

**AGENDA  
SAN ELIJO JOINT POWERS AUTHORITY  
TUESDAY, NOVEMBER 17, 2020 AT 8:30 AM**

The next regular meeting of the San Elijo Joint Powers Authority (SEJPA) will be on Tuesday, November 17, 2020 at 8:30 a.m., PST.

Pursuant to the State of California Executive Order N-29-20 and the amended County Health Orders, members of the public will only be allowed to participate in meetings telephonically.

This regular meeting of the San Elijo Joint Powers Authority can be accessed using the phone number listed below:

Dial-In Phone Number: 669-900-9128

Meeting ID: 957-9364-6914

Public Comments (including oral communication and agenda item related topics must be submitted via email to [hackneyv@sejpa.org](mailto:hackneyv@sejpa.org) not later than 7:30 a.m. the day of the meeting, November 17, 2020. These comments will be read into the record during the oral communications. Please include your name, address, group affiliation, subject, and question or comment in your email.

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1. CALL TO ORDER
  2. ROLL CALL
  3. PLEDGE OF ALLEGIANCE
  4. ORAL COMMUNICATIONS (NON-ACTION ITEM)
  5. AWARDS AND RECOGNITION
  6. \* **CONSENT CALENDAR**
  7. \* [APPROVAL OF MINUTES FOR OCTOBER 20, 2020 MEETING](#)
  8. \* [APPROVAL FOR PAYMENT OF WARRANTS AND MONTHLY INVESTMENT REPORTS](#)
  9. \* [WASTEWATER TREATMENT REPORT](#)
  10. \* [RECYCLED WATER REPORT](#)
  11. \* 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.*

## **REGULAR AGENDA**

### 12. [FY 2019-20 FINANCIAL AUDIT REPORT ACCEPTANCE](#)

1. Accept and file the FY 2019-20 Audited Financial Statements for San Elijo Joint Powers Authority;
2. Accept and file the FY 2019-20 SAS 114 Letter; and
3. Discuss and take action as appropriate.

Staff Reference: Director of Finance and Administration

### 13. [SAN ELIJO JOINT POWERS AUTHORITY END OF YEAR REVIEW OF THE FISCAL YEAR 2019-20 OPERATING AND DEBT SERVICE EXPENSES](#)

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

Staff Reference: Director of Finance and Administration

### 14. [OCEAN OUTFALL PLUME TRACKING STUDY](#)

1. Authorize the General Manager to execute a shared services agreement with Encina Wastewater Authority for a joint Plume Tracking Study;
2. Authorize the General Manager to execute a contract with Michael Baker International, Inc. for a Plume Tracking Study in the amount of \$568,720; and
3. Discuss and take action as appropriate.

Staff Reference: General Manager

### 15. [CAPITAL IMPROVEMENT PROGRAM UPDATE](#)

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

Staff Reference: General Manager

### 16. [GENERAL MANAGER'S REPORT](#)

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

### 17. [GENERAL COUNSEL'S REPORT](#)

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

18. 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.*

19. ADJOURNMENT

The next regularly scheduled San Elijo Joint Powers Authority Board Meeting will be Tuesday, December 15, 2020 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 Michael T. Thornton, General Manager, (760) 753-6203 ext. 72.

The agenda package and materials related to an agenda item submitted after the packet's distribution to the Board is 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](http://www.sejpa.org). The SEJPA Board meetings are held on the third Tuesday of each month, with no scheduled meetings in August.

AFFIDAVIT OF POSTING

I, Michael T. Thornton, 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 in the following locations:

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

The notice was posted at least 72 hours prior to the meeting, in accordance with Government Code Section 54954.2(a).

Date: November 12, 2020



Michael T. Thornton, P.E.  
Secretary / General Manager

SAN ELIJO JOINT POWERS AUTHORITY  
MINUTES OF THE BOARD MEETING  
HELD ON OCTOBER 20, 2020  
VIA VIDEO CONFERENCE

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Jody Hubbard, Chair

Kristi Becker, Vice Chair

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A meeting of the Board of Directors of San Elijo Joint Powers Authority (SEJPA) was held Tuesday, October 20, 2020, at 8:30 a.m., via a public web conference.

1. CALL TO ORDER

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

2. ROLL CALL

*Directors Present:*

Kristi Becker  
Catherine Blakespear  
David Zito

*Directors Absent:*

Jody Hubbard

*Others Present:*

General Manager  
Director of Operations  
Director of Finance and Administration  
Administrative Coordinator  
Senior Project Manager

Michael Thornton  
Chris Trees  
Amy Chang  
Vanessa Hackney  
Mike Konicke

*SEJPA Counsel:*

Procopio, Cory, Hargreaves & Savitch

Greg Moser

*City of Encinitas:*

Assistant City Manager  
Director of Public Works  
Assistant Director/Assistant General Manager

Mark Delin  
Carl Quiram  
Isam Hireish

*City of Solana Beach:*

City Manager  
Director of Engineering/Public Works

Greg Wade  
Mohammad "Mo" Sammak

3. PLEDGE OF ALLEGIANCE

General Manager Thornton led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. AWARDS AND RECOGNITION

Michael Thornton – 20 Years of Service

6. CONSENT CALENDAR

Moved by Board Member Zito and seconded by Board Member Blakespear to approve the Consent Calendar.

Agenda Item No. 7	Approval of Minutes for the September 15, 2020 Meeting
Agenda Item No. 8	Approval for Payment of Warrants and Monthly Investment Report
Agenda Item No. 9	Wastewater Treatment Report
Agenda Item No. 10	Recycled Water Report
Agenda Item No. 11	Award of Contract for the 2021 Recycled Water Cost of Service Rate Study

Motion carried with the following vote of approval:

AYES: Becker, Blakespear, Zito  
NOES: None  
ABSENT: Hubbard  
ABSTAIN: None

13. BUREAU OF RECLAMATION GRANT PURSUIT – STORMWATER HARVESTING

General Manager Thornton reviewed the Bureau of Reclamation Title XVI grant proposal that will leverage existing wastewater infrastructure and build from the implementation of the Phase I Stormwater Capture and Reuse project scheduled for construction in 2021.

This proposed grant resolution supports SEJPA's efforts in obtaining \$294,550 in grant funding from the Department of the Interior – Bureau of Reclamation. Approval of proposed Resolution 2021-01 does not financially commit the Board to proceed with the project at this time.

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

1. Approve Resolution 2021-01 of the Board of Directors of the San Elijo Joint Powers Authority Establishing its Commitment to the Financial and Legal Obligations Associated with Receipt of a Financial Assistance Award from the Department of the Interior; and
2. Discuss and take action as appropriate.

Motion carried with the following vote of approval:

AYES: Becker, Blakespear, Zito  
NOES: None  
ABSENT: Hubbard  
ABSTAIN: None

14. RECYCLED WATER PROGRAM – PROPOSED WHOLESALE AGREEMENT AMENDMENTS

General Manager Thornton reviewed the San Elijo Joint Powers Authority (SEJPA) recycled water utility that sells recycled water to four water purveyors; Santa Fe Irrigation District (SFID), San Dieguito Water District (SDWD), Olivenhain Municipal Water District (OMWD) and the City of Del Mar/22<sup>nd</sup> District Agricultural Association (CoDM/22DAA); and also has an interruptible service agreement directly with the Encinitas Ranch Golf Authority (ERGA).

The proposed agreement amendment with the City of Del Mar/22DAA seeks to reduce the guaranteed minimum annual purchase volume from 120 AFY to 85 AFY. Similarly, SDWD is seeking to reduce the guaranteed minimum annual purchase volume from 400 AFY to 300 AFY. Both agreement terms are proposed to be extended by an additional 2 years.

Moved by Board Member Zito and seconded by Vice Chair Becker to:

1. Authorize the General Manager to execute a Third Amendment to the Agreement for Sale of Reclaimed Water to the San Dieguito Water District by the San Elijo Joint Powers Authority, subject to the General Manager's final negotiations with the District and General Counsel's final review;
2. Authorize the General Manager to execute a Second Amendment to the Agreement for Sale of Reclaimed Water to the City of Del Mar by the San Elijo Joint Powers Authority, subject to the General Manager's final negotiations with the City and General Counsel's final review;
3. Authorize the General Manager to execute a Second Amendment to the Reclaimed Water Sales Agreement Between the San Elijo Joint Powers Authority, the City of Del Mar and the 22<sup>nd</sup> District Agricultural Association, subject to the General Manager's final negotiations with the City and the Association and General Counsel's final review; and
4. Discuss and take action as appropriate.

Motion carried with the following vote of approval:

AYES:	Becker, Blakespear, Zito
NOES:	None
ABSENT:	Hubbard
ABSTAIN:	None

15. GENERAL MANAGER'S REPORT

General Manager Thornton reported updates to the Solar PV Power Purchase Agreement and Land Lease, meeting with Vice Chair Becker to review and prepare for the October Board meeting, meeting with Board Member Zito to review recycled water program, and updates to Board Member Blakespear's suggestion on battery storage opportunities.

16. GENERAL COUNSEL'S REPORT

Greg Moser stated, AB992, an amendment to the Brown Act, will take effect January 1, 2021. This amendment broadens the definition of an improper meeting to include any two members of a body communicating through social media that is open to the public.

17. BOARD MEMBER COMMENTS

None.

18. ADJOURNMENT

The meeting adjourned at 9:28 a.m. The next Board of Directors meeting is scheduled to be held on Tuesday, November 17, 2020 at 8:30 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'M. Thornton', with a long horizontal flourish extending to the right.

