to the miscellaneous plan of San Elijo Joint Powers Authority.

SEJPA has not elected to apply the option allowed in GASB Cod. Sec. P80.103 "Proprietary Fund Accounting and Financial Reporting" and, as a consequence, will continue to apply GASB statements and interpretations.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the Authority categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the Statement of Net Position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Authority has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Authority's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Restricted Assets

Any amounts shown as restricted assets have been restricted by either bond indentures, external constraints, or laws and regulations of other governments.

4. Accounts Receivable

Accounts receivable consists primarily of amounts owed by member agencies. As of June 30, 2026, all accounts receivable are considered to be collectible by the Authority.

5. Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all amounts due from other government agencies and loans receivable were fully collectible; therefore, no allowance for doubtful accounts was recorded at June 30, 2026.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Lease Receivable and Deferred Inflow of Resources

At the commencement of the lease, SEJPA initially measures the lease receivable at the present value of the payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently the deferred inflows of resources are recognized as revenue over the lease term.

6. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

7. Capital Assets

Capital assets purchased or acquired with a cost exceeding $15,000 and an estimated useful life of more than one year are reported at historical cost. Donated capital assets, donated works of art, and similar items, and capital assets received in service concession agreements are reported at acquisition value. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Upon sale or disposition of property and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings. Depreciation is calculated on the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Plant equipment	5-50 years
Lab equipment	5-40 years
Office equipment	5-20 years
Vehicles	5 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Compensated Absences

Employees are entitled to accrue vacation leave up to a maximum amount equal to twice the employees' annual accrual rate, after which accrual ceases until the balance accrued falls below the maximum accumulation (208 - 370 hours, depending on length of service). Upon separation of employment, accrued vacation benefits that have not been used are paid to the employee. Sick leave benefits may be accrued up to a maximum of 1,000 hours after which accrual ceases. Employees who are not terminated for cause and have given SEJPA 14 calendar days written notice are paid for 50% of the sick leave balance upon separation. In accordance with GASB Statement No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management evaluates sick leave for other Authority employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences, and the Authority's policies related to compensated absences. The Authority also evaluated salary-related payments that are directly and incrementally associated with payments for compensated absences and determined that such amounts were immaterial to the financial statements; accordingly, such amounts have not been included in the compensated absences liability.

10. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the Authority recognizes benefit payments when due and payable in accordance with the terms of the Plan. The Plan is not administered through a qualifying trust and, accordingly, does not report fiduciary net position.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2025
Measurement Date June 30, 2026
Measurement Period July 1, 2025 to June 30, 2026

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

11. Pension

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, the Authority uses information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plans, including additions to/deductions from the Plans' fiduciary net position as reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2024
Measurement Date June 30, 2025
Measurement Period July 1, 2024 to June 30, 2025

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

12. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets."

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Revenue Recognition
SEJPA recognizes revenue from charges for services to other government agencies and contributions from its members when they are earned. Operating activities generally result from providing services and producing and delivering goods. As such, SEJPA considers charges for services to other government agencies and contributions from the cities to be operating revenues.

F. Member Revenue
SEJPA received approximately 47% of its operating revenues from its member agencies for the year ending June 30, 2026.

G. Reclassifications
Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

H. GASB Statement No. 102 – Certain Risk Disclosures
This GASB Statement establishes disclosure requirements for certain concentrations and constraints that may make a government vulnerable to the risk of a substantial impact. The Authority adopted the Statement as of July 1, 2024. Management evaluated the Authority's concentrations and constraints under the provisions of the Statement and determined that no additional disclosures were required as of June 30, 2026.

I. New Pronouncements – Governmental Accounting Standards Board (GASB)
During the fiscal year ended June 30, 2026, the Authority has implemented new GASB pronouncements as follows:

GASB Statement No. 103 – Financial Reporting Model Improvements
This GASB Statement revises financial statement presentation requirements, including enhancements to Management's Discussion and Analysis (MD&A), proprietary fund reporting, and disclosures for major component units. The Authority adopted the Statement as of July 1, 2025.

GASB Statement No. 104 – Disclosure of Certain Capital Assets
This GASB Statement establishes new disclosure requirements for certain types of capital assets, including assets held for sale. Implementation of the Statement did not have a material effect on the Authority's financial statement disclosures. The Authority adopted the Statement as of July 1, 2025.

GASB Statement No. 105 – Subsequent Events
This GASB Statement clarifies the subsequent events that constitute recognized and non-recognized events and establishes specific note disclosure requirements for non-recognized events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier implementation is encouraged. The Authority elected to early implement GASB Statement No. 105, Subsequent Events, effective July 1, 2025. See Note 13 for the effect of this Statement.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and investments were classified in the accompanying financial statements as follows:

Description	June 30, 2026
Cash and cash equivalents	$ 17,497,586
Restricted – cash and cash equivalents	2,894,387
Fiduciary – cash and cash equivalents	1,339,378
Total cash and cash equivalents	$ 21,731,351

Cash and investments consisted of the following:

Description	June 30, 2026
Demand deposits held with financial institutions	$ 228,480
Local Agency Investment Fund (LAIF)	11,724,922
Money-market mutual funds	8,438,571
Investments Held in PARS Section 115 Pension Trust	1,339,378
Total cash and cash equivalents	$ 21,731,351

Restricted – Cash and Cash Equivalents
At June 30, 2026, restricted cash and cash equivalents of $2,894,387 consisted of $2,888,567 of unspent proceeds from the 2023 loan payable and $5,820 of unspent proceeds from the 2017 revenue bonds. These unspent proceeds are included in the calculation of net investment in capital assets (see Note 11).

Investments Held in PARS Section 115 Pension Trust (Fiduciary Fund)
The Authority participates in a Section 115 irrevocable trust administered by Public Agency Retirement Services (PARS) to prefund its pension obligations. Assets contributed to the Trust are irrevocably dedicated to the payment of the Authority's pension obligations and related expenses and are invested in accordance with the investment strategy approved by the Authority's Board. At June 30, 2026, investments held in the Trust totaled $1,339,378. During the year ended June 30, 2026, the Authority contributed $84,000 to the Trust and recognized investment earnings of $148,797 and administrative expenses of $7,042. Funds held in the Trust may be used to fund pension costs or reduce the Authority's pension obligations in accordance with Board direction.

Demand Deposits with Financial Institutions
At June 30, 2026, the carrying amount of the Authority's demand deposits were $228,480 and the financial institution's balances were $402,314. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the Authority's balance for each year.

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, SEJPA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) SEJPA will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and SEJPA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure SEJPA's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2026, none of SEJPA's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. At June 30, 2026, no SEJPA investments were held by the same broker-dealer (counterparty) that was used by SEJPA to buy the securities.

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. SEJPA manages its exposure to interest rate risk by maintaining a portfolio consisting primarily of investments in the Local Agency Investment Fund (LAIF), money market funds, and mutual funds, which provide liquidity to meet operational needs while limiting exposure to significant long-term maturity risk. Management monitors the investment portfolio on an ongoing basis to help ensure that sufficient cash flows and liquidity are available for operations and that exposure to fluctuations in market interest rates remains consistent with the investment objectives of the Agency.

Concentration of Credit Risk
Concentration of credit is the risk of loss attributed to the magnitude to SEJPA's investment in a single issue. The investment policy of SEJPA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. SEJPA holds no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of SEJPA's total investments at June 30, 2026.

Local Agency Investment Fund (LAIF)
The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests its funds to manage the State's cash flow and strengthen the financial security of local public agencies. PMIA's policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). LAIF allows cities, counties, and special districts to place money in a major portfolio and, at no additional costs, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from LAIF at any time as LAIF is highly liquid and has a dollar-in dollar-out amortized cost methodology.

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Local Agency Investment Fund (LAIF) (continued)
The Authority is a voluntary participant in LAIF. The fair value of the Authority's investment in this pool is reported at an amount based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the Authority considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2026, the Authority held $11,724,922 in LAIF.

Money-Market Mutual Funds
Money-market mutual funds are an investment whose objective is to earn modest investment earnings while maintaining a net asset value (NAV) of $1 per share (which is the funds main goal – preservation of principal). A money-market mutual fund's portfolio is typically comprised of short-term, or less than one year, securities representing high-quality, liquid debt and monetary instruments with minimal credit risk. Money-market mutual funds are Level 1 investments (with quoted prices in active markets for identical assets) that are Not Rated under the current credit risk ratings format. For financial reporting purposes, the Authority considers money market funds a cash equivalent due to their highly liquid nature and NAV of $1 per share. As of June 30, 2026, the Authority held $8,438,571 in money market funds.

Investments Authorized by the California Government Code and SEJPA's Investment Policy
The table below identifies the investment types that are authorized for SEJPA by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of SEJPA, rather than the general provision of the California Government Code or SEJPA's investment policy:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Quality Requirements
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	397 days	25%	A1
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	A Rating
Mutual Funds	N/A	20%	Multiple
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA Rating
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investments	N/A	None	None

SEJPA's Investment Policy is more restrictive than the California Government Code. SEJPA may invest in the California Local Agency Investment Fund, the San Diego County Pooled Money Investment account, and in Money Market Funds.

NOTE 3 – DUE FROM/TO OTHER GOVERNMENT AGENCIES

SEJPA provides reclaimed water and wastewater treatment to a variety of governmental agencies within San Diego County. In addition, the SEJPA is owed funding from several agencies under various regional grants. The following is a detail of amounts owed to/from SEJPA by these agencies at June 30, 2026:

Description	June 30, 2026
Olivenhain Municipal Water District	$ 347,016
Santa Fe Irrigation District	184,378
San Dieguito Water District	114,063
22nd District Agricultural Association	45,117
San Diego County Water Authority	35,000
Other	11,810
Rancho Santa Fe Community Services District #2 and #3	8,084
City of Encinitas	4,153
City of Del Mar	(36,016)
City of Solana Beach	(49,132)
City of Escondido	(80,927)
Total	$ 583,546

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES - LEASES

Changes in the Authority's lease receivable for the year ended June 30, 2026 was as follows:

Balance July 1, 2025	Additions	Payments	Balance June 30, 2026	Current Portion	Non-current Portion
$ 403,488	$ -	$ (22,423)	$ 381,065	$ 24,181	$ 356,884

The Authority, in January 2007, signed a cellular antenna site licensing agreement with an initial (5) year term with five (5) five-year options. Upon adoption of GASB 87 – Leases, an initial lease receivable was recorded in the amount of $521,347. As of June 30, 2026, the value of the lease receivable was $381,065. The leasee is required to make annual fixed payments which increase 3% each year. The lease has an implicit rate of 3.00%. The value of the deferred inflow of resources was $333,279 as of June 30, 2026. The Authority recognized lease revenue of $28,933 and interest revenue of $11,953 during the fiscal year. The Authority will evaluate any further extensions upon expiration of the current lease term and applicable extensions. Minimum future lease receipts for the fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 24,181	$ 11,245	$ 35,426
2028	25,989	10,484	36,473
2029	27,885	9,691	37,576
2030	29,846	8,790	38,636
2031	31,952	7,852	39,804
2032-2037	241,212	71,639	312,851
Total	381,065		
Current	(24,181)		
Long-term	$ 356,884		

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Changes in the Authority's deferred inflows of resources related to leases for June 30, 2026, are as follows:

Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
$ 362,213	$ -	$ (28,934)	$ 333,279

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2026, will be amortized in future periods as follows:

Fiscal Year	Deferred Inflows of Resources
2027	$ 28,933
2028	28,933
2029	28,933
2030	28,933
2031	28,933
2032-2037	188,614
Total	$ 333,279

NOTE 5 – LOANS RECEIVABLE

The City of Encinitas and the City of Solana Beach have entered into the fourth amended and restated loan agreements with SEJPA. The loans bear interest from 3% to 5%. Principal and interest are payable semi-annually four days prior to each September 1 and March 1 of each year, in order to provide SEJPA with sufficient funds to service the debt on the 2017 Revenue Bonds (See Note 8). Loans receivable consisted of the following at June 30, 2026:

City of Solana Beach	$ 9,380,000
City Encinitas	9,380,000
Total	18,760,000
Current	(560,000)
Long-term	$ 18,200,000

NOTE 6 – CAPITAL ASSETS

Changes in capital assets for the fiscal year ended June 30, 2026, were as follows:

Description	Balance July 1, 2025	Additions	Deletions/ Transfers	Balance June 30, 2026
Non-depreciable assets:				
Construction-in-process	$ 17,273,725	$ 4,282,772	$ (15,268,261)	$ 6,288,236
Total non-depreciable assets	17,273,725	4,282,772	(15,268,261)	6,288,236
Depreciable assets:				
Plant equipment	109,177,724	15,186,658	-	124,364,382
Lab equipment	36,742	-	-	36,742
Office equipment	21,497	-	-	21,497
Vehicles	475,038	38,772	-	513,810
Total depreciable assets	109,711,001	15,225,430	-	124,936,431
Accumulated depreciation:				
Plant equipment	(52,284,331)	(3,165,827)	-	(55,450,158)
Lab equipment	(32,639)	(1,019)	-	(33,658)
Office equipment	(21,497)	-	-	(21,497)
Vehicles	(417,426)	(16,520)	-	(433,946)
Total accumulated depreciation	(52,755,893)	(3,183,366)	-	(55,939,259)
Total depreciable assets, net	56,955,108	12,042,064	-	68,997,172
Total capital assets, net	$ 74,228,833	$ 16,324,836	$ (15,268,261)	$ 75,285,408

NOTE 7 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2026, were as follows:

Balance July 1, 2025	Net Change	Balance June 30, 2026	Due Within One Year	Due in More Than One Year
$ 712,854	$ (46,586)	$ 666,268	$ 417,161	$ 249,107

As of June 30, 2026, the total liability for compensated absences was $666,268, of which $417,161 is expected to be paid within one year and is reported as a current liability.