Michael T. Thornton, P.E.  
General Manager

**SAN ELIJO JOINT POWERS AUTHORITY**  
**PAYMENT OF WARRANTS**  
**20-11**  
**For the Month of October 2020**

<b>Warrant #</b>	<b>Vendor Name</b>	<b>G/L Account</b>	<b>Warrant Description</b>	<b>Amount</b>
38924	Affordable Drain Services	Services - Maintenance	Del Mar 21st Pump Station wetwell service	\$ 1,925.00
38925	ASCE Membership	Dues & Memberships	Membership - M. Thornton	295.00
38926	AT&T	Utilities - Telephone	Phone service - 08/13/20 - 09/12/20	425.77
38927	Banner Day, Inc.	Service - Fire Control	Weed abatement northwest side of property	4,200.00
38928	California Water Technologies	Supplies - Chem - Ferric Chlo	Ferric chloride	5,739.95
38929	Complete Office	Supplies - Office	Paper	75.32
38930	Denali Water Solutions LLC	Services - Biosolids Hauling	Aug	19,542.73
38931	DMV	Services - Other	Safety records - 08/01/20 - 08/31/20	2.00
38932	EDCO Waste & Recycling Service	Utilities - Trash	Sep	265.16
38933	City of Encinitas	Service - IT Support	Admin network - Oct	7,725.00
38934	City of Encinitas	Licenses	Zoom	39.98
38935	City of Encinitas	Licenses	DUO	30.00
38936	City of Encinitas	Fees - Permits	WCI building permit fees	20,023.34
38937	Eurofins Calscience, Inc.	Services - Laboratory	Testing water samples	2,941.50
38938	Evantec Scientific	Supplies - Laboratory	Various supplies	917.39
38939	Fisher Scientific	Repair Parts Expense	Drager short term detector tubes	819.67
38940	Flo-Systems, Inc.	Services - Maintenance	Eden Garden field service emergency repair - Pump #2	2,563.46
38941	Forté of San Diego	Supplies - Janitorial	Various supplies	559.74
38942	GEM Site Development LLC	Services - Contractors	Repair 3" PVC tee with romac coupling in front of admin trailer	6,542.14
38943	Grainger, Inc.	Supplies - Shop & Field	Valve rebuild kit and solenoid valve coil	1,270.79
38944	GC Pivotal LLC	Utilities - Internet	T-1 service - Nov	355.24
38945	Hardy Diagnostics	Supplies - Laboratory	Various supplies	1,019.68
38946	McMaster-Carr Supply Co.	Repair Parts Expense & Supplies	Various repair parts and supplies	1,774.27
38947	Midas Shop	Vehicle Maintenance	Oil change (3 vehicles), battery (1 vehicle)	449.70
38948	Olin Corp - Chlor Alkali	Supplies - Chem - Sodium Hypo	Sodium hypochlorite	3,759.73
38949	Olivenhain Municipal Water Dis	Rent & Maintenance Service	Pipeline rental payment - Sep, Wanket 1st Qtr FY 2020-21 Maintenance	18,371.66
38950	Pacific Pipeline Supply	Repair Parts Expense	Digester #3, Solana Beach Pump Station force main, replacement tools	2,974.42
38951	Smart & Final	Supplies - Office	Kitchen supplies	176.87
38952	Thatcher Company of California	Supplies - Chemicals	Aluminum sulfate	6,484.02
38953	Unifirst Corporation	Services - Uniforms	Uniform service - less prep and special size	123.70
38954	Underground Service Alert/SC	Services - Alarm	Safe excavation board and dig alert - Sep	208.44
38955	USA Bluebook	Supplies - Laboratory	Various supplies	1,714.97
38956	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA - 457	6,476.80
38957	Vantagepoint Transfer Agents	ICMA Retirement	ICMA - 401	3,956.33
38958	Verizon Wireless	Utilities - Telephone	08/11/20 - 09/10/20	399.69
38959	Volt Management Corp	Services - Temp	Period end - 08/21/20 thru 09/27/20	998.14
38960	VWR International, Inc.	Supplies - Laboratory	Various supplies	806.98
38961	WateReuse	Dues & Memberships	Membership - SEJPA	1,070.00
38962	Western Hose & Gasket	Repair Parts Expense	Lineman hose	807.82
38963	A-Check Global	Preemployment Screening	New employees	416.40
38964	Allied Storage Containers	Equipment Rental/Lease	20' & 40' Storage containers - 10/01/20 - 10/31/20	274.76
38965	Atlas	Services - Engineering	Bicycle trail, RCB culvert, and building	24,626.00
38966	Bay City Electric Works	Services - Maintenance	Generator maintenance	936.09
38967	Boot World, Inc.	Uniforms - Boots	Employee reimbursement - Safety boots (2)	394.81
38968	BrightView Landscapes	Services - Landscape	Oct	2,782.00
38969	California Boiler	Capital Outlay	Boiler No. 1 replacement	9,610.24
38970	Forté of San Diego	Services - Janitorial	Nov	1,000.00
38971	Helix Environmental Planning	Services - Professional	Caltrans multi-use path	14,438.20
38972	Hoch Consulting, APC	Services - Professional	As needed service	6,375.00
38973	Kimley-Horn & Associates, Inc.	Services - Professional	Caltrans trail and entrance	5,392.41
38974	Kristi Becker	Board Expense	Board prep meeting	160.00
38975	Liquid Environmental Solution	Services - Grease & Scum	Grease and scum pumping	554.88
38976	McMaster-Carr Supply Co.	Repair Parts Expense & Supplies	Various repair parts and supplies	476.45
38977	MetLife - Group Benefits	Dental/Vision	Dental - Nov	2,138.60
38978	PCL Construction Services PCL	Services - Contractors	GMP-2 Lease Purchase Agreement Installment - 2 of 14	976,612.00
38979	Polydyne Inc.	Supplies - Chem - Polymer	Clarifloc WE-007	11,799.44
38980	Preferred Benefit Insurance	Dental/Vision	Vision - Oct	260.00
38981	ProBuild Company, LLC	Supplies - Safety	Supplies and repair parts	552.96
38982	The Pun Group LLP	Services - Accounting	Audit - Year end Jun 2020	15,000.00
38983	Red Truck Fire & Safety Co.	Service - Fire Control	Fire extinguisher training class	796.85
38984	Roesling Nakamura Terada Archi	Services - Professional	SEJPA - building improvement	5,425.50
38985	Rohan & Sons, Inc	Services - Maintenance	Moonlight Pump Station new fan installation	990.00
38986	Santa Fe Irrigation District	Utilities - Water	Water and recycled water	1,491.31
38987	San Dieguito Water District	Utilities - Water	Recycled water	1,026.54
38988	Sigma-Aldrich	Supplies - Laboratory	Various supplies	394.82
38989	Unifirst Corporation	Services - Uniforms	Jackets, uniform service	1,554.35
38990	USA Bluebook	Repair Parts Expense	Replacement pull out flgs, pump tubes	1,135.81
38991	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA - 457	6,466.97
38992	Vantagepoint Transfer Agents	ICMA Retirement	ICMA - 401a	3,943.79
38993	Vaughn Irrigation Services, In	Services - Maintenance	Emergency repair of 4" solenoid control	382.50
38994	Volt Management Corp	Services - Temp	Period end - 07/17/20 thru 10/02/20	649.02
38995	WM Corporate Services, Inc.	Services - Grit & Screenings	Sep	520.01
On-line 454	Fuelman	Fuel	Sep	3,136.46
On-line 455	P.E.R.S.	Void	Void	-
On-line 456	Public Employees- Retirement	Retirement Plan - PERS	Retirement - 09/18/20 - 10/02/20	15,719.51
On-line 457	Board of Equalization	Accrued Sales Tax Payable	Sales tax - 07/01/20 - 09/30/20	505.00
On-line 458	P.E.R.S.	Medical Insurance - Pers	Oct	19,920.82
On-line 459	Aflac	EE Deduction Benefits	Aflac - Nov	417.84
On-line 460	BankCard Center	COVID19-Supplies-Equipment	Supplies, printing, and education	1,426.30



**SAN ELIJO JOINT POWERS AUTHORITY**

**PAYMENT OF WARRANTS**

**20-11**

**For the Month of October 2020**

<b>Warrant #</b>	<b>Vendor Name</b>	<b>G/L Account</b>	<b>Warrant Description</b>	<b>Amount</b>
On-line 461	P.E.R.S.	Medical Insurance - Pers	Health - Nov	20,528.30
On-line 462	Public Employees- Retirement	Retirement Plan - PERS	Retirement - 10/03/20 - 10/16/20	15,567.52
On-line 463	ReadyRefresh	Supplies - Laboratory	Kitchen and lab supplies	938.04
On-line 464	San Diego Gas & Electric	Utilities - Gas & Electric	Gas and electric - 09/03/20 - 10/05/20	68,264.88
On-line 465	Sun Life Financial	Life Insurance/Disability	Life and disability insurance - Nov	1,832.40
	San Elijo Payroll Account	Payroll	Payroll - 10/09/2020	80,976.74
	San Elijo Payroll Account	Payroll	Payroll - 10/23/2020	84,608.71
				<u>\$ 1,540,252.63</u>

SAN ELIJO JOINT POWERS AUTHORITY

PAYMENT OF WARRANTS SUMMARY

**For the Month of October 2020  
As of October 31, 2020**

PAYMENT OF WARRANTS	\$ 1,540,252.63
Reference Number	20-11

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



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Amy Chang  
Director of Finance & Administration

STATEMENT OF FUNDS AVAILABLE FOR PAYMENT OF WARRANTS  
AND INVESTMENT INFORMATION  
As of October 31, 2020

FUNDS ON DEPOSIT WITH	AMOUNT
<b>LOCAL AGENCY INVESTMENT FUND</b>	
<i>(OCTOBER 2020 YIELD 0.62%)</i>	
RESTRICTED SRF RESERVE	\$ 630,000.00
UNRESTRICTED DEPOSITS	9,198,792.14
<b>CALIFORNIA BANK AND TRUST</b>	
<i>(OCTOBER 2020 YIELD 0.01%)</i>	
REGULAR CHECKING	3,623,140.65
PAYROLL CHECKING	5,000.00
<b>UNION BANK - TRUSTEE (BOND FUNDS)</b>	
BLACKROCK	706.12
<i>(OCTOBER 2020 YIELD 0.04%)</i>	
LAIF	7,715,228.89
<i>(OCTOBER 2020 YIELD 0.62%)</i>	
<b>PARS - TRUSTEE (POST-EMPLOYMENT BENEFITS TRUST)</b>	54,842.84
<i>(SEPTEMBER 2020 YIELD -1.64%)</i>	
<b>TOTAL RESOURCES</b>	<u>\$ 21,227,710.64</u>

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

November 17, 2020

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: WASTEWATER TREATMENT REPORT

RECOMMENDATION

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

DISCUSSION

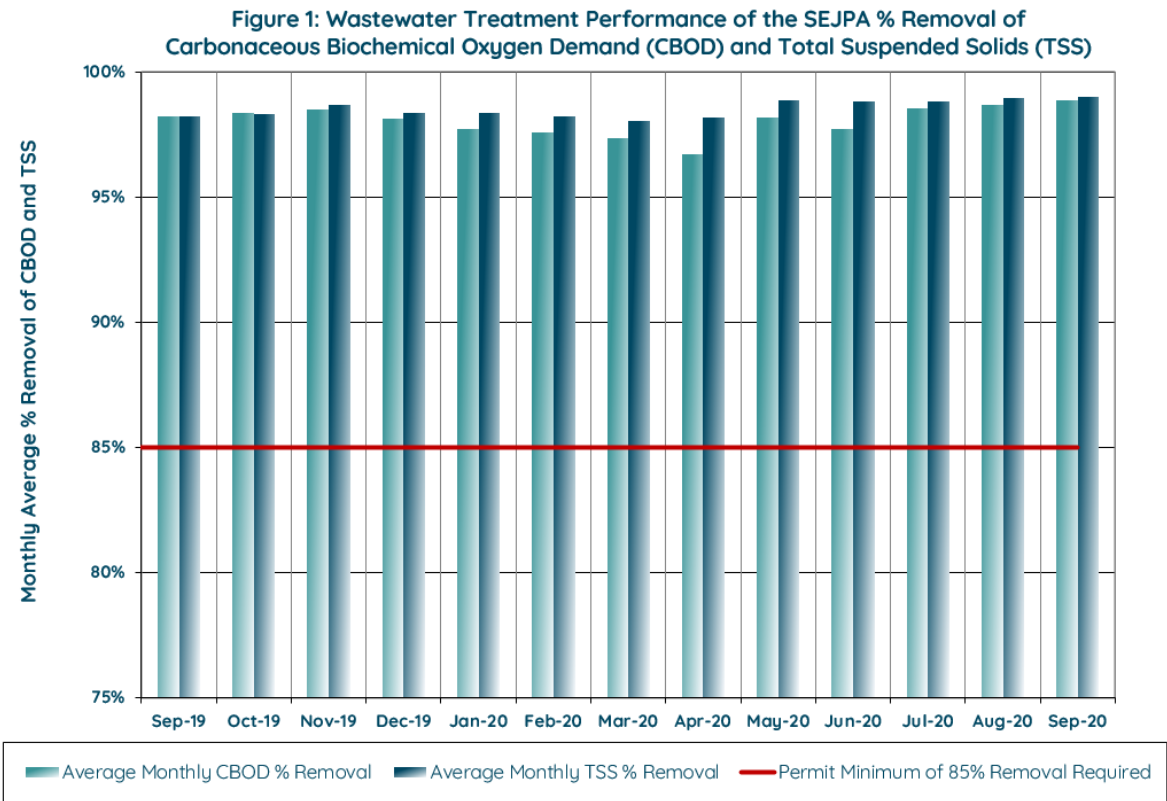
Monthly Treatment Plant Performance and Evaluation

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 2020. The primary indicators of treatment performance include the removal of Carbonaceous Biochemical Oxygen Demand (CBOD) and Total Suspended Solids (TSS). The SEJPA is required to remove a minimum of 85 percent of the CBOD and TSS from the wastewater. Treatment levels for **CBOD** and **TSS** were **98.9** and **99.0** percent removal, respectively, during the month of September.