NOTE 8 – LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2026, were as follows:

	Balance July 1, 2025	Additions	Payments	Balance June 30, 2026	Current Portion	Long-term Portion
Long-Term Debt:						
2017 Revenue Bonds	$ 19,295,000	$ -	$ (535,000)	$ 18,760,000	$ 560,000	$ 18,200,000
Original issue premium (2017 Revenue Bonds)	1,544,927	-	(70,224)	1,474,703	-	1,474,703
Loan Payable	9,477,000	-	(349,000)	9,128,000	365,000	8,763,000
Private placement loan payable	836,508	-	(114,615)	721,893	119,421	602,472
Reimbursement agreements payable:						-
Solana Beach	402,584	-	(10,980)	391,604	-	391,604
Santa Fe Irrigation	202,703	-	(38,890)	163,813	-	163,813
SDG&E financing agreement	124,573	-	(53,388)	71,185	53,388	17,797
Total Long-Term Debt	$ 31,883,295	$ -	$ (1,172,097)	$ 30,711,198	$ 1,097,809	$ 29,613,389

2017 Revenue Bonds

On June 21, 2017, SEJPA issued $22,115,000 of 2017 Revenue Bonds (Clean Water Projects) (the "Bonds") that were funded on July 6, 2017. The Bonds were issued for the purpose of funding facilities and improvements as part of SEJPA's capital improvement plan. SEJPA entered into Series 2017 Loan Agreements with the City of Encinitas and the City of Solana Beach (together the "Cities") to assist in the financing of the Cities' respective shares of the Bond. Each Series 2017 Loan Agreement is an absolute and unconditional obligation of the City of Encinitas and the City of Solana Beach, respectively, to make payments from and secured by a pledge of system revenues and other funds of each respective City lawfully available therefore and does not constitute an obligation of the other City. Each of the Cities has agreed to pay its respective loan installments from its system comprised of gross revenues derived from its respective wastewater collection and disposal system (including SEJPA's treatment of wastewater collected by its system) after the deduction of operation and maintenance expenses, in an amount sufficient to pay the annual principal and interest due under its respective Series 2017 Loan Agreement. In addition, each City has made covenants under its respective Series 2017 Loan Agreement regarding the collection of its System Revenues, and SEJPA has made certain covenants with respect to the operation and maintenance of its facilities.

The 2017 Revenue Bonds are payable in annual principal installments from $435,000 to $1,285,000 beginning March 1, 2020 through March 1, 2047. Interest payments are due semi-annually on September 1 and March 1 beginning September 1, 2017. Interest rates on the revenue bonds range from 3% to 5%. The revenue bonds outstanding totaled $18,760,000 and accrued interest totaled $258,775 at June 30, 2026, respectively. The 2017 revenue bonds are special obligations of SEJPA, secured by a first lien on the pledge of all of the revenues. The Loan Installments paid by Encinitas would pay approximately 50% of the total debt service on the Bonds and the Loan Installments paid by Solana Beach would pay approximately 50% of the debt service on the Bonds. The original issue premium on the 2017 Revenue bonds is being amortized on the straight-line method over 30 years. Amortization expense totaled $70,224 for the year ended June 30, 2026 and is included in interest expense.

NOTE 8 – LONG-TERM DEBT (continued)

2017 Revenue Bonds (continued)

Debt service requirements are as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 560,000	$ 776,325	$ 1,336,325
2028	590,000	748,325	1,338,325
2029	620,000	718,825	1,338,825
2030	650,000	687,825	1,337,825
2031	680,000	655,325	1,335,325
2032-2036	3,910,000	2,777,875	6,687,875
2037-2041	4,740,000	1,941,538	6,681,538
2042-2046	5,725,000	962,000	6,687,000
2047	1,285,000	51,400	1,336,400
Total	18,760,000	$ 9,319,438	$ 28,079,438
Current	(560,000)		
Long-term	$ 18,200,000		

Loan Payable

In May 2023, SEJPA entered into a Loan Agreement with Webster Bank National Association in the amount of $10,120,000, to provide funds to finance capital improvements and pay costs of issuance of the Loan Agreement. Interest accrues at 4.58% on the unpaid balance and is payable in forty (40) semi-annual payments of principal ranging from $154,000 to $376,000 plus interest. The Loan Agreement outstanding at June 30, 2026 totaled $9,128,000. Accrued interest totaled $34,839 at June 30, 2026. SEJPA's obligation to pay the loan repayments is a special obligation limited solely to the net revenues as defined in the Loan Agreement. SEJPA has covenanted that it will fix, prescribe, and collect rates, fees, and charges sufficient to generate net revenues at least equal to 115% of the loan repayments and the principal of and interest on all outstanding parity obligations coming due and payable during such fiscal year.

Debt service requirements are as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 365,000	$ 413,895	$ 778,895
2028	382,000	396,971	778,971
2029	399,000	379,293	778,293
2030	418,000	360,812	778,812
2031	437,000	341,439	778,439
2032-2036	2,509,000	1,383,939	3,892,939
2037-2041	3,146,000	746,311	3,892,311
2042-2043	1,472,000	85,050	1,557,050
Total	9,128,000	$ 4,107,710	$ 13,235,710
Current	(365,000)		
Long-term	$ 8,763,000		

NOTE 8 – LONG-TERM DEBT (continued)

Private Placement Loan
In November 2011, SEJPA entered into a private placement loan payable with Municipal Finance Corporation in the amount of $2,000,000 to fund advanced water treatment improvements (Advanced Water Treatment Project) at the San Elijo Water Reclamation Facility. Interest accrues at 4.15% on the unpaid principal balance and is payable in forty (40) semi-annual payments of $74,077 including principal and interest and continue through December 2031. The private placement loan payable outstanding totaled $721,893 at June 30, 2026. Accrued interest totaled $2,497 at June 30, 2026. SEJPA's obligation to pay the loan repayments is a special obligation limited solely to the net revenues as defined in the loan agreement. SEJPA has covenanted that it will fix, prescribe and collect rates, fees and charges sufficient to generate net revenues at least equal to 115% of the amount of the maximum annual debt service.

Fiscal Year	Principal	Interest	Total
2027	$ 119,421	$ 28,732	$ 148,153
2028	124,428	23,725	148,153
2029	129,646	18,508	148,154
2030	135,082	13,071	148,153
2031	140,746	7,407	148,153
2032	72,570	1,506	74,076
Total	721,893	$ 92,949	$ 814,842
Current	(119,421)		
Long-term	$ 602,472		

Reimbursement agreement – Solana Beach
Solana Beach constructed a reclaimed water distribution pipeline extension of 7,920 linear feet to SEJPA's reclaimed water distribution system in order to extend SEJPA's existing recycled distribution system and enable Solana Beach to serve new reclaimed water customers. SEJPA agreed to reimburse Solana Beach the cost of design and construction of the extension in the amount of $478,319 and Solana Beach agreed to convey ownership of the extension to SEJPA. SEJPA shall reimburse Solana Beach monthly at a rate of $450 per acre foot of recycled water delivered to any customers through the extension. The payment due for fiscal 2025-26 water sales is $10,980 and has been included in the current liabilities section of the statement of net position. Future payments on the Solana Beach Reimbursement Agreement Payable are contingent upon future reclaimed water sales, therefore future maturities have not been estimated past fiscal year 2025-26. The Solana Beach Reimbursement Agreement Payable, including both the current portion of $-0-, along with the noncurrent portion of $391,604, totaled $391,604 at June 30, 2026.

NOTE 8 – LONG-TERM DEBT (continued)

Reimbursement agreement – Santa Fe Irrigation
The Santa Fe Irrigation District (SFID) constructed a reclaimed water distribution pipeline extension of 3,400 linear feet to SEJPA's reclaimed water distribution system in order to extend SEJPA's existing recycled water distribution system and enable the SFID to serve new reclaimed water customers. SEJPA agreed to reimburse SFID for the cost of design and construction of the extension in the amount of $526,149 and the SFID agreed to convey ownership of the extension to SEJPA. Under the terms of the agreement, the reimbursement amount shall be increased each July 1st by adding interest at the rate equivalent to the average LAIF rate for the past four quarters, but not less than 1% nor greater than 2.5% calculated on the unpaid monthly balance. SEJPA shall reimburse SFID monthly at a rate of $450 per acre foot of recycled water delivered through the extension including water delivered to purveyors other than SFID. In addition, SEJPA made an initial down payment of $50,000. SEJPA will further make a lump sum payment of all remaining principal and interest due after completion of the 20th year of this agreement if the average annual delivery volume of the extension from year 13 through year 15 exceeds 50-acre feet annually. Future payments on the SFID reimbursement agreement payable are contingent upon future reclaimed water sales, therefore future maturities have not been estimated, and the agreement is considered non-current. The SFID reimbursement agreement payable totaled $163,813 at June 30, 2026.

San Diego Gas & Electric Financing Agreement
On July 3, 2017, SEJPA entered into an on-bill financing loan agreement with San Diego Gas & Electric (SDG&E) in the amount of $533,883 in order to retrofit certain electric equipment. SEJPA will pay an additional $4,449 on their monthly SDG&E bills. This retrofit is expected to save SEJPA $68,120 per year and be paid off in under five years. The San Diego Gas & Electric Financing Agreement payable totaled $71,185 at June 30, 2026. Debt service requirements on the SDG&E loan payable are as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 53,388	$ -	$ 53,388
2028	17,797	-	17,797
Total	71,185	$ -	$ 71,185
Current	(53,388)		
Long-term	$ 17,797		

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary
The following balances on the Statement of Net Position will be addressed in this footnote as follows:

Description	2026
OPEB related deferred outflows	$ 35,723
Total OPEB liability – current	21,613
Total OPEB liability – non-current	367,142
Total OPEB liability	388,755
OPEB related deferred inflows	214,611

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description
SEJPA provides medical insurance benefits to eligible retirees in accordance with various labor agreements subject to the SEJPA's vesting schedule. Medical benefits are typically available at age 55 and are only available to those retirees that select CalPERS medical upon the date of retirement. The current maximum contribution by SEJPA to the retiree is $162 per month, which is the minimum amount set by CalPERS. Employees of SEJPA are eligible for retiree health benefits if they retire within 120 days of their separation date. The Authority does not have an OPEB trust established and no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Participants
At June 30, 2026, the measurement date, the following members were part of the plan:

	2026
Active plan members	31
Inactive plan members or beneficiaries currently receiving benefit payments	7
Total	38

Contributions
The obligation of SEJPA to contribute to the plan has been established and may be amended by the Board of Directors. The Board of Directors has established a policy of funding the actuarially determined contribution (ADC) on a pay as you go basis.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

B. Total OPEB Liability

The Authority's total OPEB liability was measured as of June 30, 2026 was determined in a limited-scope process, based on the actuarial valuation as of June 30, 2025 and rolling forward the fiscal year 2025 actuarial assumptions and updating the discount rate below. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability from the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2025
Measurement Date	June 30, 2026
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Fair value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	4.67%
Payroll increases	2.80%
Healthcare Trend Rates	8.50% for 2026/2027 trending down annually to 4.50% by 2042
Morbidity /Mortality	CalPERS 2023 Aging Factors

Discount Rate

The discount rate used to measure the total OPEB liability was 4.67%. Because the Authority's OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, no assets are accumulated in a qualifying trust to pay related benefits. Accordingly, the discount rate was based on the yield of a 20-year, tax-exempt, general obligation municipal bond index with an average rating of AA/Aa or higher, as of the June 30, 2026, measurement date.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

C. Changes in the Total OPEB Liability

The changes in the total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balance at June 30, 2025	$ 379,754	$ -	$ 379,754
Changes for the year:			
Service cost	29,609	-	29,609
Interest	20,823	-	20,823
Differences in experience	(8,587)	-	(8,587)
Changes in assumption	(14,774)	-	(14,774)
Employer contributions	-	18,070	(18,070)
Benefit payments	(18,070)	(18,070)	-
Net changes	9,001	-	9,001
Balance at June 30, 2026	$ 388,755	$ -	$ 388,755

Changes of Assumptions

In fiscal year 2025-26, the measurement period, the discount rate was updated to 4.67% based on newer capital market assumptions.

Change of Benefit Terms

In fiscal year 2025-26, the measurement period, there were no changes to the benefit terms.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current discount rate:

1% Decrease 3.67%	Discount Rate 4.67%	1% Increase 5.67%
$ 435,543	$ 388,755	$ 349,572

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

1% Decrease	Healthcare Cost Discount Rate	1% Increase
$ 337,113	$ 388,755	$ 453,658

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2026, the Authority recognized OPEB expense of $30,732. At June 30, 2026, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 33,483	$ (115,209)
Differences between expected and actual experience	2,240	(99,402)
Total Deferred Outflows/(Inflows) of Resources	$ 35,723	$ (214,611)

Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2027	$ (21,584)
2028	(21,581)
2029	(27,109)
2030	(30,389)
2031	(14,060)
Thereafter	(64,165)
Total	$ (178,888)

NOTE 10 – PENSION PLAN

Summary

The following balances on the Statement of Net Position will be addressed in this footnote as follows:

Description	2026
Pension related deferred outflows	$ 1,285,954
Net pension liability	4,047,522
Pension related deferred inflows	552,483

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

NOTE 10 – PENSION PLAN (continued)

A. General Information about the Pension Plan

The Plan

The Authority has engaged with the California Public Employees' Retirement System (CalPERS) to administer the following pension plans for its employees (members):

	Miscellaneous Plans		
	Classic	**Second Tier**	**PEPRA**
Hire date	Before July 1, 2012	On or after July 1, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	52*
Monthly benefits, as a % of eligible compensation	1.10% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required member contribution rates	8.00%	7.00%	7.75%
Required employer contribution rates – FY 2026	14.18%	10.19%	7.96%

* Minimum retirement age is 50 years when participant has combined classic and PEPRA services

Plan Description

The Plan is a multiple-employer defined benefit pension plan administered by CalPERS. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2025 and June 30, 2024 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained on CalPERS' website.

At the June 30, 2025 measurement date, the following members were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Active members	6	27	33
Transferred and terminated members	15	10	25
Retired members and beneficiaries	22	-	22
Total plan members	43	37	80

All qualified permanent and probationary employees are eligible to participate in the Authority's cost-sharing multiple-employer defined benefit pension plans administered by CalPERS. Benefit provisions under the Plans are established by state statute and Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

NOTE 10 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Benefits Provided
CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

Contributions
Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimate amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

Proportionate Share of Net Pension Liability and Pension Expense
The Authority's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2025, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025, using standard update procedures. The Authority's proportionate share of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The following table shows the Authority's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2026:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2026	Fiscal Year Ending June 30, 2025	Change Increase/ (Decrease)
Measurement Date	June 30, 2025	June 30, 2024	
Percentage of Plan Net Pension Liability	0.101461%	0.097684%	0.003777%

The Authority's proportionate share percentage of the net pension liability for the June 30, 2026, measurement date was as follows:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2024 (Measurement Date)	$ 20,177,267	$ 15,452,670	$ 4,724,597
Balance as of June 30, 2025 (Measurement Date)	$ 22,023,737	$ 17,976,215	$ 4,047,522
Change in Plan Net Pension Liability	$ 1,846,470	$ 2,523,545	$ (677,075)

For the year ended June 30, 2026, the Authority recognized pension expense of $883,197. At June 30, 2026, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 793,958	$ -
Difference between actual and proportionate share of employer contributions	7,006	-
Adjustment due to differences in proportions	-	(4,809)
Differences between expected and actual experience	484,990	-
Differences between projected and actual earnings on pension plan investments	-	(547,674)
Changes in assumptions	-	-
Total Deferred Outflows/(Inflows) of Resources	$ 1,285,954	$ (552,483)

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)
The deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of $793,958 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2027	$ 506,316
2028	(117,134)
2029	(240,599)
2030	(209,070)
Total	$ (60,487)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability
For the measurement period ending June 30, 2025 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2024, total pension liability. The June 30, 2026, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Long-term Expected Rate of Return
The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

The table below reflects long-term expected real rate of return by asset class.

Asset Class	Assumed asset allocation [1]	Long-Term Expected Real Rate of Return [1,2]
Public Equity	37.0%	4.56%
Private Equity	17.0%	5.56%
Fixed Income	28.0%	2.53%
Real Assets	15.0%	3.03%
Private Debt	8.0%	4.93%
Strategic Leverage	(5%)	1.40%
	100.0%	

[1] Figures are based on the 2024 Mid-Cycle Asset Liability Management study.
[2] An expected annual rate of price inflation of 2.30% was used for this period.

Discount Rate
The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Subsequent Events
There were no subsequent events that would materially affect the results presented in this disclosure.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
Plan Type	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
CalPERS – Miscellaneous Plan	$ 7,019,576	$ 4,047,522	$ 1,601,554

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

NOTE 11 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30:

Description	June 30, 2026
Net investment in capital assets	
Loans receivable	$ 560,000
Loans receivable, net	18,200,000
Capital assets - not being depreciated	6,288,236
Capital assets, net - being depreciated	68,997,172
Long-term debt	(1,097,809)
Long-term debt, debt	(29,613,389)
Unspent proceeds from loan issuance (Note 2)	2,894,387
Total net investment in capital assets	$ 66,228,597

NOTE 12 – RISK MANAGEMENT POOL

SEJPA is a member of the California Sanitation Risk Management Authority (CSRMA). CSRMA is a risk-pooling self-insurance authority created under provisions of California Government Code Sections 6500 et. seq. The purpose of CSRMA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Each insured agency pays for its proportionate share of its individually contracted insurance coverage and consulting services. At June 30, 2026, SEJPA participated in the programs of CSRMA as follows:

General Liability including Bodily Injury, Property Damage, Public Entity Errors and Omissions, Employment Practices Liability and Automobile Liability - The California Sanitation Risk Management Authority (CSRMA) Pooled Liability Program provides coverage limits of $15,750,000 per occurrence for bodily injury, property damage, personal injury, public entity errors and omissions, and employment-related practices liability. The program also maintains $10,000,000 of excess liability coverage, resulting in total available coverage of $25,750,000 per occurrence. SEJPA's deductibles are $100,000 per occurrence for bodily injury, property damage, and personal injury claims, $2,500 per occurrence for public entity errors and omissions other than employment-related practices, $25,000 per occurrence for employment-related practices, and $2,500 per occurrence for automobile medical payments.

Property Damage - SEJPA participates in the Alliant Property Insurance Program (APIP) through CSRMA. The program provides a shared property limit of $1,250,000,000 per occurrence. SEJPA's reported insured property values total $34,973,142. The policy provides all-risk property coverage and boiler and machinery coverage. SEJPA's deductible is $25,000 per occurrence for all-risk property coverage and $25,000 per occurrence for boiler and machinery coverage.

Workers' Compensation - SEJPA participates in the CSRMA Workers' Compensation Program. The program provides workers' compensation coverage with a $1,000,000 per occurrence limit and employers' liability coverage of $1,000,000 for bodily injury by accident and $1,000,000 for bodily injury by disease. Excess workers' compensation coverage is provided through Safety National Casualty Corporation with a $1,000,000 self-insured retention per occurrence and statutory excess workers' compensation limits.

SEJPA pays annual premiums for these insurance programs. Property insurance program cost totaled $205,879 for the coverage period July 1, 2025 through July 1, 2026.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Construction Contracts

The Authority has a variety of agreements with private parties relating to the installation, improvement, or modification of wastewater treatment and recycled water infrastructure within its service area. The financing of such construction contracts is being provided primarily by Capital Assessments charged to the member agencies as well as the Authority's replacement reserves. The Authority has committed approximately $547,079 to complete the open contracts as of June 30, 2026.

Excluded Leases – Short-Term Leases and De Minimis Leases

The Authority does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards

Grant funds received by the Authority are subject to audit by the grantor agencies. Such an audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. The management of the Authority believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the Authority is subject to claims and litigation from outside parties. After consultation with legal counsel, the Authority believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 14 – SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through November 17, 2026, the date on which the financial statements were available to be issued.

Required Supplementary Information

SAN ELIJO JOINT POWERS AUTHORITY

Schedule of the Authority's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2026

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	Authority's Proportion of the Net Pension Liability	Authority's Proportionate Share of the Net Pension Liability	Authority's Covered Payroll	Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2016	0.07920%	2,924,994	1,829,430	159.89%	74.35%
June 30, 2017	0.08186%	3,227,017	1,916,333	168.40%	75.07%
June 30, 2018	0.07955%	2,998,025	1,930,102	155.33%	77.71%
June 30, 2019	0.08254%	3,305,214	2,072,596	159.47%	77.47%
June 30, 2020	0.08580%	3,619,079	2,118,208	170.86%	76.67%
June 30, 2021	0.09920%	1,883,516	2,286,481	82.38%	88.58%
June 30, 2022	0.09330%	4,365,491	2,420,193	180.38%	75.93%
June 30, 2023	0.09505%	4,752,677	2,572,479	184.75%	75.17%
June 30, 2024	0.09768%	4,724,597	2,983,713	158.35%	76.58%
June 30, 2025	0.10146%	4,047,522	3,607,357	112.20%	81.62%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2022:
There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:
The discount rate was reduced from 7.15% to 6.90%.

From fiscal years June 30, 2023 to June 30, 2026:
There were no significant changes in assumptions.

SAN ELIJO JOINT POWERS AUTHORITY

Schedule of the Authority's Contributions to the Defined Benefit Pension Plan
For the Year Ended June 30, 2026

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2017	$ 302,683	$ (437,683)	$ (135,000)	$ 1,916,333	15.79%
June 30, 2018	302,451	(302,451)	-	1,930,102	15.67%
June 30, 2019	356,338	(356,338)	-	2,072,596	17.19%
June 30, 2020	403,880	(404,110)	(230)	2,118,208	19.07%
June 30, 2021	466,121	(466,121)	-	2,286,481	20.39%
June 30, 2022	511,854	(511,854)	-	2,420,193	21.15%
June 30, 2023	561,778	(561,778)	-	2,572,479	21.84%
June 30, 2024	589,829	(588,658)	1,171	2,983,713	19.77%
June 30, 2025	710,247	(710,247)	-	3,607,357	19.69%
June 30, 2026	793,958	(793,958)	-	3,827,894	20.74%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.65%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.75%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.50%	7.15%
June 30, 2024	June 30, 2022	Entry Age	Fair Value	2.30%	6.90%
June 30, 2025	June 30, 2023	Entry Age	Fair Value	2.30%	6.90%
June 30, 2026	June 30, 2024	Entry Age	Fair Value	2.30%	6.90%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (2.0%@55), 52 years (2%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

SAN ELIJO JOINT POWERS AUTHORITY

Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2026

	Last Ten Fiscal Years				
Fiscal Year Ended	**June 30, 2026**	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**
Valuation Date	**June 30, 2025**	**June 30, 2025**	**June 30, 2023**	**June 30, 2023**	**June 30, 2021**
Measurement Period - Fiscal Year Ended	**June 30, 2026**	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**
Total OPEB liability:					
Service cost	$ 29,609	$ 34,158	$ 30,478	$ 21,712	$ 32,952
Interest	20,823	21,044	19,104	19,564	13,498
Changes of assumptions	(14,774)	(39,107)	20,410	(10,789)	(140,644)
Differences between expected and actual experience	(8,587)	(88,282)	(3,166)	(21,354)	(6,277)
Benefit payments	(18,070)	(27,245)	(39,066)	(28,370)	(24,405)
Net change in total OPEB liability	9,001	(99,432)	27,760	(19,237)	(124,876)
Total OPEB liability - beginning	379,754	479,186	451,426	470,663	595,539
Total OPEB liability - ending	388,755	379,754	479,186	451,426	470,663
Plan fiduciary net position:					
Contributions - employer	18,070	27,245	39,066	28,370	24,405
Benefit payments	(18,070)	(27,245)	(39,066)	(28,370)	(24,405)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-
Authority's total OPEB liability	$ 388,755	$ 379,754	$ 479,186	$ 451,426	$ 470,663
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	$ 3,793,164	$ 3,621,898	$ 3,303,416	$ 2,869,777	$ 2,420,193
Authority's total OPEB liability as a percentage of covered payroll	10.25%	10.48%	14.51%	15.73%	19.45%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2021- June 30, 2026 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2022 - June 30, 2025– There were no changes in assumptions other than the discount rate.
Measurement Date June 30, 2026 – The discount rate was changed from 5.20% to 4.67%

SAN ELIJO JOINT POWERS AUTHORITY

Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios (continued)
For the Year Ended June 30, 2026

	Last Ten Fiscal Years				
Fiscal Year Ended	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Valuation Date	**June 30, 2021**	**June 30, 2019**	**June 30, 2019**	**June 30, 2017**	**June 30, 2017**
Measurement Period - Fiscal Year Ended	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Total OPEB liability:					
Service cost	$ 27,919	$ 23,405	$ 19,445	$ 18,879	$ 18,267
Interest	13,759	15,314	15,625	14,565	13,926
Changes of assumptions	22,755	49,719	6,771	(9,274)	-
Differences between expected and actual experience	6,728	-	8,259	-	-
Benefit payments	(18,556)	(16,528)	(12,096)	(14,170)	(13,242)
Net change in total OPEB liability	52,605	71,910	38,004	10,000	18,951
Total OPEB liability - beginning	542,934	471,024	433,020	423,020	404,069
Total OPEB liability - ending	595,539	542,934	471,024	433,020	423,020
Plan fiduciary net position:					
Contributions - employer	18,556	16,528	12,096	14,170	13,242
Benefit payments	(18,556)	(16,528)	(12,096)	(14,170)	(13,242)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-
Authority's net OPEB liability	$ 595,539	$ 542,934	$ 471,024	$ 433,020	$ 423,020
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	$ 2,188,001	$ 2,104,992	$ 2,043,682	N/A	$ 1,856,890
Authority's total OPEB liability as a percentage of covered payroll	27.22%	25.79%	23.05%	N/A	22.78%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2018- June 30, 2021 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2018 – The discount rate was changed from 7.5% to 7.0%

Measurement Date June 30, 2019 - June 30, 2021– There were no changes in assumptions other than the discount rate.