## Exceptional Water Treatment

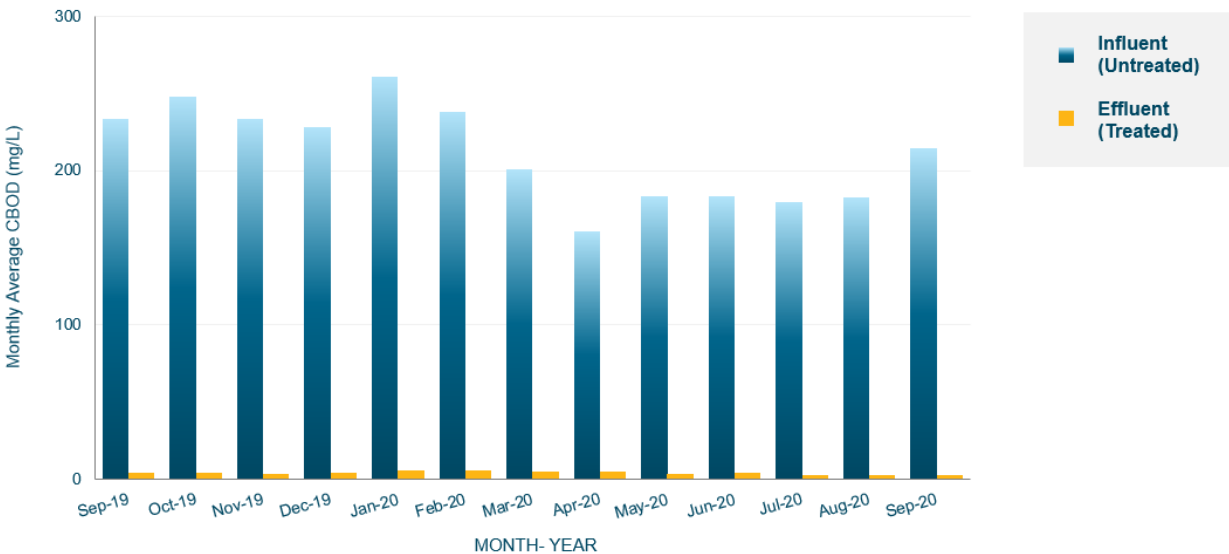


Figure 1 (below) shows historic treatment performance trends for the removal of CBOD and TSS over the last 13 months compared to the permit minimum of 85%.

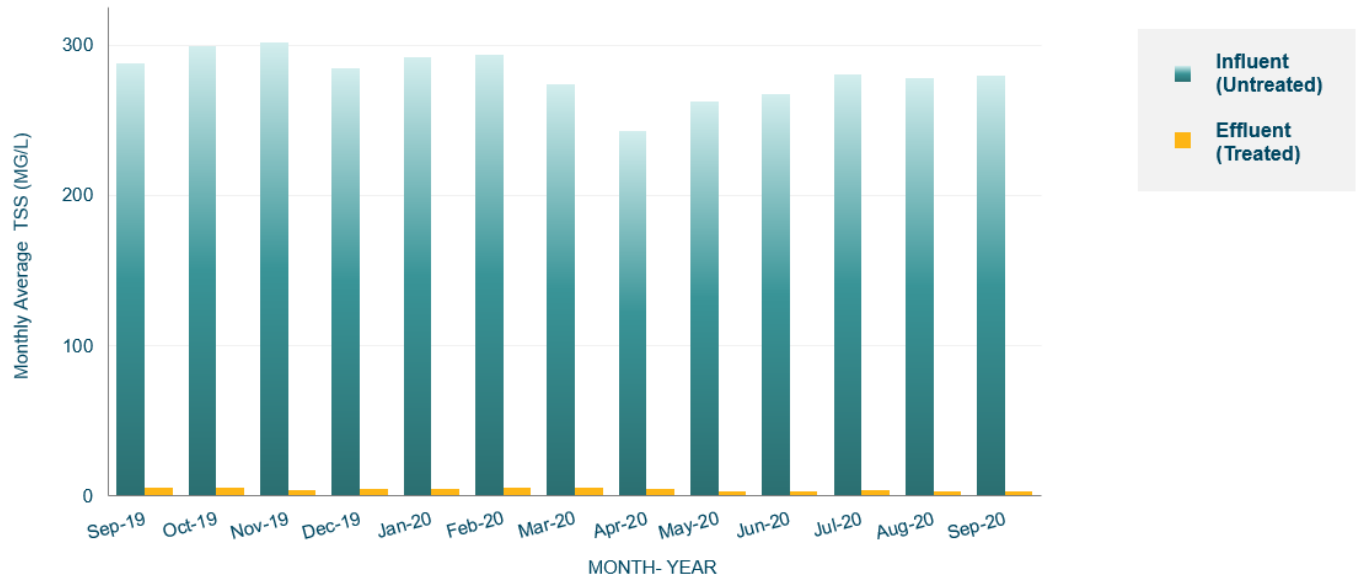


Figures 2 and 3 (below) show historic influent vs effluent CBOD and TSS concentration fluctuations in the strength of the wastewater being received and discharged by the SEJPA. Rain events often result in rainwater entering into the sewer system which can dilute both CBOD and TSS. The COVID-19 pandemic appears to have resulted in reduced wastewater strength (as measured by CBOD) likely due to reduced hotel occupancy and bar/restaurant use.

**FIGURE 2: INFLUENT AND TREATED EFFLUENT CONCENTRATION OF CBOD**



**FIGURE 3: INFLUENT AND TREATED EFFLUENT CONCENTRATION OF TSS**



### Member Agency Flows

Table 1 (below) presents the influent and effluent flows for the month of September. Average daily influent flows were recorded for each Member Agency. Total effluent flow was calculated for the San Elijo Water Campus.

**TABLE 1 - INFLUENT AND EFFLUENT FLOWS IN SEPTEMBER**

SEPTEMBER			
	Influent (mgd)	Recycled Water (mgd)	Effluent (mgd)*
Cardiff Sanitary Division	1.225	0.936	0.289
City of Solana Beach	0.956	0.730	0.226
Rancho Santa Fe SID	0.151	0.115	0.036
City of Del Mar	0.362	0.277	0.085
<b>Total San Elijo Water Campus Flow</b>	<b>2.694</b>	<b>2.058</b>	<b>0.636</b>

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

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

**TABLE 2 - SAN ELIJO WATER RECLAMATION FACILITY MONTHLY REPORT - FLOWS AND EDUS**

	AVERAGE DAILY INFLUENT FLOW RATE (MGD)					CONNECTED EDUs					AVERAGE UNIT INFLUENT FLOW RATE (GAL/EDU/DAY)					
	TOTAL					CSD	RSF	CSD	SB	TOTAL	TOTAL					
MONTH	CSD	RSF	CSD	SB	DM	PLANT	EDUS	EDUS	EDUS	DM	EDUS	CSD	RSF	SB	DM	PLANT
Aug-17	1.262	0.139	1.051	0.000	2.452		8,423	553	8,061	1,716	18,753	150	251	130	0	144
Sep-17	1.264	0.130	1.006	0.000	2.400		8,427	555	8,061	1,716	18,759	150	234	125	0	141
Oct-17	1.242	0.123	0.977	0.000	2.342		8,431	555	8,061	1,716	18,763	147	222	121	0	137
Nov-17	1.257	0.131	0.983	0.000	2.371		8,431	554	8,061	1,716	18,762	149	237	122	0	139
Dec-17	1.248	0.125	1.014	0.000	2.387		8,431	554	8,061	1,716	18,762	148	226	126	0	140
Jan-18	1.276	0.125	1.015	0.000	2.416		8,435	555	8,061	1,716	18,767	151	225	126	0	142
Feb-18	1.249	0.118	0.968	0.000	2.335		8,441	555	8,061	1,716	18,773	148	213	120	0	137
Mar-18	1.265	0.122	0.922	0.039	2.348		8,451	555	8,061	1,716	18,782	150	220	114	149	125
Apr-18	1.184	0.115	0.901	0.337	2.537		8,451	559	8,061	1,716	18,786	140	206	112	129	135
May-18	1.173	0.119	0.890	0.376	2.558		8,461	562	8,061	1,716	18,799	139	212	110	144	136
Jun-18	1.188	0.124	0.888	0.549	2.749		8,466	562	8,061	1,716	18,804	140	221	110	210	146
Jul-18	1.193	0.118	0.933	0.537	2.781		8,478	562	8,083	2,611	19,733	141	210	115	206	141
Aug-18	1.210	0.119	0.980	0.534	2.843		8,481	563	8,083	2,611	19,737	143	212	121	205	144
Sep-18	1.230	0.117	0.905	0.341	2.593		8,481	563	8,083	2,611	19,737	145	208	112	131	131
Oct-18	1.172	0.121	0.897	0.354	2.544		8,481	564	8,083	2,611	19,738	138	215	111	136	129
Nov-18	1.173	0.121	0.906	0.064	2.264		8,488	565	8,083	2,611	19,746	138	214	112	136	129
Dec-18	1.264	0.144	0.967	0.244	2.619		8,491	566	8,083	2,611	19,751	149	255	120	136	138
Jan-19	1.269	0.153	0.975	0.384	2.781		8,491	566	8,083	2,611	19,751	149	271	121	147	141
Feb-19	1.400	0.173	0.935	0.309	2.817		8,492	566	8,083	2,611	19,752	165	306	116	137	145
Mar-19	1.200	0.149	0.908	0.340	2.597		8,493	568	8,083	2,611	19,755	141	263	112	132	132
Apr-19	1.119	0.138	0.887	0.334	2.478		8,494	568	8,083	2,611	19,756	132	243	110	128	125
May-19	1.125	0.133	0.880	0.361	2.499		8,494	568	8,083	2,611	19,756	132	234	109	138	126
Jun-19	1.162	0.126	0.903	0.507	2.698		8,504	568	8,083	2,611	19,766	137	222	112	194	136
Jul-19	1.127	0.128	0.924	0.546	2.725		8,504	568	8,083	2,611	19,766	133	226	114	209	138
Aug-19	1.148	0.126	0.938	0.567	2.779		8,505	570	8,105	2,612	19,792	135	221	116	217	140
Sep-19	1.131	0.132	0.918	0.393	2.574		8,507	570	8,105	2,612	19,794	133	232	113	150	130
Oct-19	1.120	0.124	0.914	0.378	2.536		8,507	571	8,105	2,612	19,795	132	217	113	145	128
Nov-19	1.230	0.137	0.927	0.437	2.731		8,510	571	8,105	2,612	19,798	145	240	114	172	138
Dec-19	1.347	0.173	0.946	0.483	2.949		8,516	571	8,105	2,612	19,804	158	303	117	185	149
Jan-20	1.194	0.163	0.917	0.410	2.684		8,517	571	8,105	2,612	19,805	140	286	113	157	136
Feb-20	1.176	0.146	0.919	0.352	2.593		8,517	571	8,105	2,612	19,805	138	256	113	135	131
Mar-20	1.432	0.185	0.907	0.389	2.913		8,519	572	8,105	2,612	19,808	168	324	112	149	147
Apr-20	1.720	0.231	0.912	0.377	3.240		8,522	572	8,105	2,612	19,811	202	404	113	153	164
May-20	1.293	0.158	0.853	0.304	2.608		8,523	573	8,105	2,612	19,813	152	276	105	133	132
Jun-20	1.251	0.164	0.897	0.434	2.746		8,534	576	8,105	2,612	19,826	147	285	111	179	139
Jul-20	1.231	0.157	0.937	0.548	2.873		8,535	576	8,110	2,616	19,837	144	273	116	222	145
Aug-20	1.226	0.156	0.950	0.478	2.810		8,540	577	8,110	2,616	19,843	144	271	117	194	142
Sep-20	1.225	0.151	0.956	0.362	2.694		8,540	578	8,110	2,616	19,844	143	261	118	146	136

CSD: Cardiff Sanitary Division

RSF CSD: Ranch Santa Fe Community Service District

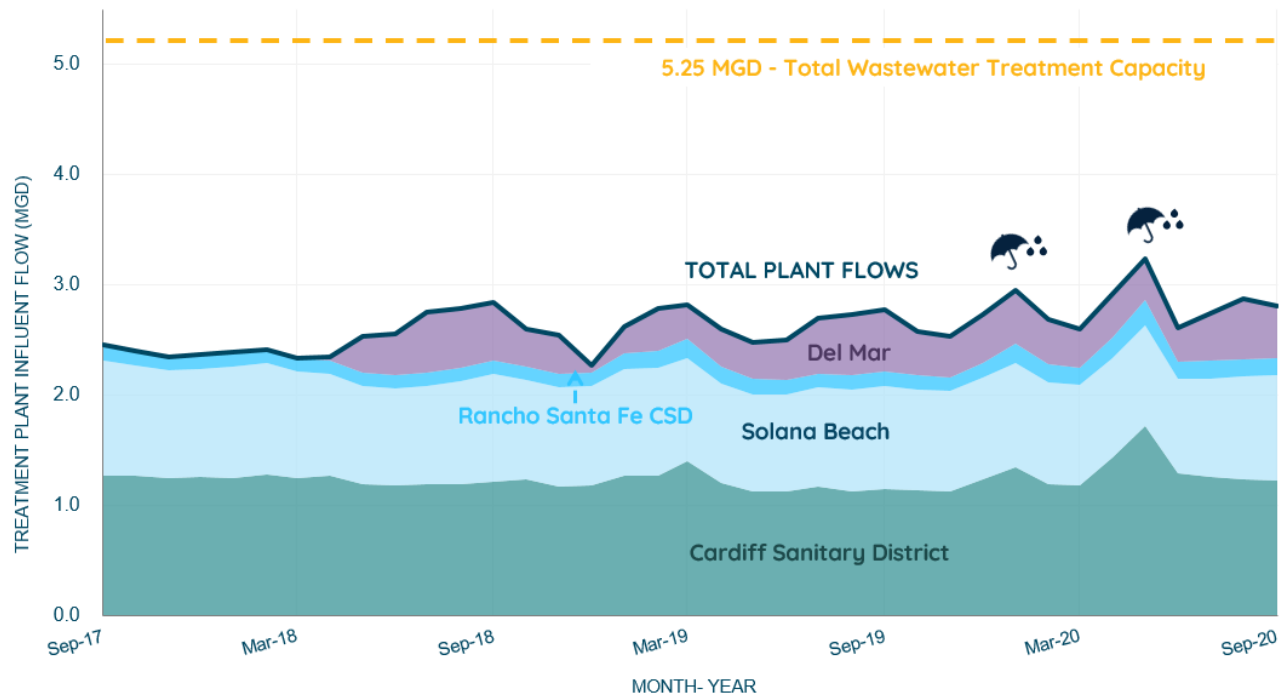
SB: Solana Beach

DM: City of Del Mar

EDU: Equivalent Dwelling Unit

Figure 4 (below) presents the 5-year historical average daily flows per month for each Member 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 each Member Agency has 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 5 YEARS**