Supplementary Information

SAN ELIJO JOINT POWERS AUTHORITY

Combining Schedule of Net Position
For the Year Ended June 30, 2026

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Wastewater	Recycled	Total
Current assets:			
Cash and cash equivalents	$ 11,021,709	$ 6,475,877	$ 17,497,586
Accrued interest receivable	318,117	55,726	373,843
Due from other governments	(90,279)	673,825	583,546
Prepaid expenses	113,781	15,328	129,109
Lease receivable	24,181	-	24,181
Loans receivable	560,000	-	560,000
Total current assets	11,947,509	7,220,756	19,168,265
Non-current assets:			
Restricted – cash and cash equivalents	5,820	2,888,567	2,894,387
Lease receivable, net	356,884	-	356,884
Loans receivable, net	18,200,000	-	18,200,000
Capital assets – not being depreciated	1,200,950	5,087,286	6,288,236
Capital assets – being depreciated, net	51,252,214	17,744,958	68,997,172
Total non-current assets	71,015,868	25,720,811	96,736,679
Total assets	82,963,377	32,941,567	115,904,944
Deferred outflows of resources:			
Deferred amounts related to total OPEB liability	30,082	5,641	35,723
Deferred amounts related to net pension liability	1,073,962	211,992	1,285,954
Total deferred outflows of resources	1,104,044	217,633	1,321,677
Total assets and deferred outflows of resources	$ 84,067,421	$ 33,159,200	$ 117,226,621
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Accounts payable and accrued expenses	$ 443,664	$ 752,313	$ 1,195,977
Accrued interest payable	258,775	37,335	296,110
Due to other funds	84,000	-	84,000
Long-term liabilities – due within one year:			
Compensated absences	353,705	63,456	417,161
Long-term debt	613,388	484,421	1,097,809
Total OPEB liability	19,271	2,342	21,613
Total current liabilities	1,772,803	1,339,867	3,112,670
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences, net	211,215	37,892	249,107
Long-term debt, net	19,692,499	9,920,890	29,613,389
Total OPEB liability, net	308,091	59,051	367,142
Net pension liability	3,380,282	667,240	4,047,522
Total non-current liabilities	23,592,087	10,685,073	34,277,160
Total liabilities	25,364,890	12,024,940	37,389,830
Deferred inflows of resources:			
Deferred amounts related to total OPEB liability	180,720	33,891	214,611
Deferred amounts related to net pension liability	461,405	91,078	552,483
Deferred amounts related to leases	333,279	-	333,279
Total deferred inflows of resources	975,404	124,969	1,100,373
Net position:			
Net investment in capital assets	50,913,097	15,315,500	66,228,597
Unrestricted	6,814,030	5,693,791	12,507,821
Total net position	57,727,127	21,009,291	78,736,418
Total liabilities, deferred inflows of resources and net position	$ 84,067,421	$ 33,159,200	$ 117,226,621

SAN ELIJO JOINT POWERS AUTHORITY

Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2026

	Wastewater	Recycled	Total
Operating revenues:			
Charges for services to other government agencies	$ 3,173,387	$ 3,637,743	$ 6,811,130
Contributions from City of Encinitas	3,302,345	-	3,302,345
Contributions from City of Solana Beach	2,721,862	-	2,721,862
Rental revenue	78,735	-	78,735
Other operating revenues	5,800	-	5,800
Total operating revenues	9,282,129	3,637,743	12,919,872
Operating expenses:			
Personnel costs	4,820,503	1,179,148	5,999,651
Utilities	934,066	541,608	1,475,674
Contracted services	981,129	425,150	1,406,279
Supplies	708,921	327,241	1,036,162
Repair parts expense	351,024	88,226	439,250
Disposal services	245,462	-	245,462
Permit/purveyor fees	142,890	74,822	217,712
Insurance	169,885	35,994	205,879
Rent	12,181	138,542	150,723
Other	111,141	25,795	136,936
Total operating expenses	8,477,202	2,836,526	11,313,728
Operating income before depreciation expense	804,927	801,217	1,606,144
Depreciation expense	(2,359,159)	(824,207)	(3,183,366)
Operating loss	(1,554,232)	(22,990)	(1,577,222)
Non-operating revenues(expenses):			
Investment earnings	297,060	337,309	634,369
Member agency interest revenue for debt service (Note 5)	794,158	-	794,158
Capital contributions:			
Federal capital grants	1,634,703	560,912	2,195,615
State capital grants	86,154	286,702	372,856
Member agency capital assessments	1,564,156	-	1,564,156
Interest expense	(723,934)	(466,369)	(1,190,303)
Capital contribution to City of Encinitas	(42,830)	-	(42,830)
Total non-operating revenues(expenses), net	3,609,467	718,554	4,328,021
Change in net position	2,055,235	695,564	2,750,799
Net position:			
Beginning of year	55,671,892	20,313,727	75,165,544
End of year	$ 57,727,127	$ 21,009,291	$ 77,916,343

SAN ELIJO JOINT POWERS AUTHORITY
Combining Schedule of Cash Flows
For the Year Ended June 30, 2026

	Wastewater	Recycled	2026
Cash flows from operating activities:			
Cash receipts from government agencies	$ 10,131,932	$ 3,945,377	$ 14,077,309
Cash paid to employees for services	(4,489,451)	(1,036,158)	(5,525,609)
Cash paid to suppliers for goods and services	(5,996,366)	(1,925,787)	(7,922,153)
Net cash provided by (used in) operating activities	(353,885)	983,432	629,547
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(940,202)	(3,342,569)	(4,282,771)
Member agency capital assessments	1,564,156	-	1,564,156
Proceeds from federal and state capital grants	1,720,857	847,614	2,568,471
Principal paid on long-term debt	(588,388)	(513,485)	(1,101,873)
Interest paid on long-term debt	(803,075)	(468,098)	(1,271,173)
Net cash provided by (used in) capital and related financing activities	953,348	(3,476,538)	(2,523,190)
Cash flows from investing activities:			
Principal received from member agencies for loans receivable	535,000	-	535,000
Interest received from member agencies for debt service	794,158	-	794,158
Investment earnings	306,345	349,115	655,460
Net cash provided by investing activities	1,635,503	349,115	1,984,618
Net increase (decrease) in cash and cash equivalents	2,234,966	(2,143,991)	90,975
Cash and cash equivalents:			
Beginning of year	8,792,563	11,508,435	20,300,998
End of year	$ 11,027,529	$ 9,364,444	$ 20,391,973
Reconciliation of cash and cash equivalents to the balance sheet:			
Cash and cash equivalents	$ 11,021,709	$ 6,475,877	$ 17,497,586
Restricted – Cash and cash equivalents	5,820	2,888,567	2,894,387
Total cash and cash equivalents	$ 11,027,529	$ 9,364,444	$ 20,391,973

SAN ELIJO JOINT POWERS AUTHORITY

Combining Schedule of Cash Flows (continued)
For the Year Ended June 30, 2026

	Wastewater	Recycled	Total
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	$ (1,554,232)	$ (22,990)	$ (1,577,222)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	2,359,159	824,207	3,183,366
Change in assets – (increase)decrease:			
Due from other governments	827,380	594,336	1,421,716
Prepaid expenses	(47,143)	14,612	(32,531)
Lease receivable	22,423	-	22,423
Change in deferred outflows of resources – (increase)decrease			
Deferred amounts related to total OPEB liability	10,563	1,976	12,539
Deferred amounts related to net pension liability	345,687	68,246	413,933
Change in liabilities – increase(decrease):			
Accounts payable and accrued expenses	(1,963,455)	(148,426)	(2,111,881)
Unearned revenues	-	(286,702)	(286,702)
Due to fiduciary fund	(16,000)		(16,000)
Compensated absences	(38,271)	(8,315)	(46,586)
Total OPEB liability	7,579	1,422	9,001
Net pension liability	(565,458)	(111,617)	(677,075)
Change in deferred inflows of resources – increase(decrease)			
Deferred amounts related to total OPEB liability	(7,480)	(1,398)	(8,878)
Deferred amounts related to net pension liability	294,297	58,081	352,378
Deferred amounts related to leases	(28,934)	-	(28,934)
Total adjustments	1,200,347	1,006,422	2,206,769
Net cash provided by (used in) operating activities	$ (353,885)	$ 983,432	$ 629,547
Noncash investing, capital and financing transactions:			
Amortization of bond premium	$ 70,224	$ -	$ 70,224
Transfer out of capital asset	$ (42,830)	$ -	$ (42,830)

Other Information

SAN ELIJO JOINT POWERS AUTHORITY
Schedule of Operating Budget Comparison- Wastewater
For the Year Ended June 30, 2026

	Budget	Actual	Variance
Operating revenues:			
Charges for services to other government agencies	$ 3,220,986	$ 3,173,387	$ (47,599)
Contributions from City of Encinitas	3,219,004	3,302,345	83,341
Contributions from City of Solana Beach	2,451,571	2,721,862	270,291
Rental revenue	-	78,735	78,735
Other operating revenues	-	5,800	5,800
Total operating revenues	8,891,561	9,282,129	390,568
Operating expenses:			
Personnel costs	4,631,158	4,820,503	(189,345)
Utilities	878,789	934,066	(55,277)
Contracted services	935,053	981,129	(46,076)
Supplies	542,043	708,921	(166,878)
Repair parts expense	257,141	351,024	(93,883)
Disposal services	357,127	245,462	111,665
Permit/purveyor fees	179,300	142,890	36,410
Insurance	171,351	169,885	1,466
Rent	9,443	12,181	(2,738)
Other	344,756	111,141	233,615
Contingency	174,430	-	174,430
Total operating expenses	8,480,591	8,477,202	3,389
Operating loss before depreciation expense	410,970	804,927	393,957
Depreciation expense	-	(2,359,159)	(2,359,159)
Operating income (loss)	410,970	(1,554,232)	(1,965,202)

SAN ELIJO JOINT POWERS AUTHORITY
Schedule of Operating Budget Comparison- Recycled
For the Year Ended June 30, 2026

	Budget	Actual	Variance
Operating revenues:			
Charges for services to other government agencies	$ 3,399,250	$ 3,637,743	$ 238,493
Total operating revenues	3,399,250	3,637,743	238,493
Operating expenses:			
Personnel costs	1,108,869	1,179,148	(70,279)
Utilities	511,249	541,608	(30,359)
Contracted services	422,012	425,150	(3,138)
Supplies	281,682	327,241	(45,559)
Repair parts expense	79,204	88,226	(9,022)
Permit/purveyor fees	58,899	74,822	(15,923)
Insurance	36,161	35,994	167
Rent	119,475	138,542	(19,067)
Other	56,509	25,795	30,714
Contingency	50,000	-	50,000
Total operating expenses	2,724,060	2,836,526	(112,466)
Operating loss before depreciation expense	675,190	801,217	126,027
Depreciation expense	-	(824,207)	$ (824,207)
Operating income (loss)	675,190	(22,990)	(698,180)

Other Independent Auditors' Report

NIGRO & NIGRO PC

A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
San Elijo Joint Powers Authority
Cardiff by the Sea, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Elijo Joint Powers Authority (Authority), which comprise the Statement of Net Position as of June 30, 2026, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 17, 2026.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA
Jessica Miller, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA | Oscar Gonzalez, CFE

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrieta, California
November 17, 2026

Attachment 2

SAN ELIJO JOINT POWERS AUTHORITY

Report to the Board of Directors

For the Fiscal Year Ended June 30, 2026

NIGRO & NIGRO PC

SAN ELIJO JOINT POWERS AUTHORITY
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For the Fiscal Year Ended June 30, 2026

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NIGRO & NIGRO PC

A Professional Accountancy Corporation

Board of Directors
San Elijo Joint Powers Authority
Cardiff by the Sea, California

We are pleased to present this report related to our audit of the financial statements of the San Elijo Joint Powers Authority (Authority) as of and for the year ended June 30, 2026. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Authority.