### City of Escondido Flows

The average and peak flow rate for the month of September 2020 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 FLOWS**

	Flow (mgd)
Escondido (Average flow rate)	8.43
Escondido (Peak flow rate)	17.8

### Connected Equivalent Dwelling Units

The City of Solana Beach and the City of Del Mar updated the connected EDUs number that is reported to the SEJPA in July 2020. The City of Encinitas and Rancho Santa Fe CSD report their connected EDUs 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	8,540
Rancho Santa Fe SID	578
City of Solana Beach	7,773
San Diego (to Solana Beach)	337
City of Del Mar	2,616
<b>Total EDUs to System</b>	<b>19,844</b>

Respectfully submitted,



Michael T. Thornton, P.E.  
General Manager

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

November 17, 2020

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: RECYCLED WATER REPORT

RECOMMENDATION

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

DISCUSSION

*Recycled Water Production*

For the month of September 2020, recycled water demand was 191.7 acre-feet (AF), which was met using 191.2 AF of recycled water and 0.5 AF supplementation with potable water. This was very consistent with the past three September demand periods.

September demand was 5.4% above budget expectations of 182 AF. The total water production for FY 2020-21 is slightly above budget (4.9%) for the first three months.

Figure 1 (attached) provides a graphical view of annual recycled water demand spanning the last 10 fiscal years, with the overlay of annual rainfall. Since the recycled water program primarily serves outdoor irrigation, annual demand is reduced during wet periods and increases during times of drought. Figure 2 (attached) shows the monthly recycled water demand for each September for the last ten years to provide a year-over-year comparison. Figure 3 (attached) compares budget versus actual recycled water sales for FY 2020-21.

Respectfully submitted,



Michael T. Thornton, P.E.  
General Manager

FIGURE 1: RECYCLED WATER DEMAND AND RAINFALL COMPARISON

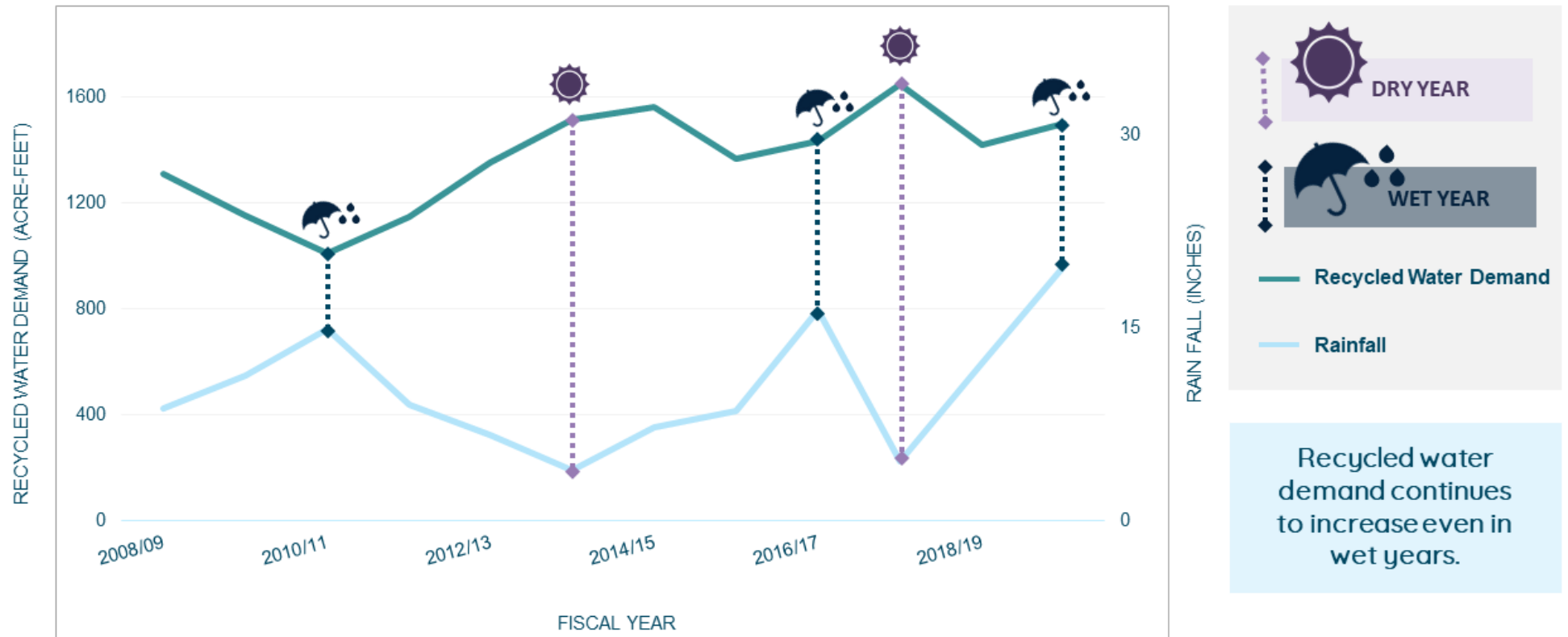


FIGURE 2: SEPTEMBER RECYCLED WATER DEMAND

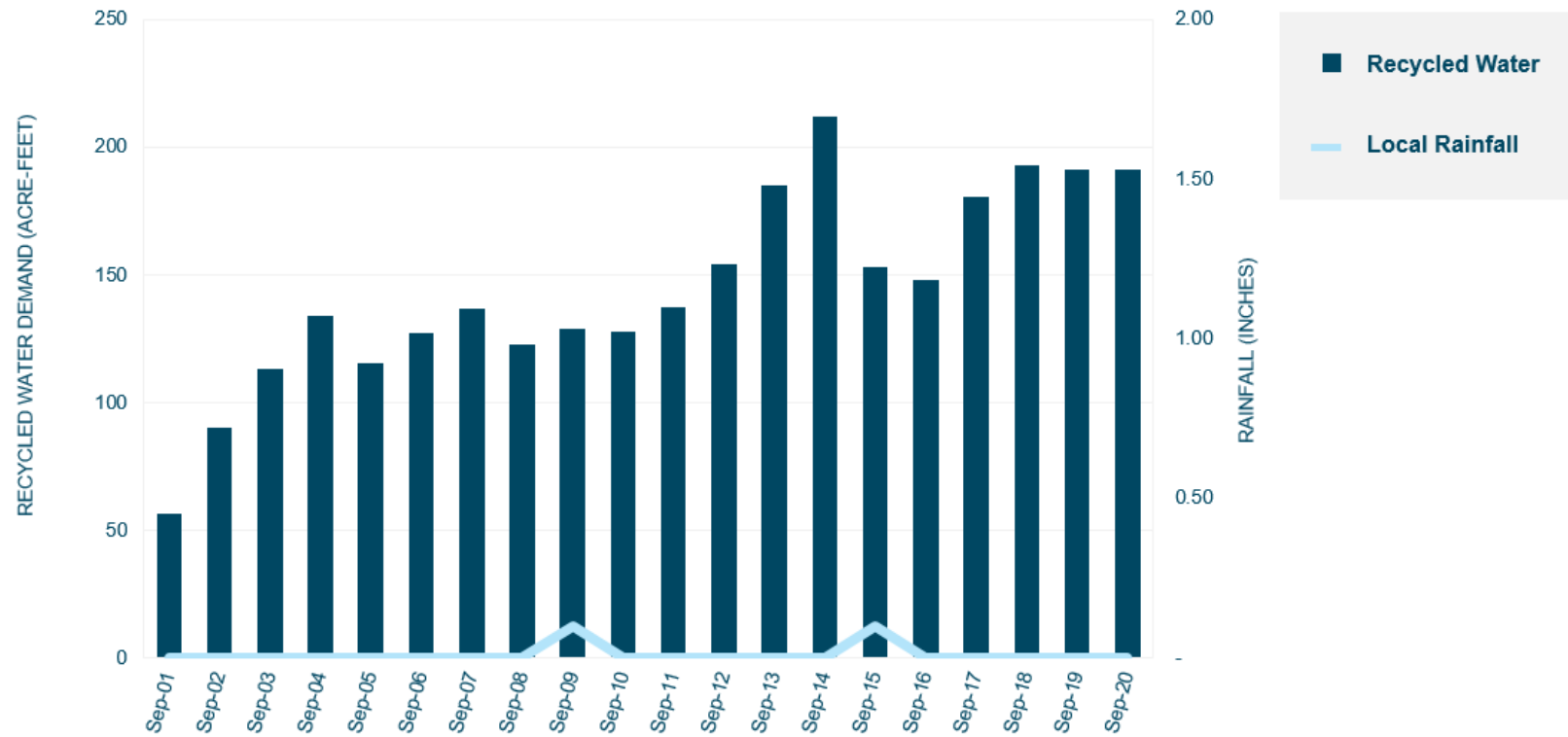
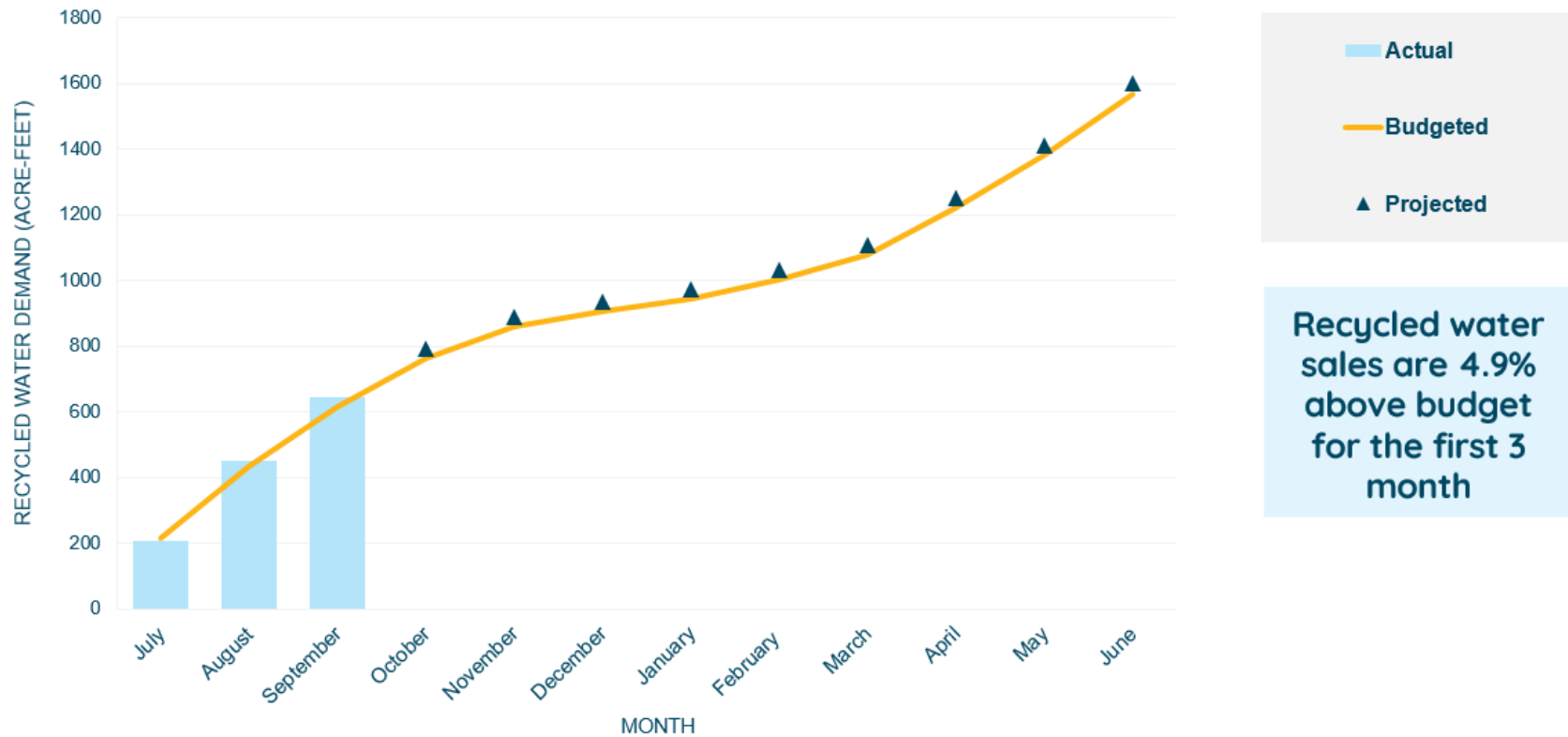


FIGURE 3: FY2020/21 CUMULATIVE DEMAND VS BUDGET



SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

November 17, 2020

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: FY 2019-20 FINANCIAL AUDIT REPORT ACCEPTANCE

RECOMMENDATION

It is recommended that the Board of Directors:

1. Accept and file the FY 2019-20 Audited Financial Statements for San Elijo Joint Powers Authority;
2. Accept and file the FY 2019-20 SAS 114 Letter; and
3. Discuss and take action as appropriate.

BACKGROUND

San Elijo Joint Powers Authority (SEJPA) is required by California Government Code and Board policy to annually conduct an audit of its financial records. The Pun Group was awarded a professional service agreement at the March 2016 Board meeting for a 3-year period with an option to extend the contract annually for the following two years. The agreement provides for 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 2019-20 has been completed and it is the auditor's opinion that SEJPA's June 30, 2020 financial statements are presented fairly in all material aspects. 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, The Pun Group is required by professional standards to communicate to the Board of Directors specific information related to the audit. 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, The Pun Group 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.

The audited financial statements include the following sections:

- Independent Auditor's Report
- Management Discussion and Analysis
- Statement of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows
- Notes to Financial Statements
- Supplementary Information

Mr. Coley Delaney, CPA, a Partner for The Pun Group, 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 FY 2019-20 Audited Financial Statements for San Elijo Joint Powers Authority;
2. Accept and file the FY 2019-20 SAS 114 Letter; and
3. Discuss and take action as appropriate.

Respectfully submitted,



---

Amy Chang  
Director of Finance & Administration

Attachment 1: San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2020

Attachment 2: FY 2019-20 SAS 114 Letter

Attachment 1

# **San Elijo Joint Powers Authority**

Cardiff by the Sea, California

## **Financial Statements and Independent Auditors' Report**

*For the Year Ended June 30, 2020*





**San Elijo Joint Powers Authority**  
**Financial Statements**  
**For the Year Ended June 30, 2020**

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## **FINANCIAL SECTION**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the San Elijo Joint Powers Authority ("SEJPA"), which comprise the statement of net position as of June 30, 2020, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Elijo Joint Powers Authority as of June 30, 2020, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion, Analysis, the Schedule of Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of Pension Contributions, and the Schedule of Changes in Net OPEB Liability and Related Ratios, as identified in the accompanying table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements of the SEJPA. The Combining Schedule of Net Position, the Combining Schedule of Revenues, Expenses and Changes in Net Position, the Combining Schedule of Cash Flows, the Operating Budget Comparison Schedule - Wastewater, and the Operating Budget Comparison Schedule – Recycled, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Combining Schedule of Net Position, the Combining Schedule of Revenues, Expenses, and Changes in Net Position, and the Combining Statement of Cash Flows are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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.

The Operating Budget Comparison Schedule - Wastewater and the Operating Budget Comparison Schedule - Recycled have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or any assurance on them.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

San Diego, California  
November 5, 2020

**San Elijo Joint Powers Authority**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2020**

---

Our discussion and analysis of the financial performance of the San Elijo Joint Powers Authority's (the "SEJPA") provides an overview of the SEJPA's financial activities as of and for the year ended June 30, 2020. Please read it in conjunction with the SEJPA's financial statements which begin on page 9.

**Financial Statements**

This discussion and analysis provide an introduction and a brief description of the SEJPA's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The SEJPA's financial statements include four components:

- Statement of Net Position;
- Statement of Revenues, Expenses and Changes in Net Position;
- Statement of Cash Flows; and
- Notes to the Financial Statements

The Statement of Net Position includes all of the SEJPA's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position may be displayed in three categories:

- Net investment in capital assets;
- Restricted net position; and
- Unrestricted net position

The ***Statement of Net Position*** provides the basis for computing rate of return evaluating the capital structure of the SEJPA and assessing its liquidity and financial flexibility.

The ***Statement of Revenues, Expenses and Changes in Net Position*** presents information which shows how the SEJPA's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net position measures the results of the SEJPA's operations over the past year and determines whether the SEJPA has recovered its costs through charges for services and other expenses.

The ***Statement of Cash Flows*** provides information regarding the SEJPA's cash receipts and cash disbursements during the year. This statement may report cash activity in four categories:

- Operating;
- Non-capital financing;
- Capital and related financing; and
- Investing

This statement differs from the statement of revenues, expenses and changes in net position because the statement accounts only for transactions that result in cash receipts or cash disbursements.

The ***notes to the financial statements*** provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.



**San Elijo Joint Powers Authority**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Financial Highlights**

The SEJPA's net position increased by \$1,021,875 for the year ended June 30, 2020.

The SEJPA's revenues totaled \$11,472,600 for the year ended June 30, 2020, an increase of \$1,396,418 resulting from contributions and assessments related to wastewater treatment and capital improvement projects.

The SEJPA's expenses totaled \$10,450,725 for the year ended June 30, 2020. The expense increase was \$898,284 or 9.4% primarily due to increase in the pension liability, PARS Public Agencies Post-Employment Benefits Trust Program deposit, and depreciation.

**Financial Analysis of the SEJPA**

**Net Position**

The following is a summary of the SEJPA's statements of net position at June 30:

	<b>2020</b>	<b>2019</b>	<b>Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>
<b>Assets:</b>				
Current and other assets	\$ 49,114,481	\$ 48,765,851	\$ 348,630	0.7%
Capital assets	54,803,442	53,312,302	1,491,140	2.8%
<b>Total Assets</b>	<b>103,917,923</b>	<b>102,078,153</b>	<b>1,839,770</b>	<b>1.8%</b>
<b>Deferred Outflows of Resources</b>	<b>799,780</b>	<b>743,254</b>	<b>56,526</b>	<b>7.6%</b>
<b>Liabilities:</b>				
Current liabilities	5,218,303	3,119,185	2,099,118	67.3%
Non-current liabilities	29,439,275	30,692,617	(1,253,342)	(4.1%)
<b>Total Liabilities</b>	<b>34,657,578</b>	<b>33,811,802</b>	<b>845,776</b>	<b>2.5%</b>
<b>Deferred Inflows of Resources</b>	<b>172,705</b>	<b>144,060</b>	<b>28,645</b>	<b>19.9%</b>
<b>Net Position:</b>				
Net investment in capital assets	28,332,591	25,245,211	3,087,380	12.2%
Restricted	630,000	630,000	-	0.0%
Unrestricted	40,924,829	42,990,334	(2,065,505)	(4.8%)
<b>Total Net Position</b>	<b>\$ 69,887,420</b>	<b>\$ 68,865,545</b>	<b>\$ 1,021,875</b>	<b>1.5%</b>

Net position increased by \$1,021,875 from fiscal year 2019 to 2020. Net investment in capital assets increased \$3,087,380 in fiscal year 2020. This increase is the result of principal paid on long-term debt, and the investment in capital assets, net of depreciation expense.

**San Elijo Joint Powers Authority**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Financial Analysis of the SEJPA (Continued)**

**Net Position (Continued)**

Restricted net position is unchanged for the year ended June 30, 2020 as funds restricted for bond reserves remain in place.

Unrestricted net position (those that can be used to finance day-to-day operations) decreased \$2,065,505 primarily due to funding for the Building Improvement project.

**Revenues, Expenses and Changes in Net Position**

The following is a summary of the SEJPA's revenues, expenses and changes in net position for the years ended June 30:

	<b>2020</b>	<b>2019</b>	<b>Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>
<b>Revenues</b>				
Operating contributions from members	\$ 3,511,851	\$ 3,278,174	\$ 233,677	7.1%
Charges for services to other government agencies	5,103,323	4,472,156	631,167	14.1%
Other nonoperating revenue	1,595,422	2,179,588	(584,166)	(26.8%)
Member agency assessments	1,172,279	153,514	1,018,765	663.6%
State grants	89,725	(7,250)	96,975	1337.6%
<b>Total revenues</b>	<b>11,472,600</b>	<b>10,076,182</b>	<b>1,396,418</b>	<b>13.9%</b>
<b>Expenses</b>				
Operating expenses	9,608,197	8,599,404	1,008,793	11.7%
Nonoperating expenses	842,528	953,037	(110,509)	(11.6%)
<b>Total expenses</b>	<b>10,450,725</b>	<b>9,552,441</b>	<b>898,284</b>	<b>9.4%</b>
<b>Increase in net position</b>	<b>\$ 1,021,875</b>	<b>\$ 523,741</b>	<b>\$ 498,134</b>	<b>95.1%</b>

**Capital Assets**

The following is a summary of capital assets at June 30:

	<b>2020</b>	<b>2019</b>	<b>Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>
Construction in progress	\$ 7,520,610	\$ 4,037,434	\$ 3,483,176	86.3%
Plant equipment	86,844,963	86,593,683	251,280	0.3%
Lab equipment	85,524	87,335	(1,811)	(2.1%)
Office equipment	83,896	83,896	-	0.0%
Vehicles	488,234	289,287	198,947	68.8%
Subtotal	95,023,227	91,091,635	3,931,592	4.3%
Less accumulated depreciation	(40,219,785)	(37,779,333)	(2,440,452)	6.5%
Total capital assets, net	<b>\$ 54,803,442</b>	<b>\$ 53,312,302</b>	<b>\$ 1,491,140</b>	<b>2.8%</b>

**San Elijo Joint Powers Authority**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Financial Analysis of the SEJPA (Continued)**

**Capital Assets (Continued)**

The net additions to capital assets for fiscal year 2020 totaled \$3,931,592. Capital asset additions are primarily related to the Building Improvement project.

**Long-Term Debt**

The following is a summary of long-term debt at June 30:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
2011 Refunding Revenue Bonds	\$ 120,000	\$ 294,886	\$ (174,886)	(59.3%)
2017 Revenue Bonds	23,576,047	24,081,271	(505,224)	(2.1%)
State loan payable	814,318	1,608,773	(794,455)	(49.4%)
Private placement loan payable	1,343,998	1,433,578	(89,580)	(6.2%)
SFID Reimbursement Agreement payable	422,971	425,702	(2,731)	(0.6%)
SDG&E loan	373,719	427,107	(53,388)	(12.5%)
Total long-term debt	<u>\$ 26,651,053</u>	<u>\$ 28,271,317</u>	<u>\$ (1,620,264)</u>	<u>(5.7%)</u>

The total long-term debt decreased by \$1,620,264 primarily due to principal payments on the 2017 Revenue Bonds and the state loan payable.

**Economic Factors**

Consistent with the prior year, SEJPA's fiscal year 2020-21 sanitary fund operations and maintenance budget is \$5,839,115. The water reclamation budget is \$1,867,279. Sales of reclaimed water are budgeted to be approximately 1,570 acre-feet in the upcoming year.

Contingency funding for each program area has been reviewed and budgeted on the basis of the potential for unforeseen events within each activity area. For all programs, the amount in contingency funding is \$164,228 and is \$24,172 lower than last year's budget levels.