Very truly yours,

Nigro & Nigro, PC

Murrieta, California
November 17, 2026

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area		Comments
Our Responsibilities with Regard to the Financial Statement Audit		Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated July 20, 2026. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit		An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.
Accounting Policies and Practices		**Accounting Policies and Practices** Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted. **Adoption of, or Change in, Significant Accounting Polies or Their Application** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. During the current period, the Authority adopted GASB Statements Nos. 103, 104, and 105. There were no other significant changes in the Authority's accounting policies or their application. **Significant or Unusual Transactions** We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Management's Judgments and Accounting Estimates** Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.
Audit Adjustments		Audit adjustments are summarized in the attached **Summary of Adjusting Journal Entries**.
Uncorrected Misstatements		We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Area		Comments
Discussions With Management		We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Disagreements With Management		We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants		We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management		No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit		No significant difficulties were encountered in performing our audit.
Required Supplementary Information		We applied certain limited procedures to the: 1. Management's Discussion and Analysis 2. Required Pension Plan Disclosures 3. Required OPEB Plan Disclosures Which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Area		Comments
Supplementary Information		We were engaged to report on the, Supplementary Information: 1. Combining Schedule of Net Position – Internal Funds 2. Combining Schedule of Revenues, Expenses and Changes in Net Position – Internal Funds 3. Combining Schedule of Cash Flows – Internal Funds Which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.
Other Information		We were not engaged to report on the, Other Information: 1. Schedule of Operating Budget Comparison – Wastewater 2. Schedule of Operating Budget Comparison – Recycled Which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This information is intended solely for the information and use of Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Our Audit Methodology

As part of our firm's standard audit methodology, once our Audit Team has uploaded management's trial balance into our audit software, we are required to report to the Governance Board and Management all adjustments made to the trial balance during the audit process. This includes any proposed audit adjustments identified by our auditors as well as any adjustments provided by management. Our policy is designed to ensure full transparency and to give the Governance Board and Management a clear understanding of the nature and extent of changes considered during the audit, thereby reinforcing the integrity and depth of the audit procedures performed.

Disclosure of Audit Adjustments and Reclassifications

As part of our external audit engagement, we operate under the presumption that the Authority's books and records are materially accurate and appropriately closed prior to the commencement of audit fieldwork. Nonetheless, audit adjustments and reclassifications are often proposed during the course of the audit to ensure the Authority's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and to enhance comparability with prior-year financial data. In the interest of transparency and governance, we have included, as an attachment to this letter, a summary of audit adjustments and reclassification journal entries identified during the audit.

The existence or absence of such adjustments does not inherently indicate deficiencies but rather reflects the auditor's role in enhancing the fair presentation of the financial statements. Disclosure of these items provides the Board of Directors with insight into the scope and depth of the audit procedures performed.

To promote timely and accurate financial reporting, we recommend that management continues to maintain strong internal controls and oversight over the year-end financial close process. Effective year-end closing procedures help ensure the accuracy and completeness of financial reporting, minimize the need for post-closing audit adjustments and reclassifications, and support the Authority's efforts in maintaining compliance with financial reporting requirements and best practices in fiscal governance.

Management Override of Controls

Professional auditing standards require auditors to consider the risk that management may override established internal controls, regardless of the perceived effectiveness of those controls. During our audit, we identified management override of controls as a significant risk due to the inherent ability of management to initiate, authorize, record, or adjust transactions and financial records. Such override could occur through inappropriate journal entries, management bias in accounting estimates, or the circumvention of established approval and review processes, potentially resulting in material misstatement of the financial statements, whether due to error or fraud.

While our audit procedures did not identify any instances of inappropriate management override, the presence of this risk is inherent in all organizations and warrants continued attention. We recommend that the Authority continue to strengthen governance and oversight practices, including active involvement by the Governance Board, consistent monitoring of journal entries and significant estimates, segregation of duties where feasible, and periodic independent reviews of key financial processes. These measures help mitigate the risk of management override and support the integrity and reliability of the Authority's financial reporting.

Summary of Adjusting Journal Entries

SAN ELIJO JOINT POWERS AUTHORITY
Summary of Adjusting Journal Entries
For the Fiscal Year Ended June 30, 2026

None Noted

AGENDA ITEM NO. 9B

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

November 17, 2026

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: SAN ELIJO JOINT POWERS AUTHORITY FY 2025-26 FINANCIAL PERFORMANCE REVIEW

RECOMMENDATION

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

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) owns and operates the San Elijo Water Campus and Recycled Water Utility and is a co-owner of the San Elijo Ocean Outfall. SEJPA also administers related service programs supporting the cities of Encinitas, Solana Beach, Del Mar, and other local agencies.

SEJPA organizes its operations into programs which are funded by the customer base served and allocated based on actual wastewater flows treated or the level of effort required. Programs are grouped into three categories: Core Programs, Pump Stations, and Other Services. This portfolio of 12 programs provides diversified and resilient revenue.

The Core Programs comprise the operating functions of the San Elijo Water Campus, including the following cost centers:

- Wastewater Treatment
- Laboratory Services
- Ocean Outfall
- Recycled Water

The Pump Station Programs consist of operating and maintaining wastewater pump stations on behalf of SEJPA's member and partner agencies, with services provided through the following cost centers:

- Cardiff Sanitary Division Pump Stations
- Encinitas Sanitary Division Pump Station
- City of Solana Beach Pump Stations
- City of Del Mar Pump Station

In addition to the Core and Pump Station Programs, SEJPA provides complementary, specialized operations and maintenance services to neighboring cities and local government partners, rendered through the following cost centers:

- City of Encinitas Urban & Stormwater Services
- City of Solana Beach Generator Maintenance Services
- 22nd District Agricultural Association (Del Mar Fairgrounds) Stormwater Treatment
- Leucadia Wastewater District Technical Support Services (Contract Ended June 30, 2026)

For Fiscal Year (FY) 2025-26, the total budget was $17,521,525, comprising $11,204,651 in operating expenses, $3,941,368 in capital expenses, and $2,375,506 in debt service.

DISCUSSION

The following information represents the audited operating and debt service expenses for FY 2025-26, which ended June 30, 2026.

SUMMARY OF COMBINED SEJPA PROGRAM EXPENSES

For FY 2025-26, combined SEJPA operating expenses concluded the fiscal year $63,043, or 0.6%, under budget. Ten of the twelve programs finished at or under budget, while two exceeded their approved budgets. The tables below summarize operating results by program grouping and expense category, followed by detailed variance analyses.

Table 1 – Operating Expenses by Program Grouping

PROGRAM GROUPING	Budget FY2025-26	Actuals (Audited) FY2025-26	Budget to Actuals (Over)/Under	% of Budget
Core Programs	$ 9,588,519	$ 9,574,182	$ 14,337	99.9%
Pump Stations	$ 1,310,839	$ 1,245,050	$ 65,789	95.0%
Other Services	$ 305,293	$ 322,375	$ (17,082)	105.6%
Total All SEJPA Programs	**$ 11,204,651**	**$ 11,141,608**	**$ 63,043**	**99.4%**

Table 2 – Operating Expenses by Expense Category

Expense Category	Budget FY2025-26	Actuals (Audited) FY2025-26	Budget to Actuals	% of Budget
Personnel	$ 5,914,456	$ 5,827,529	$ 86,927	98.5%
Supplies and Services	$ 5,290,195	$ 5,314,079	$ (23,884)	100.5%
Total All SEJPA Programs	**$ 11,204,651**	**$ 11,141,608**	**$ 63,043**	**99.4%**

Across the organization, SEJPA continued to experience upward pressure on personnel costs, driven by competitive hiring conditions for operators and technical positions, as well as an increase in benefit participation. Despite these pressures, overall personnel expenditures finished below budget, primarily due to staffing vacancies throughout the year. This favorable variance was achieved while also providing an $84,000 discretionary contribution to SEJPA's irrevocable Post-Employment Benefits Trust (PARS, "Public Agency Retirement Services") and a Board-approved, one-time staff recognition payment totaling $60,000.

Overall, supplies and services expenditures ended the year $23,884, or 0.5%, over budget reflecting relatively close alignment with overall budget projections despite increased costs in several operational categories. Higher recycled water demand contributed to increased costs for

treatment chemicals, energy, and pipeline rent. Additionally, emergency repairs to recycled water pipelines and required maintenance activities resulted in higher repair parts and contracted services expenditures.

Despite these cost pressures, SEJPA exercised prudent expenditure management by deferring or reducing outside consultants and professional service providers. Additional savings were realized through reduced disposal service costs following completion of the Biosolids Dewatering Capital Improvement Project. Overall, these efforts helped offset increased operating demands and unanticipated maintenance costs, contributing to favorable budget performance across most programs. The remaining program variances were either supported by offsetting revenues associated with additional services or were relatively immaterial.

Supplies and Services Summary

Table 3 – Supplies and Services by Category

Supplies and Services	Budget FY2025-26	Actuals (Audited) FY2025-26	Budget to Actuals	% of Budget
Utilities	$ 1,416,041	$ 1,475,674	$ (59,633)	104.2%
Contracted Services	1,451,869	1,406,279	$ 45,590	96.9%
Supplies	1,012,392	1,036,162	$ (23,770)	102.3%
Repair Parts Expense	336,345	439,250	$ (102,905)	130.6%
Miscellaneous	186,597	136,938	$ 49,659	73.4%
Disposal Services	312,322	245,462	$ 66,860	78.6%
Permit/purveyor Fees	238,199	217,712	$ 20,487	91.4%
Insurance	207,512	205,879	$ 1,633	99.2%
Rent	128,918	150,723	$ (21,805)	116.9%
Total All SEJPA Programs	**$ 5,290,195**	**$ 5,314,079**	**$ (23,884)**	**100.5%**

Supplies expenditures, which include chemicals and other operational consumables, exceeded budget by $23,770, or 2.3%. Chemical costs fluctuate based on wastewater flows and water quality requirements. Increased use of essential chemicals, including Ferric Chloride (used for odor control, primary settling, and digester chemistry control), was partially offset by reduced spending on Polymer (used in the dewatering process) resulting from a different polymer selection and improved centrifuge efficiency, as well as lower Calcium Nitrate usage for collection system odor control. Additional costs for shop tools, equipment, and other consumables reflected operational needs and increased laboratory sample processing, with associated costs partially offset by additional laboratory fee revenue.

Repair Parts expenditures exceeded budget by $102,905, or 30.6%, primarily due to operationally driven maintenance, equipment repairs, and component replacements necessary to maintain reliable facility operations. While these types of costs are anticipated in the annual budget, the timing and extent of expenditures are largely dependent on equipment condition and operational requirements. The most significant costs included approximately $34,000 in digester gas system parts and $8,000 for a chlorine analyzer, along with other recycled water treatment chemical feed and monitoring equipment. Additional expenditures reflected pump station and pipeline maintenance, replacement of aging or obsolete controls and valves, and repairs to equipment subject to normal operational wear. Although some repairs and replacements were unanticipated, they were necessary to maintain equipment reliability, treatment performance, and continuity of service.

Contracted Services expenditures ended the year $45,590, or 3.1% under budget. Unanticipated emergency repair costs associated with three recycled water pipeline breaks were offset by lower-than-budgeted contractor costs in the wastewater and ocean outfall programs. To address the underlying infrastructure needs and reduce the potential for future emergency repairs, the Board approved a capital project to replace portions of the ductile iron recycled water pipeline on the

San Elijo Water Campus. The project will be funded through proceeds from the Bureau of Reclamation's Title XVI grant program.

Disposal Services provided the most significant operational cost savings during FY 2025-26, continuing a positive trend identified in SEJPA's mid-year financial review. Expenditures finished $66,860, or 21.4%, below budget, reflecting the operational efficiencies achieved through the centrifuges installed as part of the recently completed Biosolids Dewatering Project. The new equipment has demonstrated meaningful operational and financial benefits:

- **Operational Efficiency:** Fully automated equipment has improved the efficiency of biosolids dewatering operations.
- **Environmental Benefits:** Improved dewatering reduces the weight of biosolids requiring disposal while using significantly less recycled water for process operations.
- **Costs Savings:** Reduced biosolids hauling requirements have lowered disposal costs, generating savings that help offset increased expenditures in other supplies and maintenance categories.

These results demonstrate the financial and operational benefits of SEJPA's investment in modernized treatment infrastructure and the continued importance of capital improvements in managing long-term operating costs.