The capital project program will have a budget of \$1,730,000 during the upcoming year. This is primarily for improvements to the wastewater, ocean outfall, pump stations, and reclamation programs.

Costs of sanitary services are allocated on the basis of percentage of use, as indicated by measured flows, or level of effort, as appropriate. On the basis of connected equivalent dwelling units (EDU's) for wastewater treatment provided to the member agencies, the budgeted cost is approximately \$169 per EDU per year for 2020-21. This represents a 3% increase from 2019-20. The Encinitas Ranch Golf Course pays a set annual price for interruptible water service. For the remaining water agencies, recycled water sales are based on individual contracts which may include minimum annual purchase volumes and negotiated water rate prices. These revenues are supplemented by incentives from the Metropolitan Water District and the San Diego County Water Authority.

**San Elijo Joint Powers Authority**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Economic Factors (Continued)**

On October 8, 2012, the Board adopted a resolution to amend the contract between CalPERS and the SEJPA. This resolution amended the contract to include Section 20475 (Different Level of Benefits) for new Miscellaneous Members of the Public Employees' Retirement System, Section 21353 (2% at 60 Full Formula), and Section 20037 (Three-Year Final Compensation) this resolution will be applicable to all SEJPA employees entering membership for the first time in the miscellaneous classification after June 30, 2015. The lower benefit payout will result in a lower contribution rate for the SEJPA in the future as new employees enter the SEJPA workforce. All employees will pay the full employee portion of the CalPERS retirement benefit.

**Contacting the Authority's Financial Manager**

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

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## **FINANCIAL STATEMENTS**

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**San Elijo Joint Powers Authority**  
**Statement of Net Position**  
**June 30, 2020**

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**ASSETS**

**Current assets:**

Cash and investments	\$ 25,094,146
Due from other governmental agencies	1,245,425
Accrued interest receivable	329,245
Prepaid items	15,578
Current portion of loans receivable	570,000
<b>Total current assets</b>	<b>27,254,394</b>

**Non-current assets:**

Restricted cash and cash equivalents	630,087
Loans receivable - net of current portion	21,230,000
Capital assets:	
Nondepreciable	7,520,610
Depreciable, net of accumulated depreciation	47,282,832
Total capital assets	54,803,442
<b>Total non-current assets</b>	<b>76,663,529</b>
<b>Total assets</b>	<b>103,917,923</b>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources related to pensions	744,311
Deferred outflows of resources related to OPEB	55,469
<b>Total deferred outflows of resources</b>	<b>799,780</b>



**San Elijo Joint Powers Authority**  
**Statement of Net Position (Continued)**  
**June 30, 2020**

**LIABILITIES**

**Current liabilities:**

Accounts payable	2,531,910
Accrued liabilities	529,993
Accrued interest payable	320,176
Retention payable	193,517
Unearned revenue	74,275
Revenue refunding bonds - due within one year	120,000
Revenue bonds - due within one year	450,000
State loan payable - due within one year	814,318
Private placement loan payable - due within one year	93,336
SDG&E loan - due within one year	53,388
Compensated absences - due within one year	37,390
<b>Total current liabilities</b>	<b>5,218,303</b>

**Non-current liabilities:**

Due to member agencies payable from restricted assets	87
Revenue bonds - due in more than one year	23,126,047
Private placement loan payable - due in more than one year	1,250,662
SFID reimbursement agreement payable	422,971
SDG&E loan - due in more than one year	320,331
Net pension liability	3,305,214
Total OPEB liability	542,934
Compensated absences - due in more than one year	471,029
<b>Total non-current liabilities</b>	<b>29,439,275</b>
<b>Total liabilities</b>	<b>34,657,578</b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources related to pensions	172,705
<b>Total deferred inflows of resources</b>	<b>172,705</b>

**NET POSITION**

Net investment in capital assets	28,332,591
Restricted for debt service	630,000
Unrestricted	40,924,829
<b>Total Net Position</b>	<b>\$ 69,887,420</b>

**San Elijo Joint Powers Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2020**

**Operating revenues:**

Charges for services to other government agencies	\$ 5,103,323
Contributions from the City of Encinitas	1,967,184
Contributions from the City of Solana Beach	<u>1,544,667</u>
<b>Total operating revenues</b>	<u><u>8,615,174</u></u>

**Operating expenses:**

Personnel costs	3,853,526
Depreciation and amortization	2,631,256
Utilities	755,919
Contracted services	902,684
Supplies	604,882
Disposal services	264,497
Miscellaneous	75,902
Repair parts expense	170,819
Rent	134,474
Permit/purveyor fees	121,581
Insurance	<u>92,657</u>
<b>Total operating expenses</b>	<u><u>9,608,197</u></u>

<b>Operating income (loss)</b>	<u><u>(993,023)</u></u>
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**Non-operating revenues (expenses):**

Investment income	1,450,364
State grants	89,725
Rental income	29,088
Gain on disposal of assets	50,625
Interest expense	(893,153)
Other	<u>115,970</u>
<b>Total non-operating revenues, net</b>	<u><u>842,619</u></u>

<b>Net income before capital contributions</b>	(150,404)
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**Capital contributions:**

Assessments from City of Solana Beach	486,139
Assessments from City of Encinitas	<u>686,140</u>
<b>Total capital contributions</b>	<u><u>1,172,279</u></u>

<b>Change in net position</b>	1,021,875
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**Net position:**

Beginning of year	<u>68,865,545</u>
End of year	<u><u>\$ 69,887,420</u></u>

**San Elijo Joint Powers Authority**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

**Cash flows from operating activities:**

Cash receipts from customers	\$ 7,853,820
Cash payments to vendors and suppliers for materials and services	(1,230,376)
Cash payments to employees for services	(3,140,744)
<b>Net cash provided by operating activities</b>	<u>3,482,700</u>

**Cash flows from non-capital financing activities:**

Rental and other nonoperating income	234,783
<b>Net cash provided by non-capital financing activities</b>	<u>234,783</u>

**Cash flows from capital and related financing activities:**

Acquisition and construction of capital assets	(4,117,299)
Proceeds from the sale of capital assets	50,625
Principal paid on long-term debt	(1,490,154)
Interest paid on long-term debt	(1,017,185)
Capital contributions	1,172,279
<b>Net cash (used in) capital and related financing activities</b>	<u>(5,401,734)</u>

**Cash flows from investing activities:**

Proceeds from loans receivable	550,000
Investment earnings	1,483,738
<b>Net cash provided by investing activities</b>	<u>2,033,738</u>

<b>Net increase in cash and cash equivalents</b>	349,487
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**Cash and cash equivalents:**

Beginning of year	25,374,746
End of year	<u>\$ 25,724,233</u>

**Cash and cash equivalents:**

Cash and cash equivalents	\$ 25,094,146
Restricted cash and cash equivalents	630,087
<b>Total cash and cash equivalents</b>	<u>\$ 25,724,233</u>

See accompanying Notes to the Financial Statements.

**San Elijo Joint Powers Authority**  
**Statement of Cash Flows (Continued)**  
**For the Year Ended June 30, 2020**

**Reconciliation of operating income to net cash provided by operating activities:**

Operating income	\$ (993,023)
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**Adjustments to reconcile operating income to net cash provided by operating activities:**

Depreciation and amortization	2,631,256
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**Change in assets, liabilities, deferred outflows of resources, and deferred inflows of resources:**

Due from other governmental agencies	(606,077)
Prepaid items	19,736
Deferred outflows related to pensions	(39,248)
Deferred outflows related to OPEB	(48,242)
Accounts payable	1,933,631
Accrued liabilities	355,138
Retentions payable	(60,328)
Unearned revenue	(155,277)
Net pension liability	307,189
Net OPEB liability	71,910
Compensated absences	37,390
Deferred inflows related to pensions	29,344
Deferred inflows related to OPEB	(699)

<b>Total adjustments</b>	<u>4,475,723</u>
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<b>Net cash provided by operating activities</b>	<u><u>\$ 3,482,700</u></u>
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**Non-cash items:**

Amortization of other assets	\$ 3,824
Amortization of deferred amount on refunding	<u>30,964</u>

<b>Total non-cash items</b>	<u><u>\$ 34,788</u></u>
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## **NOTES TO THE FINANCIAL STATEMENTS**

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**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 1 – Reporting Entity**

The San Elijo Joint Powers Authority (SEJPA), a Joint Powers Authority authorized by California Government Code Section 6500, 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) (collectively, the “member agencies”). The 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, 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 the 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 the 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%.

The 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 and piping extending from an on-shore location out into the ocean.

The criteria used in determining the scope of the reporting entity is based on the provisions of GASB Code Sections 2100 “Defining the Financial Reporting Entity.” The SEJPA is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the 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 the SEJPA. The SEJPA has no component units.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (“GASB”) commonly referred to as accounting principles generally accepted in the United States of America (“U.S. GAAP”). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

***Method of Accounting***

The Financial Statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the SEJPA.

The SEJPA utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, the Financial Statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.



**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Method of Accounting (Continued)***

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

- ***Deferred Outflows of Resources*** represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.
- ***Deferred Inflows of Resources*** represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

Operating revenues are those revenues that are generated from the primary operations of the SEJPA. The SEJPA reports a measure of operations by presenting the change in net position from operations as "operating income" in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the SEJPA as all activities other than financing and investing activities (interest expense and investment income, rental income, etc.), and other infrequently occurring transaction of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the SEJPA. All other expenses are reported as non-operating expenses.

***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.

***Revenue Recognition***

The 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, the SEJPA considers charges for services to other government agencies and contributions from the cities to be operating revenues.

***Cash and Cash Equivalents***

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value. The majority of the SEJPA's cash and investments are invested in the State of California's Local Agency Investment Fund ("LAIF"). The SEJPA does not own any specifically identifiable securities or investments in LAIF. As a participant in LAIF, the SEJPA has rights to its ratable share of the pooled cash and investments in LAIF, on a dollar-for-dollar basis. The SEJPA's ratable share of investment income from the LAIF pool is calculated and distributed on a quarterly basis. Investment income is reported as non-operating revenue in the Statement of Revenues, Expenses and Changes in Net Position. Since all amounts invested in LAIF are available upon demand, the SEJPA considers all amounts invested in LAIF to be cash equivalents.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Cash and Cash Equivalents (Continued)***

Certain disclosure requirements, if applicable for deposit and investment risk, are specified for the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentration of Credit Risk

***Investments***

Investments are stated at their fair value which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

***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, loans receivable and the retrofit loans receivable were fully collectible; therefore, no allowance for doubtful accounts was recorded at June 30, 2020.

***Capital Assets***

Capital assets consist of construction in progress, plant equipment, lab equipment, office equipment, and vehicles. Capital assets purchased or acquired with a cost exceeding \$2,000 and an estimated useful life of more than one year are reported at historical cost. Contributed assets are recorded at fair market value as of the date received. 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. Depreciation is calculated on the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Years</u>
Plant equipment	5 - 50
Lab equipment	5 - 40
Office equipment	5 - 20
Vehicles	5

***Capitalized Interest***

The SEJPA incurred interest charges on long-term debt. No interest was capitalized as a cost of construction for the year ended June 30, 2020.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Amortization***

**2011 Refunding Bonds**

Bond insurance costs are being amortized on the straight-line method over periods not to exceed the debt maturities. Amortization expense totaled \$3,824 for the year ended June 30, 2020.

The original issue premium is being amortized on the straight-line method over the remaining life of the related debt. Amortization of the original issue premium totaled \$59,886 for the year ended June 30, 2020 and is included in interest expense.

The deferred amount on refunding is being amortized over the remaining life of the refunded debt. Amortization expense totaled \$30,964 for the year ended June 30, 2020, and is included in interest expense.

**2017 Revenue Bonds**

The original issue premium is being amortized on the straight-line method over 30 years. Amortization of the original issue premium totaled \$70,224 for the year ended June 30, 2020 and is included in interest expense.

***Classification of Liabilities***

Certain liabilities which are currently payable have been classified as noncurrent because they will be funded from restricted assets.

***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 of maximum accrued falls below the maximum accumulation (208 – 368 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. Employee who are not terminated for cause and have given the SEJPA 14 calendar days written notice are paid for 50% of their sick leave balance upon separation. Accumulated and unpaid vacation and sick-leave totaling \$508,419 is accrued when incurred and included in noncurrent liabilities at June 30, 2020.

***Risk Management***

The 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, 2020, the 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 CSRMA Pooled Liability (shared risk) Program provides \$25,500,000 per occurrence and in aggregate. CSRMA is self-insured up to \$15,500,000 and additional \$10,000,000 in excess insurance has been purchased to bring the total limit of liability coverage to \$25,500,000. SEJPA has a \$100,000 deductible in the CSRMA Pooled Liability Program.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Risk Management (Continued)***

- **Property Damage**

\$77,997,177 in scheduled values is covered through the APIP Property Program with a \$1,000,000,000 shared loss limit per occurrence with a \$25,000 deductible. Coverage includes: all risk property coverage, mobile equipment, auto physical damage and boiler and machinery. The SEJPA has a \$5,000 to \$350,000 deductible for boiler and machinery coverage depending on the size of the machinery.

- **Faithful Performance/Employee Dishonesty Bond**

SEJPA is insured up to \$2,000,000 with a \$2,500 deductible. Coverage includes: employee dishonesty, faithful performance forgery or alteration, computer fraud, money and securities theft, disappearance and destruction.

- **Workers' Compensation**

SEJPA participates in CSRMA's Workers' Compensation Program, which currently self-insures the first \$750,000 of each claim. The members have no deductible or self-insured retention. Excess insurance provides statutory limits for Workers' Compensation and \$750,000 for each accident or each employee for disease in limits for Employers Liability.

The SEJPA pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. The SEJPA's insurance expense totaled \$92,657 for the year ended June 30, 2020. There were no instances in the past three years where a settlement exceeded the SEJPA's coverage.

***Pensions***

For purposes of measuring the net pension liability at June 30, 2020, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation date	June 30, 2018
Measurement date	June 30, 2019
Measurement period	July 1, 2018 to June 30, 2019

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 expenses for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and/or deferred inflows of resources related to pensions and are 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-year. 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 retired) as of the beginning of the measurement period.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Other Postemployment Benefits***

For purposes of measuring the total OPEB liability at June 30, 2020, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 9). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for OPEB reporting:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total pension liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expenses for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and/or deferred inflows of resources related to OPEB and are recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. All amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

***Net Position***

In the financial statements, net position is categorized as follows:

*Net Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, other borrowings, and deferred inflows and outflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

*Unrestricted* – This component of net position is the amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, it is the SEJPA's policy to use restricted resources first, then unrestricted resources as they are needed.

***Economic Dependency***

SEJPA received approximately 43.5% of its operating revenues from its member agencies for the year ended June 30, 2020.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Note 3 – Cash and Cash Equivalents**

At June 30, 2020, cash and investments are reported at fair value based on quoted market prices. The following table presents the fair value measurements of investments recognized in the accompanying statement of net position measured at fair value on a recurring basis and the level within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2020:

	Amount Invested	Percentage of Portfolio	Measurement Input
Petty cash	\$ 174	0.00%	N/A
Deposits held with financial institutions	16,442,008	63.92%	N/A
Local Agency Investment Fund (LAIF)	9,282,051	36.08%	Uncategorized
Total cash and investments	<u>\$ 25,724,233</u>	<u>100.00%</u>	

Cash and investments reported in the accompanying  
Statement of Net Position:

Cash and investments	\$ 25,094,146
Restricted cash and cash equivalents	<u>630,087</u>
Total cash, investments, and cash equivalents	<u>\$ 25,724,233</u>

***Investments Authorized by the California Government Code and the SEJPA's Investment Policy***

The table below identifies the investment types that are authorized for the 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 the SEJPA, rather than the general provision of the California Government Code or the SEJPA's investment policy:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Minimum Rating
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	270 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
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
Time deposits	5 years	None	None
California Local Agency Investment Fund (LAIF)	n/a	None	None
County pooled investments	n/a	None	None

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Note 3 – Cash and Cash Equivalents (Continued)**

The SEJPA's Investment Policy is more restrictive than the California Government Code. The SEJPA may invest in the California Local Agency Investment Fund and the San Diego County Pooled Money Investment account. Open ended money market mutual funds are being held by the bond trustee.

***Disclosures Relating to 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 is to changes in market interest rates. The SEJPA manages its exposure to interest rate risk by purchasing shorter term investments so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of the SEJPA's investments (including investments held by the bond trustee) to market interest rate fluctuations is shown via the distribution of the SEJPA's investments by maturity at June 30, 2020 as follows:

Description	Balance	Maturity
		12 Months or Less
Cash on hand	\$ 174	\$ 174
Deposits held with financial institutions	16,442,008	16,442,008
California Local Agency Investment Fund (LAIF)	9,282,051	9,282,051
Total cash and cash equivalents	<u>\$ 25,724,233</u>	<u>\$ 25,724,233</u>

***Disclosures Relating to Credit Risk***

Credit risk is defined as the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical organization. Presented below is the minimum rating required by (where applicable) the Government Code, the Investment Policy, or debt agreements, and the actual rating as of year-end for each investment type.

Credit ratings as of June 30, 2020 were as follows:

Description	Minimum Legal Rating	Standards & Poor's Rating at
		June 30, 2020
Local Agency Investment Fund (LAIF)	N/A	Not Rated

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 3 – Cash and Cash Equivalents (Continued)**

***Disclosures Relating to Concentration of Credit Risk***

Concentration of credit is the risk of loss attributed to the magnitude to the SEJPA's investment in a single issue. GASB Statement No. 40 requires disclosure by amount and issuer, of investments in any one issuer that represent 5% or more of total investments.

The investment policy of the SEJPA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The 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 the SEJPA's total investments at June 30, 2020.

***Disclosures Relating to Custodial Credit Risk***

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the 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) the 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 the 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 deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2020, none of the SEJPA's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. At June 30, 2020, no SEJPA investments were held by the same broker-dealer (counterparty) that was used by the SEJPA to buy the securities.

***Investment in State of California Local Agency Investment Fund***

The SEJPA is a voluntary participant in the Local Agency Investment Fund ("LAIF") that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of the SEJPA's investment in this pool is reported in the accompanying financial statements at amounts based upon the SEJPA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

SEJPA's investments with Local Agency Investment Fund (LAIF) include a portion of the pool funds invested in structured notes and asset-backed securities. These investments include the following:

- Structured Notes - debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises.



**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 3 – Cash and Cash Equivalents (Continued)**

***Investment in State of California Local Agency Investment Fund (Continued)***

- Asset-Backed Securities - entitle their purchaser to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's), small business loans or credit card receivables.

LAIF is overseen by the Local Investment Advisory Board, which consists of five members, in accordance with State statute. The fair value of our position in the pool is the same as the value of the pool shares.

As of June 30, 2020, SEJPA had \$9,282,051 invested in LAIF, which had invested 3.37% of the pool investment funds in structured notes and asset-backed securities. The LAIF fair value factor of 1.004912795 was used to calculate the fair value of the investment in LAIF.

**Note 4 – Due from Other Government Agencies**

The SEJPA provides reclaimed water and wastewater treatment to a variety of governmental agencies within San Diego County. The following is a detail of amounts owed to/from the SEJPA by these agencies at June 30, 2020:

<u>Description</u>	<u>Balance</u>
City of Solana Beach	\$ 575,076
San Dieguito Water District	215,680
City of Del Mar	146,336
Santa Fe Irrigation District	99,129
San Diego County Water Authority	92,115
Olivenhain Municipal Water District	59,203
Rancho Santa Fe CSD	32,046
Other	25,840
Total due from other governmental agencies	<u>\$ 1,245,425</u>

**Note 5 – Restricted Assets**

Restricted assets were provided by and are to be used for the following at June 30, 2020:

<u>Funding Source</u>	<u>Use</u>	<u>Amount</u>
Receipts from customers	State loan reserve requirement	\$ 630,000
Debt proceeds and interest earned	Debt service - Solana Beach	46
Debt proceeds and interest earned	Debt service - Encinitas	41
		<u>\$ 630,087</u>

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Note 6 – Loans Receivable**

The City of Encinitas and the City of Solana Beach have entered into the fourth amendment and restated loan agreements with the SEJPA. The loans bear interest from 2% to 4%. Principal and interest are payable semi-annually four days prior to each September 1 and March 1 of each year, in order to provide the SEJPA with sufficient funds to service the debt on the 2011 Refunding Revenue Bonds and 2017 Revenue Bonds (See Note 8). Loans receivable consist of the following at June 30, 2020:

	<u>June 30, 2020</u>
City of Solana Beach	\$ 10,900,000
City of Encinitas	<u>10,900,000</u>
Subtotal	21,800,000
Less: current portion	<u>(570,000)</u>
<b>Loans receivable, net of current portion</b>	<u><u>\$ 21,230,000</u></u>

**Note 7 – Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2020 is as follows:

Description	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
<b>Non-depreciable assets:</b>					
Construction in progress	\$ 4,037,434	\$ 3,625,982	\$ -	\$ (142,806)	\$ 7,520,610
<b>Total non-depreciable assets</b>	<u>4,037,434</u>	<u>3,625,982</u>	<u>-</u>	<u>(142,806)</u>	<u>7,520,610</u>
<b>Depreciable assets:</b>					
Plant equipment	86,593,683	133,382	(24,908)	142,806	86,844,963
Lab equipment	87,335	4,547	(6,358)	-	85,524
Office equipment	83,896	-	-	-	83,896
Vehicles	289,287	353,388	(154,441)	-	488,234
<b>Total depreciable assets</b>	<u>87,054,201</u>	<u>491,317</u>	<u>(185,707)</u>	<u>142,806</u>	<u>87,502,617</u>
<b>Accumulated depreciation:</b>					
Plant equipment	(37,345,252)	(2,580,713)	24,907	-	(39,901,058)
Lab equipment	(70,128)	(8,847)	6,358	-	(72,617)
Office equipment	(74,664)	(3,794)	-	-	(78,458)
Vehicles	(289,289)	(32,804)	154,441	-	(167,652)
<b>Total accumulated depreciation</b>	<u>(37,779,333)</u>	<u>(2,626,158)</u>	<u>185,706</u>	<u>-</u>	<u>(40,219,785)</u>
<b>Total depreciable assets, net</b>	<u>49,274,868</u>	<u>(2,134,841)</u>	<u>(1)</u>	<u>142,806</u>	<u>47,282,832</u>
<b>Total capital assets, net</b>	<u><u>\$ 53,312,302</u></u>	<u><u>\$ 1,491,141</u></u>	<u><u>\$ (1)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 54,803,442</u></u>

Depreciation totaled \$2,626,158 for the year ended June 30, 2020. Depreciation plus amortization of other assets of \$5,098, as reported in the Statement of Revenues, Expenses, and Changes in Net Position, totaled \$2,631,256 for the year ended June 30, 2020.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Note 8 – Noncurrent Liabilities**

A summary of changes in noncurrent liabilities for the year ended June 30, 2020 is as follows:

	Balance			Balance	Classification	
	July 1, 2019	Additions	Deletions	June 30, 2020	Due Within One Year	Due in More Than One Year
<b>Payable from Restricted Assets:</b>						
Due to member agencies payable from restricted assets	\$ 645	\$ -	\$ (558)	\$ 87	\$ -	\$ 87
<b>Total payable from restricted assets</b>	<b>645</b>	<b>-</b>	<b>(558)</b>	<b>87</b>	<b>-</b>	<b>87</b>
<b>Long-Term Debt:</b>						
2011 Refunding Revenue Bonds	235,000	-	(115,000)	120,000	120,000	-
add: original issue premium	59,886	-	(59,886)	-	-	-
2017 Revenue Bonds	22,115,000	-	(435,000)	21,680,000	450,000	21,230,000
add: original issue premium	1,966,271	-	(70,224)	1,896,047	-	1,896,047
State loan payable	1,608,773	-	(794,455)	814,318	814,318	-
Private placement loan payable	1,433,578	-	(89,580)	1,343,998	93,336	1,250,662
SFID reimbursement agreement payable	425,702	-	(2,731)	422,971	-	422,971
SDG&E financing	427,107	-	(53,388)	373,719	53,388	320,331
<b>Total long-term debt</b>	<b>28,271,317</b>	<b>-</b>	<b>(1,620,264)</b>	<b>26,651,053</b>	<b>1,531,042</b>	<b>25,120,011</b>
<b>Other Noncurrent Liabilities:</b>						
Compensated absences	471,029	292,253	(254,863)	508,419	37,390	471,029
Total OPEB liability	471,024	71,910	-	542,934	-	542,934
Net pension liability	2,998,025	307,189	-	3,305,214	-	3,305,214
<b>Total other noncurrent liabilities</b>	<b>3,940,078</b>	<b>671,352</b>	<b>(254,863)</b>	<b>4,356,567</b>	<b>37,390</b>	<b>4,319,177</b>
<b>Total long-term obligations</b>	<b>\$ 32,212,040</b>	<b>\$ 671,352</b>	<b>\$ (1,875,685)</b>	<b>\$ 31,007,707</b>	<b>\$ 1,568,432</b>	<b>\$ 29,439,275</b>

**2011 Refunding Revenue Bonds**

In December 2011, SEJPA issued the 2011 Revenue Refunding Bonds in the amount of \$9,235,000 for the purpose of refunding its 2003 Refunding Revenue Bonds and prepaying a note to the California Energy Commission. The 2003 Refunding Revenue Bonds had been issued to refund the 1993 Refunding Revenue Bonds, the proceeds of which had been loaned to its two member agencies to finance the upgrade and expansion of the water pollution control facility.