Overall, supplies and services expenditures remained closely aligned with budget expectations, with savings in disposal services helping offset higher costs associated with supplies and operationally necessary repairs. These results reflect SEJPA's continued focus on maintaining reliable operations, managing expenditures responsibly, and realizing efficiencies through strategic investments in treatment infrastructure.

Operating Expenses by Program Grouping

Core Programs

Table 4 – Core Program Summary

CORE PROGRAMS	Budget FY2025-26	Actuals (Audited) FY2025-26	Budget to Actuals	% of Budget
Wastewater Treatment	$ 4,551,366	$ 4,529,747	$ 21,619	99.5%
Laboratory Services	1,156,952	1,137,196	$ 19,756	98.3%
Ocean Outfall	1,156,141	1,087,422	$ 68,719	94.1%
Recycled Water Utility	2,724,060	2,819,816	$ (95,756)	103.5%
Total CORE Programs	**$ 9,588,519**	**$ 9,574,182**	**$ 14,337**	**99.9%**

WASTEWATER TREATMENT

This program includes wastewater treatment operations and maintenance at the San Elijo Water Campus. Activities include primary and secondary treatment for the cities of Encinitas, Solana Beach, and Del Mar, as well as the Rancho Santa Fe Community Services District. Biosolids are treated and dewatered on site and hauled by a contractor to Arizona for beneficial reuse through land application.

Wastewater Treatment finished the fiscal year $21,619, or 0.5%, under budget. This result includes an $84,000 discretionary contribution to SEJPA's irrevocable Post-Employment Benefits Trust (PARS), allocated evenly between Encinitas and Solana Beach, as well as the program's share of a one-time staff recognition payment totaling $22,000. Excluding these discretionary

expenditures, Wastewater Treatment would have ended the year $127,619, or 2.8%, under budget.

Personnel expenditures, after application of $76,000 in budgeted contingency funds, exceeded budget by $22,389, or 1.0%. Savings from several unfilled positions were partially offset by the PARS contribution and one-time staff recognition payments described above.

Supplies and Services expenditures finished the year $44,009, or 1.9%, below budget. Savings in multi-year engineering service contracts, sediment disposal, and biosolids hauling costs helped offset higher-than-budgeted repair parts expenditures and professional services costs associated with SCADA network and wastewater treatment support.

Table 5 – Wastewater Treatment by Expense Category

Expense Category	Budget FY 2025-26	Actuals (Audited) FY 2025-26	(Over) / Under Budget	% Budget Spent
Personnel*	$ 2,237,654	$ 2,260,043	$ (22,389)	101.0%
Supplies & Services	2,313,712	2,269,703	44,009	98.1%
Total Wastewater Treatment	**$ 4,551,366**	**$ 4,529,746**	**$ 21,619**	**99.5%**

* Personnel line item includes application of $76,000 in budgeted contingency funds

LABORATORY SERVICES

The laboratory at the San Elijo Water Campus provides analytical services for SEJPA's Wastewater Treatment, Ocean Outfall, and Recycled Water programs, as well as for external agencies under contract. For FY 2025–26, contract clients include the Fairbanks Ranch Community Services District, Nature Collective, Rancho Santa Fe Community Services District, Santa Fe Valley Community Services District, San Ysidro Point of Entry treatment facility, Del Mar Fairgrounds, and Whispering Palms Community Services District.

Laboratory Services expenditures ended the year $19,756, or 1.7%, below budget. Higher-than-anticipated laboratory services provided to external customers generated an additional $15,183 in revenue. Personnel expenditures finished $8,276 below budget following application of $9,000 in budgeted contingency funds. Supplies and Services expenditures were $11,480 below budget, primarily due to savings in professional services.

Table 6 – Laboratory Services by Expense Category

Expense Category	Budget FY 2025-26	Actuals (Audited) FY 2025-26	(Over) / Under Budget	% Budget Spent
Personnel	$ 882,087	$ 873,811	$ 8,276	99.1%
Supplies & Services	274,865	263,385	11,480	95.8%
Total JPA Laboratory	**$ 1,156,952**	**$ 1,137,196**	**$ 19,756**	**98.3%**

* Personnel line item includes application of $9,000 in budgeted contingency funds

OCEAN OUTFALL

This program captures all operations and maintenance costs associated with the ocean outfall system, including secondary effluent pump station operations and maintenance, ocean monitoring, sampling and testing, and biannual outfall inspections. Under an agreement with the City of Escondido, outfall capacity is shared and operations and maintenance costs are allocated based on actual discharged flow.

The Ocean Outfall program ended the year $68,719, or 5.9%, under budget. Personnel expenditures were $50,596 below budget following application of $25,000 in budgeted contingency funds, primarily due to unfilled positions. Supplies and Services expenditures were also below budget, reflecting lower-than-anticipated spending on multi-year engineering, professional services, and maintenance contracts.

Table 7 – Ocean Outfall by Expense Category

Expense Category	Budget FY 2025-26	Actuals (Audited) FY 2025-26	(Over) / Under Budget	% Budget Spent
Personnel	$ 705,130	$ 654,534	$ 50,596	92.8%
Supplies & Services	451,011	432,888	18,123	96.0%
Total JPA Ocean Outfall	**$ 1,156,141**	**$ 1,087,422**	**$ 68,719**	**94.1%**

* Personnel line item includes application of $25,000 in budgeted contingency funds

RECYCLED WATER PROGRAM

SEJPA operates a recycled water utility that wholesales to regional water districts and provides interruptible direct sales to local customers. The program delivers high-quality water for irrigation and industrial uses while supporting a locally produced, drought-resilient supply that strengthens the region's diversified water portfolio.

Recycled Water Program Revenues:

Recycled Water customer revenues ended the year $210,467, or 6.6%, above budget, driven by strong demand during the second half of FY 2025-26 amid higher-than-average temperatures and minimal rainfall from March through June 2026. SEJPA recycled water sales were budgeted at 1,613 acre feet (AF) but ended the year with 1,692 AF of actual water sales.

Incentive revenues from the Metropolitan Water District and San Diego County Water Authority concluded in August 2026 with the expiration of the 25-year incentive program. Interest income finished below budget, reflecting declining interest rates and reduced investable cash balances.

Table 8 – Recycled Water Program Revenues by Customer/Incentive Sponsor

Recycled Water Customer	Budget FY 2025-26	Actuals (Audited) FY 2025-26	Over / (Under) Budget	% of Budget
Santa Fe Irrigation District	$ 1,195,342	$ 1,332,312	$ 136,970	111.5%
San Dieguito Water District	873,440	828,060	(45,380)	94.8%
Del Mar Fairgrounds	153,775	178,793	25,018	116.3%
Encinitas Ranch Golf Association	441,734	441,734	-	100.0%
Olivenhain Municipal Water District	528,985	622,843	93,858	117.7%
Total Customer Revenue	$ 3,193,275	$ 3,403,742	$ 210,467	106.6%
MWD and CWA Incentives	205,975	234,000	28,025	113.6%
Interest Income	522,790	337,306	(185,484)	64.5%
Total Recycled Water Revenue	**$ 3,922,040**	**$ 3,975,048**	**$ 53,008**	**101.4%**

Recycled Water Program Expenses:

The Recycled Water Program ended the year $95,756, or 3.5%, over budget, reflecting increased operating activity and costs associated with strong customer demand, as well as unanticipated emergency pipeline repairs (three mainline breaks in April and May 2026). Customer revenues exceeded budget by $210,467, or 6.6%, helping offset the higher costs associated with increased production and operations.

Personnel expenditures exceeded budget by $53,569, or 4.8%, reflecting wage and benefit pressures associated with attracting and retaining highly qualified staff, as well as additional labor resources required to respond to emergency recycled water pipeline leaks.

Supplies and Services expenditures exceeded budget by $42,187, or 2.6%, following the application of $50,000 in budgeted contingency funds. As discussed in the Supplies and Services section, a significant portion of recycled water operating costs are variable and directly related to production levels. These costs include chemicals, energy, supplemental water, and infrastructure rental payments. Supplemental water usage also increased to support service commitments,

maintain operations during emergency repairs. Higher-than-budgeted recycled water sales required increased production, resulting in higher variable operating costs that were partially offset by the associated additional revenue.

Supplies and Services expenditures also included unanticipated repair costs associated with emergency recycled water pipeline leaks. These costs are funded through net program revenues, with available operating reserves providing an additional funding source if needed. Overall, stronger-than-budgeted customer revenues helped mitigate the financial impact of increased operating costs while supporting the continued delivery of recycled water service.

Table 9 – Recycled Water Program by Expense Category

Expense Category	**Budget FY 2025-26**	**Actuals (Audited) FY 2025-26**	**(Over) / Under Budget**	**% Budget Spent**
Personnel	$ 1,108,868	$ 1,162,437	$ (53,569)	104.8%
Supplies & Services	1,615,192	1,657,379	(42,187)	102.6%
Total Operating Expense	**$ 2,724,060**	**$ 2,819,816**	**$ (95,756)**	**103.5%**

* Supplies & Servicesl line item includes application of $50,000 in budgeted contingency funds

Recycled Water Net Revenues:

For FY 2025-26, recycled water revenues totaled $3,975,048, while operating expenses and debt service totaled $2,819,816 and $984,043, respectively. After covering operating costs and debt service, the Recycled Water Program generated net revenues of $171,189, which will be transferred to the Recycled Water Capital Reserve.

Table 10 – Recycled Water Net Revenue

Recycled Water	**Budget FY 2025-26**	**Actuals (Audited) FY 2025-26**	**(Over) / Under Budget**	**% of Budget**
Revenue	$ 3,922,040	$ 3,975,048	$ (53,008)	101.4%
Operating Expense	(2,724,060)	(2,819,816)	95,757	103.5%
Debt Service	(984,043)	(984,043)	-	100.0%
Net Recycled Water Revenue	**$ 213,938**	**$ 171,189**	**$ 42,749**	**80.0%**

Scheduled Calendar Year 2027 Recycled Water Wholesale Rate Increase:

In September 2025, the SEJPA Board approved wholesale recycled water rates for calendar years 2026 through 2029 based on the completed Recycled Water Cost of Service Study (Study). The Study establishes multi-year projections for recycled water sales, operating expenses, and capital improvement needs to ensure the long-term financial sustainability of the recycled water utility. Consistent with SEJPA's commitment to financial transparency and collaboration with wholesale partners, staff periodically evaluates actual utility performance against the Study's baseline assumptions to confirm that the approved rate structure continues to support SEJPA's financial resilience while ensuring responsible investment in critical infrastructure.

Staff reviewed the Recycled Water utility's actual FY 2025-26 operational and financial results against the Study's projections and determined that the financial performance and fund balance remain consistent with the Study and within the prescribed limits of the Recycled Water Reserve Policy (Policy). The June 30, 2026 ending fund balance of $5,946,687 is within established minimum and maximum Policy reserve parameters. Based on this review, staff finds that the previously approved 10% wholesale rate adjustment for calendar year 2027 remains adequate to support the utility's projected financial obligations and capital needs.

Pump Station Programs

Table 11 – Pump Station Program Summary

PUMP STATIONS	Budget FY2025-26	Actuals (Audited) FY2025-26	Budget to Actuals	% of Budget
Cardiff Sanitary Division	$ 443,583	$ 439,796	$ 3,787	99.1%
Encinitas Sanitary Division	203,637	198,174	$ 5,463	97.3%
Solana Beach	558,839	518,507	$ 40,332	92.8%
Del Mar	104,780	88,573	$ 16,207	84.5%
Total Pump Stations	**$ 1,310,839**	**$ 1,245,050**	**$ 65,789**	**95.0%**

CARDIFF SANITARY DIVISION PUMP STATIONS

This program covers pump station maintenance and operations provided by SEJPA to the City of Encinitas' Cardiff Sanitary Division (CSD), including the Cardiff, Coast Highway, and Olivenhain pump stations. All costs are fully borne by CSD.

Overall, CSD pump station expenditures ended the year $3,787, or 0.9%, under budget. Personnel expenditures were $9,126 below budget following application of $17,500 in budgeted contingency funds, reflecting fluctuations in operational and maintenance staffing needs.

Supplies and Services expenditures exceeded budget by $5,339, or 2.7%, primarily due to unanticipated pump repairs, valve and control component replacements, and electrical conduit upgrades at Coast Highway Pump Station.

Table 12 – Cardiff Sanitary Division Pump Stations by Expense Category

Expense Category	Budget FY 2025-26	Actuals (Audited) FY 2025-26	(Over) / Under Budget	% Budget Spent
Personnel	$ 243,378	$ 234,252	$ 9,126	96.3%
Supplies & Services	200,205	205,544	(5,339)	102.7%
Total Cardiff Sanitary Division	**$ 443,583**	**$ 439,796**	**$ 3,787**	**99.1%**

* Personnel line item includes application of $17,500 in budgeted contingency funds

ENCINITAS SANITARY DIVISION PUMP STATION

This program covers pump station maintenance and operations provided to the City of Encinitas' Encinitas Sanitary Division (ESD) for the Moonlight Beach pump station. All costs are fully borne by ESD.

The program ended the year $5,463, or 2.7%, under budget. Personnel expenditures were below budget following application of $10,000 in budgeted contingency funds. Supplies and Services expenditures exceeded budget by $3,122, or 3.7%, primarily due to higher-than-anticipated $9,500 for ductwork maintenance at Moonlight Beach Pump Station.

Table 13 – Encinitas Sanitary Division Pump Stations by Expense Category

Expense Category	Budget FY 2025-26	Actuals (Audited) FY 2025-26	(Over) / Under Budget	% Budget Spent
Personnel	$ 119,299	$ 110,714	$ 8,585	92.8%
Supplies & Services	84,338	87,461	(3,122)	103.7%
Total Encinitas Sanitary Division	**$ 203,637**	**$ 198,174**	**$ 5,463**	**97.3%**

* Personnel line item includes application of $10,000 in budgeted contingency funds

CITY OF SOLANA BEACH PUMP STATIONS

This program provides pump station maintenance and operations for the City of Solana Beach, including the Eden Gardens, Solana Beach, San Elijo Hills, and Fletcher Cove pump stations, as well as the Storm Drain Sediment Drying & Disposal Program. All costs incurred are fully reimbursable and are the sole responsibility of the City of Solana Beach.

The program concluded the fiscal year $40,332 under budget, representing a favorable variance of 7.2%. Overall savings were realized across both personnel and supplies and services expenditures. Personnel expenses, prior to the application of $20,000 in budgeted contingency fees, were slightly below budget, reflecting attributable operations and maintenance efforts. Supplies and services expenditures were $19,216, or 7.9% below budget, primarily due to lower-than-anticipated repair parts requirements ($11,000), reduced chemical usage for odor control ($11,000), and lower sediment disposal costs. These savings, along with other minor expenditure reductions, partially offset higher-than-budgeted utility costs.

Table 14 – City of Solana Beach Pump Stations by Expense Category

Expense Category	**Budget FY 2025-26**	**Actuals (Audited) FY 2025-26**	**(Over) / Under Budget**	**% Budget Spent**
Personnel	$ 315,680	$ 294,565	$ 21,115	93.3%
Supplies & Services	243,158	223,942	19,216	92.1%
Total City of Solana Beach	**$ 558,839**	**$ 518,507**	**$ 40,332**	**92.8%**

* Personnel line item includes application of $20,000 in budgeted contingency funds

CITY OF DEL MAR PUMP STATIONS

Under this program, SEJPA provides pump station operation and maintenance services to the City of Del Mar. All costs incurred are fully reimbursable and are the sole responsibility of the City of Del Mar. For FY 2025-26, expenses were $16,207, 15.5% under budget. Personnel costs ended the year $4,408 over budget, after the application of $2,100 in budgeted contingency. The overage was primarily attributable to higher than anticipated operations and maintenance staffing time required onsite at the pump station following the failure of Pump 2. SEJPA staff removed the pump in May 2026 and determined that a rebuild was necessary. The rebuild was subsequently authorized by the Del Mar and SEJPA Boards in July 2026.Supplies and services ended the year under budget by $20,615 or 44% due to savings in maintenance service costs.

Table 15 – City of Del Mar Pump Stations by Expense Category

Expense Category	**Budget FY 2025-26**	**Actuals (Audited) FY 2025-26**	**(Over) / Under Budget**	**% Budget Spent**
Personnel	$ 57,908	$ 62,316	$ (4,408)	107.6%
Supplies & Services	46,872	26,257	20,615	56.0%
Total City of Del Mar	**$ 104,780**	**$ 88,573**	**$ 16,207**	**84.5%**

* Personnel line item includes application of $2,100 in budgeted contingency funds

Other Service Programs

Table 16 – Other Service Programs Summary

OTHER SERVICES	Budget FY2025-26	Actuals (Audited) FY2025-26	Budget to Actuals	% of Budget
Encinitas Urban and Stormwater	$ 66,466	$ 64,847	$ 1,619	97.6%
Solana Beach Generator Services	17,483	19,434	$ (1,951)	111.2%
22nd District Agricultural Association (Fairgrounds)	192,020	208,770	$ (16,750)	108.7%
Leucadia Technical Support	29,324	29,324	$ 0	100.0%
Total Other Services	**$ 305,293**	**$ 322,375**	**$ (17,082)**	**105.6%**

CITY OF ENCINITAS URBAN & STORMWATER

This program provides maintenance and operations services to the City of Encinitas, including the Urban Runoff Treatment Facility, Phoebe Stormwater Pump Station, Cardiff Stormwater Diversion Structure, and Storm Drain Sediment Drying and Disposal program. All actual costs incurred under this program are fully reimbursable and are the sole responsibility of the City of Encinitas. The program ended the year $1,619 under budget, or 2.4%, with personnel costs ending the year over budget by $2,096 following the application of $2,010 in budgeted contingency due to additional on site staff time. These costs were offset by savings in Supplies and Services.

Table 17 – City of Encinitas Urban & Stormwater by Expense Category

Expense Category	Budget FY 2025-26	Actuals (Audited) FY 2025-26	(Over) / Under Budget	% Budget Spent
Personnel	$ 43,917	$ 46,013	$ (2,096)	104.8%
Supplies & Services	22,549	18,834	3,715	83.5%
Total City of Encinitas	**$ 66,466**	**$ 64,847**	**$ 1,619**	**97.6%**

* Personnel line item includes application of $2,010 in budgeted contingency funds

CITY OF SOLANA BEACH GENERATOR SERVICES

This program provides generator services to Solana Beach City Hall and the Lomas Santa Fe Fire Station. The program ended the fiscal year 11.2% over budget, representing an unfavorable variance of $1,951. The overage was primarily attributable to additional repair parts and staff time required to complete generator repairs at both locations. Although these unanticipated maintenance costs resulted in expenditures exceeding the budget, the overall variance remained relatively modest in dollar terms.

Table 18 – City of Solana Beach Generator Stations by Expense Category

Expense Category	Budget FY 2025-26	Actuals (Audited) FY 2025-26	(Over) / Under Budget	% Budget Spent
Personnel	$ 9,451	$ 10,198	$ (747)	107.9%
Supplies & Services	8,032	9,236	(1,204)	115.0%
Total City of Solana Beach Services	**$ 17,483**	**$ 19,434**	**$ (1,951)**	**111.2%**

* Personnel line item includes application of $820 in budgeted contingency funds

22ND DISTRICT AGRICULTURAL ASSOCIATION (DEL MAR FAIRGROUNDS)

This program provides support to the Del Mar Fairgrounds for their stormwater treatment system. Any additional services requested by the Fairgrounds are fully funded by the Fairgrounds.

During the year, additional services and materials were provided at the request of the Fairgrounds to support ongoing system operations and maintenance. These included additional drum filter repair parts and supplemental water sampling associated with a storm-related discharge to the creek.

Table 19 – Del Mar Fairgrounds by Expense Category

Expense Category	Budget FY 2025-26	Actuals (Audited) FY 2025-26	(Over) / Under Budget	% Budget Spent
Personnel	$ 165,354	$ 155,840	$ 9,514	94.2%
Supplies & Services	26,666	23,459	3,207	88.0%
Total 22nd District Agriculture Association	**$ 192,020**	**$ 179,299**	**$ 12,721**	**93.4%**
Additional Services	$ -	$ 29,471	$ (29,471)	
Grand Total	**$ 192,020**	**$ 208,770**	**$ (16,750)**	**108.7%**

* Personnel line item includes application of $12,000 in budgeted contingency funds

LEUCADIA WASTEWATER DISTRICT TECHNICAL SUPPORT SERVICES

This program supports the Leucadia Wastewater District (LWD) with Technical Support Services for the Forest R. Gafner Water Reclamation Facility (Gafner Facility) under a fixed price contract. It is noted that this contract was completed on June 30, 2026.

Table 20 – Leucadia Wastewater District Technical Support Services by Expense Category

Expense Category	Budget FY 2025-26	Actuals (Audited) FY 2023-24	(Over) / Under Budget	% Budget Spent
Personnel	$ 25,728	$ 26,663	$ (935)	103.6%
Supplies & Services	3,596	2,661	935	74.0%
Total Leucadia WWD Technical Support	**$ 29,324**	**$ 29,324**	**$ (0)**	**100.0%**

Capital Project Cost Update

The table below summarizes SEJPA's FY 2025-26 capital costs by project. It is anticipated that the Wanket Tank Reservoir Refurbishment and the Facility Plan will be completed in FY 2026-27. The costs included in Other Projects are represent minor capital projects or preliminary engineering and design costs for projects under development and as described in SEJPA's budget document and the Recycled Water Cost of Service Study.

Table 21 – SEJPA Capital Project Cost Update

Open Capital Projects	FY 2025-26 Capital Costs By Project	Project Funding Source*	Project Status
Wanket Tank Reservoir Refurbishment	$ 2,467,914	100% RW	Ongoing
Biosolids Dewatering Improvements	728,347	100% WW	Accepted
Stormwater Capture and Reuse	506,885	50/50% WW/RW	Accepted
Other Projects	312,668	Project Specific	Ongoing
2025 Facility Plan	224,128	All Programs	Ongoing
Moonlight Beach PS Rehab	42,830	100% ESD	Ongoing
FY 2025-26 Capital Project Costs	**4,282,772**		

* - Wastewater programs (WW), Recycled Water (RW), Encinitas Sanitary Division (ESD)

DEBT SERVICE

SEJPA's long-term debt service requirements include one bond issuance, four capital loans, and one financing program.

Wastewater Long-Term Debt

- **2017 Revenue Bonds (Clean Water Bonds)** were issued in FY 2016-17 to provide the primary funding source for SEJPA's Capital Improvement Program needs at the time.
- **SDG&E On-Bill Financing** is an interest free loan that financed energy efficiency improvements to reduce energy consumption. The payments are included in the monthly billing and the debt will be paid in full during FY 2027-28.

Wastewater Revenue Credit Agreements (Non-debt)

- **Del Mar Infrastructure Credit** is an annual credit of $60,000 to the City of Del Mar against revenue charges for the payback of a portion of costs incurred for the construction of infrastructure built by Del Mar to connect to SEJPA's wastewater facilities. This credit is anticipated to be exhausted in FY 2035-36.

Recycled Water Utility Long-Term Debt

- **2023 Recycled Water Loan** in the amount of $10,120,000 was issued in May 2023 to fund Recycled Water capital program projects and is scheduled to be paid off in FY 2042-43. As of June 30, 2026, the unspent portion of the 2023 Recycled Water Loan (including allocated interest) was $2,888,567. The remaining proceeds will be used to fund Recycled Water capital needs through FY 2027-28 as detailed in the Study.
- **Private Placement Loan** provided funding for the construction of advanced water purification and is scheduled for retirement in FY 2031-32.
- **Santa Fe Irrigation District (SFID) Loan** funded the purchase of a recycled water pipeline that expanded the distribution system. Repayment of the SFID loan is tied to the volume of recycled water sold through the pipeline, so the debt does not have a fixed payoff date. Based on historical usage trends, the loan is projected to be retired in FY 2031–32.
- **City of Solana Beach Loan** funded the purchase of a recycled water distribution pipeline designed along the southern border of the City to service the Coastal Rail Trail through Solana Beach. Repayment of this loan is likewise tied to the volume of recycled water sold through the pipeline, so it does not have a fixed payoff date. Based on historical usage trends, the loan is projected to be retired in FY 2066–67.

All SEJPA's loans and bonds were paid timely and in accordance with the agreement provisions. All financial covenants, including the Debt Service Coverage Ratios (DSCRs) were achieved for FY 2025-26. SEJPA's Standard & Poor's bond credit rating is AA+.

Below is a table showing the principal balances paid during FY 2025-26 on each loan.

Table 22 – SEJPA Long-Term Debt Summary Table

*Long-Term Debt**	Original Debt Issuance Balance	Principal Paid in Prior Years	Principal Paid in FY 2025-26	Unpaid Balance @ June 30, 2026
Wastewater Debt				
2017 Revenue Bonds (Clean Water)	$ 22,115,000	$ 2,820,000	$ 535,000	$ 18,760,000
SDG&E On Bill Financing	533,883	409,310	53,388	71,185
Total Wastewater Program Long-Term Debt	**22,648,883**	**3,229,310**	**588,388**	**18,831,185**
Recycled Water Debt				
2023 Recycled Water Loan	10,120,000	643,000	349,000	9,128,000
Private Placement Loan (AWP)	2,000,000	1,163,493	114,614	721,893
Santa Fe Irrigation District Loan	526,149	323,446	38,890	163,813
Solana Beach Pipeline Reimbursement	1,191,652	789,068	10,980	391,604
Total Recycled Water Utility Long-Term Debt	**13,837,801**	**2,919,007**	**513,484**	**10,405,310**
Total SEJPA Long Term Debt Outstanding	**$ 36,486,684**	**$ 6,148,317**	**$ 1,101,872**	**$ 29,236,495**
Del Mar Wastewater Infrastructure Credit	1,082,247	441,683	60,000	580,564
Total Other Infrastructure Credits	**$ 1,082,247**	**$ 441,683**	**$ 60,000**	**$ 580,564**

* Amounts shown are principal only

CalPERS UNFUNDED LIABILITY

SEJPA's combined CalPERS Unfunded Accrued Liability (UAL), measured as of June 30, 2025, is summarized below. The UAL represents the portion of pension obligations not currently funded and can be viewed as long-term employer debt.

In 2019, the SEJPA Board established an irrevocable pension reserve, referred to as the PARS Trust, to help address this unfunded liability. The PARS Trust balance as of June 30, 2025, was $1,197,623. During the current fiscal year ending June 30, 2026, the PARS Trust value increased by $225,755, consisting of an $84,000 contribution accrued as of June 30, 2026, and $141,755 in investment earnings. This results in an ending balance of $1,423,378 as of June 30, 2026. When the PARS Trust balance is considered in conjunction with the CalPERS UAL, the net unfunded liability and funding percentage are adjusted as follows:

Table 23 – SEJPA CalPERS Pension Plan Funding Status

Plan	Unfunded Accrued Liability (UAL)*/**	Funded Ratio	PARS Trust Value***	UAL Less PARS	UAL Less PARS
SEJPA CalPERS Plans (Tier 1/Tier 2/PEPRA)	$ 4,579,531	79.8%	$ 1,423,378	$ 3,156,153	86.1%

* - Beginning for valuation plan years as of June 30, 2024, UAL information is no longer prepared by CalPERS on an individual Tier-Plan Level.

** - UAL Value as of June 30, 2025 per CalPERS Actuarial Report dated July 2026.

*** - PARS Trust Value as of June 30, 2026 per PARS Statement plus Accrued Contributions of $84,000 for FY 2025-26

OVERALL SUMMARY

On a combined basis, SEJPA concluded the fiscal year $63,043 under budget, representing a favorable variance of 0.6%. Core program operations generated $14,337 in savings after accounting for the $84,000 contribution to SEJPA's PARS Pension Trust, the Board-approved one-time $60,000 staff recognition payment, and unanticipated emergency repair needs within the Recycled Water Utility. These results reflect continued budgetary discipline while accommodating significant pension funding contributions, employee recognition, and necessary system maintenance. All debt service obligations were paid in full and in accordance with the respective loan agreements.

Additionally, SEJPA's pension funding position improved, with the funded ratio increasing from 79.8% before including the impact of the PARS Trust to 86.1% after including the impact of the PARS Trust. This improvement reflects continued progress toward long-term pension funding objectives and demonstrates prudent financial management and fiscal oversight.

RECOMMENDATION

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

Respectfully submitted,



Kevin Lang, CPA
Director of Finance & Administration

AGENDA ITEM NO. 9C

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

November 17, 2026

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: EL NIÑO PREPAREDNESS AND EMERGENCY RESPONSE PREPARATIONS

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to enter into a rental agreement with Bay City Electric Works for backup generator and issue a purchase order in the amount of $32,000;
2. Authorize General Manager to select a suitable pump and enter into a rental agreement for standby trailer-mounted bypass pump in an amount estimated at $45,000; and
3. Discuss and take action as appropriate.

BACKGROUND

The 2026–2027 winter season is anticipated to be influenced by a potentially historic El Niño climate pattern, increasing the risk of severe storms, prolonged rainfall, and coastal flooding throughout Southern California. The National Oceanic and Atmospheric Administration (NOAA), in its October 2026 outlook, identified a greater than 83% probability of strong-to-very-strong El Niño conditions persisting through January – March 2027 producing increased likelihood of above-average precipitation across Southern California. While the timing and magnitude of individual storms remain uncertain, these conditions increase the potential for more frequent and intense rainfall events, successive storms, and associated flooding.

Elevated ocean levels associated with El Niño conditions, including Kelvin waves and seasonal king tides, may compound storm surge and high surf, increasing the potential for coastal inundation and seawater intrusion into low-lying wastewater infrastructure. Successive precipitation events may also saturate soils, increase runoff, and elevate inflow and infiltration into wastewater collection systems.

On September 21, 2026, Governor Gavin Newsom proclaimed a statewide State of Emergency in anticipation of El Niño-related impacts, authorizing advance mobilization of resources and

emergency preparedness measures. Subsequently, on September 30, 2026, the County of San Diego proclaimed a local emergency, which was ratified by the Board of Supervisors on October 6, 2026. These actions underscore the importance of proactive planning and resource mobilization to protect public infrastructure, public health, and the environment.

The San Elijo Water Campus (SEWC), Ocean Outfall system, recycled water distribution system, and the wastewater pump stations operated and maintained by SEJPA on behalf of its partner agencies, may be vulnerable to extreme wet-weather conditions. Potential impacts include elevated wastewater flows, pump station flooding, electrical power interruptions, coastal seawater intrusion, erosion, and disruption of critical treatment and conveyance operations. In anticipation of these conditions, staff has initiated a preparedness program focused on infrastructure resiliency, operational readiness, emergency response capabilities, and regional coordination.

DISCUSSION

In preparation for the anticipated El Niño storm season, SEJPA has undertaken a review of critical infrastructure, operational procedures, emergency resources, and response capabilities. These efforts are intended to reduce the risk of service interruptions, protect public health and the environment, and position the agency to respond promptly to uncertain conditions.

El Niño Preparedness and Operational Readiness

Staff has initiated the following activities:

- **Infrastructure Readiness:** Completed rebuilds of critical pumps at SEWC and pump stations; tested the City of Del Mar force main connection to the San Diego Metropolitan Wastewater System to divert flows when needed; evaluated emergency power reliability; deployed instrumentation for real-time monitoring of total dissolved solids (i.e., seawater intrusions), and initiated coastal bluff slope and vegetation management activities at the SEWC.
- **Storm Response Procedures:** Reviewed historical storm events and facility performance to establish pre-storm activation thresholds that may produce elevated inflow and infiltration. Staff are updating Standard Operating Procedures (SOPs) for wet weather events, including pre-storm inspections, wastewater flow balancing, response to seawater intrusion, and emergency pumping strategies.
- **Personnel and Resource Readiness:** Conducting staff training and scenario-based response exercises; establishing primary and secondary on-call assignments and supplemental departmental support; identifying equipment, materials, and emergency service providers and other essential vendors.
- **Regional Coordination:** Met with staff from the cities of Encinitas, Solana Beach, Del Mar, and Escondido, 22nd District Agricultural Association, and the Rancho Santa Fe Community Services District to coordinate emergency response planning and shared infrastructure considerations. Staff have also communicated preparedness measures to the Regional Water Quality Control Board.
- **Emergency Documentation:** Developing a centralized storm response log to document conditions, personnel, equipment, response actions, and associated expenditures. The Finance Department will maintain expense records for potential reimbursement through Cal OES or other available emergency assistance programs.

Emergency Response and Contracting Authority

SEJPA's El Niño preparedness planning acknowledges that certain events could arise requiring immediate action for the protection of personnel and property. Such work is commonly completed under the Emergency Work provisions of SEJPA's Resolution 2022-01 "Purchasing Policies and Procedures", Part 3.1.d which states:

> *The General Manager is authorized to purchase and enter into contracts for urgent maintenance and for necessary equipment, services and supplies in the case of an emergency, without giving notice for bids and in any necessary amount. Urgent sewer maintenance or repair work is work that is required as a result of a physical condition which threatens public health or safety or the environment and requires immediate remedial action to mitigate said threat. Following the exercise of this authority, the General Manager or designee shall follow the procedures required by Section 22050 of the Public Contract Code.*

Section 22050 of the Public Contract Code (PCC) stipulates requirements for reporting the action to the governing Board

> *22050, Paragraph (c)(1) …[following action by General Manager under authority delegated in SEJPA's Procurement Policy]…the governing body shall initially review the emergency action not later than seven days after the action, or at its next regularly scheduled meeting if that meeting will occur not later than 14 days after the action, and at least at every regularly scheduled meeting thereafter until the action is terminated, to determine, by a four-fifths vote, that there is a need to continue the action, unless …[General Manager as delegated authority]…has terminated that action prior to the governing body reviewing the emergency action and making a determination pursuant to this subdivision. If the governing body meets weekly, it may, after the initial review, review the emergency action in accordance with this paragraph every 14 days.*

Staff proposes to establish pre-negotiated, as-needed service agreements with qualified contractors and consultants to facilitate rapid mobilization over the period of December 2026 through June 2027. These as-needed agreements also serve as a risk mitigation measure for SEJPA and its partner agencies by helping secure access to critical contractors and equipment that may be necessary for disaster response or recovery.

The General Manager would exercise emergency contracting authority when warranted by actual conditions, with required Board reviews/approvals and monthly status updates throughout the emergency period. This approach is intended to reduce administrative delays while preserving the Board's oversight and statutory reporting requirements.

Identification of Non-Budgeted Preparedness and Emergency Response Expenditures

Staff is tracking expenditures outside the adopted FY 2026–27 budget for the following activities that are recommended to improve infrastructure resiliency and emergency response readiness:

- **Emergency Power Backup:** Mobilize a backup generator for the Olivenhain Pump Station (OPS), as coordinated with and requested by the City of Encinitas (see below for details of proposed equipment rental); extend and increase contract value with generator services existing contractor Global Power to ensure capacity and contract provisions for as-needed repair parts and service, rentals, and generator fueling;
- **Equipment and Supplies:** Procure portable solids-handling pumps, portable generator, sandbags, hoses, fittings, and other emergency response materials;

- **Flood and Erosion Protection:** Procure and install K-rail barriers to protect the pedestrian trail below areas of surficial slope erosion along the coastal bluff on the west side of the SEWC;
- **Emergency Pumping:** Secure a standby, trailer-mounted sewage pump for pump station bypassing and floodwater removal (see below for details of proposed equipment rental);
- **Personnel:** Overtime and scheduled standby assignments, including supplemental on-call staffing during storm events; and
- **Engineering and Construction Support:** Electrical and mechanical resiliency assessments, supplemental engineering, construction management & inspection (CM&I), and contractor resources to be secured through pre-negotiated as-needed agreements.

These expenditures would support advance preparedness and, when necessary, immediate response to conditions threatening critical infrastructure or continuity of wastewater and recycled water operations. Staff will track expenditures separately, document emergency-related activities, and report financial impacts to the Board. Any potential reimbursement through state or federal emergency assistance programs will be evaluated based on applicable eligibility requirements.

Emergency Bypass Pumping Equipment: SEJPA is reviewing operating scenarios that may necessitate bypass pumping in order to select a portable, trailer-mounted pump to provide supplemental and/or bypass pumping capacity at the remote pump stations and within the San Elijo Water Campus. Pumps that would provide suitable capacity are long-lead items and expected to exceed $125,000 to purchase. Alternatively, and more expediently, SEJPA staff proposes to rent a bypass pump for the immediate wet weather season with an estimated expense on the order of $5,000 to $7,000 per month. Renting this pump prior to the start of the El Niño season ensures equipment would be available to deploy in the case of mechanical and/or electrical failures at any of the sites, or to help clear flooding during a major storm event.

Backup Diesel Engine Generator Rental: SEJPA identified the existing backup generator at OPS as a potential risk during power outages due its age and recent maintenance history. SEJPA conferred with the City of Encinitas collections team and received approval to rent a backup generator for this site during the upcoming rain season. SEJPA solicited quotes for a trailer-mounted, diesel engine generator to be mobilized to the OPS site. Quotes for estimated 6-month rental packages were received from Global Power ($44,730), Sunbelt ($34,650), and Bay City ($31,370). This equipment will be rented by SEJPA and reimbursed through billings to City of Encinitas for actual cost incurred.

FINANCIAL IMPACT

The El Niño preparedness activities and emergency response efforts described above are anticipated to result in non-budgeted operating expenses that cannot be fully estimated at this time given the uncertainty in the types, severity, and frequency of events. SEJPA will track El Niño preparedness and emergency response expenses and provide updates to partner agencies and the Board as expenditures are incurred. Actual costs will be applied to the respective operating program based on the emergency conditions and cost reimbursement will be included in the FY 2026-27 annual reconciliation. SEJPA staff has communicated this funding strategy to partner agencies and will include updates to the Board as funds are deployed.

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to enter into a rental agreement with Bay City Electric Works for backup generator and issue a purchase order in the amount of $32,000;
2. Authorize General Manager to select a suitable pump and enter into a rental agreement for standby trailer-mounted bypass pump in an amount estimated at $45,000; and
3. Discuss and take action as appropriate.

Respectfully submitted,



Thomas C. Falk, P.E.
General Manager