Although the refunding resulted in a deferred amount on refunding of \$340,611, SEJPA in effect reduced the aggregate debt service payments by approximately \$222,000 each year over the next six years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of \$1,251,450. The deferred amount on refunding totaled was fully amortized to \$0 at June 30, 2020.

The 2011 Refunding Revenue Bonds are payable in annual principal installments ranging from \$50,000 to \$1,415,000 through March 1, 2021. Interest payments are due semiannually on September 1, and March 1. Interest rates on the bonds range from 2% to 4%. The 2011 Refunding Revenue Bonds outstanding total \$120,000 at June 30, 2020. Accrued interest totaled \$1,140 at June 30, 2020. The member agencies have covenanted to make payments of loan installments in each year from net revenues derived from the operation of each Agency's respective wastewater collection system.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Note 8 – Noncurrent Liabilities (Continued)**

***2011 Refunding Revenue Bonds (Continued)***

Debt service requirements on the 2011 Refunding Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 120,000	\$ 3,420	\$ 123,420
Total	\$ 120,000	\$ 3,420	\$ 123,420

***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 Bonds. 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 therefor 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 revenues 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 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.

Debt service requirements on the 2017 Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 450,000	\$ 889,725	\$ 1,339,725
2022	460,000	876,225	1,336,225
2023	475,000	862,425	1,337,425
2024	490,000	848,175	1,338,175
2025	510,000	828,575	1,338,575
2026-2030	2,955,000	3,734,375	6,689,375
2031-2035	3,735,000	2,949,625	6,684,625
2036-2040	4,580,000	2,104,113	6,684,113
2041-2045	5,505,000	1,182,200	6,687,200
2046-2047	2,520,000	152,200	2,672,200
Total	\$ 21,680,000	\$ 14,427,638	\$ 36,107,638

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Note 8 – Noncurrent Liabilities (Continued)**

***State Loan Payable***

In March 1998, SEJPA entered into an agreement with the State Water Resources Control Board for funding of the San Elijo Water Reclamation System. The loan was funded through the State Revolving Fund loan program administered by the State of California in the amount of \$12,633,522. The State Revolving Fund loan program provides funding for water reclamation projects at a reduced interest rate of 2.5%. The state loan payable outstanding totaled \$814,318 at June 30, 2020. Accrued interest totaled \$17,813 at June 30, 2020. The San Elijo Water Reclamation Project represented the construction of tertiary treatment, operational storage facilities, effluent pump stations and a reclaimed water distribution system. Annual loan payments are made by SEJPA in the amount of \$834,675 and continue through August 2020. SEJPA has agreed to maintain a dedicated source of revenue sufficient to provide reasonable assurance of repayment of the loan.

The terms of the state loan payable require SEJPA to place \$63,000 into a reserve fund each year for ten (10) years, beginning with the issuance of the loan. The reserve fund balance was \$630,000 at June 30, 2020 (See Note 5).

Debt service requirements on the State Loan Payable are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 814,318	\$ 20,358	\$ 834,676
Total	\$ 814,318	\$ 20,358	\$ 834,676

***Private Placement Loan Payable***

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 semi-annual payments of \$74,077 including principal and interest and continue through December 2031. The private placement loan payable outstanding totaled \$1,343,998 at June 30, 2020. Accrued interest totaled \$4,648 at June 30, 2020. 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.

Debt service requirements on the private placement loan payable are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 93,336	\$ 54,817	\$ 148,153
2022	97,249	50,904	148,153
2023	101,327	46,826	148,153
2024	105,876	42,277	148,153
2025	110,002	38,151	148,153
2026-2030	623,189	117,576	740,765
2031-2032	213,019	9,212	222,231
Total	\$ 1,343,998	\$ 359,763	\$ 1,703,761

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 8 – Noncurrent Liabilities (Continued)**

***SFID Reimbursement Agreement Payable***

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 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 SFID agreed to convey ownership of the extension to SEJPA effective October 1, 2012. 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 at a monthly 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 (2032) of this agreement if the average annual delivery volume of the extension from year 13 (2025) through year 15 (2028) 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 noncurrent. The SFID reimbursement agreement payable totaled \$422,971 at June 30, 2020.

***San Diego Gas & Electric Loan:***

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 electrical equipment. SEJPA will pay an additional \$4,449 on their monthly SDG&E bills. This retrofitting is expected to save SEJPA \$68,120 per year and be paid off in under eight years.

Debt service requirements on the SDG&E loan payable are as follows:

June 30	Principal	Interest	Total
2021	\$ 53,388	\$ -	\$ 53,388
2022	53,388	-	53,388
2023	53,388	-	53,388
2024	53,388	-	53,388
2025	53,388	-	53,388
2026-2027	106,779	-	106,779
Total	<u>\$ 373,719</u>	<u>\$ -</u>	<u>\$ 373,719</u>

**Note 9 – Postemployment Benefits**

***Plan Description***

SEJPA provides medical insurance benefits to eligible retirees in accordance with various labor agreements subject to 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 \$139 per month, which is set by CalPERS.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 9 – Postemployment Benefits (Continued)**

***Eligibility***

Employees of SEJPA are eligible for retiree health benefits if they retire within 120 days of their separation date. Membership in the plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Active plan members	21
Retirees	4
Total	<u>25</u>

***Contributions***

The obligation of SEJPA to contribute to the plan is 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. For the fiscal year ended June 30, 2020, SEJPA's average contribution rate was 0.79% of covered-employee payroll. Employees are not required to contribute to the plan.

***Total OPEB Liability***

SEJPA's total OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability at June 30, 2020 was:

Total OPEB liability	<u>\$ 542,934</u>
Total OPEB liability	<u>\$ 542,934</u>

***Actuarial Assumptions***

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:

Discount Rate	2.45%
Inflation	2.75%
Aggregate payroll increases	3.00%
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	Most recent CalPERS pension plan experience study.
Mortality Improvement Scale	Modified MP-2014, which converge to ultimate mortality improvement rates in 2022.
Pre-retirement turnover	Ranging from 0.01% to 17.42% based on termination rates under the CalPERS pension plan.
Healthcare Trend Rate	An annual healthcare cost trend rate of 6.5% initially reduced by decrements to an ultimate of 5.0% therefore.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2019. SEJPA completes a new actuarial valuation every two years. The next valuation will be dated June 30, 2021 and will be used for financial reporting for fiscal years ending June 30, 2021 and 2022.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Note 9 – Postemployment Benefits (Continued)**

***Discount Rate***

The discount rate used to measure the total OPEB liability was 2.45% percent. This discount rate is the mid-point, rounded to five basis points, of the range of 3-20 year municipal bond rate indices; S&P Municipal bond 20-Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

***Change in the Total OPEB Liability***

	<b>Total OPEB Liability</b>
Balance at June 30, 2019	\$ 471,024
Changes Recognized for the Measurement Period:	
Service cost	23,405
Interest on the total OPEB liability	15,314
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	49,719
Contributions from the employer	-
Net investment income	-
Administrative expenses	-
Benefit payments	(16,528)
Net Changes during July 1, 2019 to June 30, 2020	71,910
Balance at June 30, 2020 (Measurement Date)	\$ 542,934

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

The following presents the total OPEB liability of the SEJPA, as well as what the SEJPA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.45 percent) or 1-percentage-point higher (3.45 percent) than the current discount rate:

<b>Plan's Total OPEB Liability/(Asset)</b>		
Discount Rate - 1% (1.45%)	Current Discount Rate (2.45%)	Discount Rate + 1% (3.45%)
\$ 628,730	\$ 542,934	\$ 474,080

**Change in Assumptions**

For the measurement period ended June 30, 2020, the discount rate used to calculate the net OPEB liability changed from 3.15% to 2.45%.



**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Note 9 – Postemployment Benefits (Continued)**

***Change in the Total OPEB Liability (Continued)***

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the SEJPA, as well as what the SEJPA's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

<b>Plan's Total OPEB Liability</b>		
Discount Rate - 1%	Healthcare Cost Trend Rates	Discount Rate + 1%
(5.5% decreasing to 4.0%)	(6.5% decreasing to 5.0%)	(7.5% decreasing to 6.0%)
\$ 460,242	\$ 542,934	\$ 648,986

***OPEB Expense***

For the fiscal year ended June 30, 2020, the SEJPA recognized OPEB expense of \$46,121.

Deferred outflows or deferred inflows of resources associated with OPEB at June 30, 2020 were the following:

	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Difference between expected and actual experience	\$ 6,195	\$ -
Changes of assumptions	49,274	-
Total	\$ 55,469	\$ -

These deferred outflows or deferred inflows related to OPEB will be recognized as OPEB expense as follows:

<b>Measurement Period Ended June 30</b>	<b>Deferred Outflows/ (Inflows) of Resources</b>
2021	\$ 7,402
2022	7,402
2023	7,402
2024	7,402
2025	7,402
Thereafter	18,459
	<u>\$ 55,469</u>

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Note 10 – Defined Benefit Pension Plan**

***Plan Descriptions***

All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan of the San Elijo Joint Powers Authority, (All Plans) a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS) in which the SEJPA participates with other public agencies that each have fewer than 100 active members and share the same benefit formula. CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

***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. The SEJPA participates in the miscellaneous 2.5% at 55 pool, for those employees hired before July 1, 2012. New employees with no prior CalPERS membership and those with prior CalPERS membership with a break in service greater than six months, hired after July 1, 2012 participate in the miscellaneous 2% at 62 pool. Employees hired after July 1, 2012 with prior CalPERS membership with less than six months break in service, participate in the miscellaneous 2% at 60 pool.

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

Hire Date	Miscellaneous		
	Prior to July 1, 2012	On or After July 1, 2012	
		Second Tier	PEPRA
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.25%
Required employer contribution rates	11.432%	8.081%	6.985%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated 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 SEJPA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 10 – Defined Benefit Pension Plan (Continued)**

***Employees Covered by the Benefit Terms***

For the year ended June 30, 2020, the SEJPA's plan's proportionate share of aggregate employer contributions made for the plan was as follows:

	<u>Miscellaneous</u>
Contributions - employer	<u>\$ 404,110</u>

At June 30, 2020, the following employees were covered by the benefit terms for the miscellaneous plan:

	<u>Miscellaneous</u>
Active employees	21
Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to, but not yet receiving benefits	<u>13</u>
Total	<u>52</u>

***Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions***

As of June 30, 2020, the SEJPA reported net pension liabilities for its proportionate shares of the net pension liability of the plan as follows:

	<u>Miscellaneous</u>
Proportionate share of net pension liability	<u>\$ 3,305,214</u>

The SEJPA's net pension liability for the plan is measured as the proportionate share of the net pension liability. The net pension liability of the plan is measured as of June 30, 2019, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The SEJPA's proportion of the net pension liability was based on a projection of the SEJPA's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2018). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Note 10 – Defined Benefit Pension Plan (Continued)**

***Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions (Continued)***

- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2019). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2019 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2018-19).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

The SEJPA's proportionate share of the net pension liability for the plan as of the June 30, 2019 measurement date was as follows:

	<u>Miscellaneous</u>
Proportion June 30, 2018	0.079550%
Proportion June 30, 2019	0.082537%
Change - increase (decrease)	<u>0.002987%</u>

For the year ended June 30, 2020, the SEJPA recognized pension expense of \$778,816. At June 30, 2020, the SEJPA reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contribution made after the measurement date	\$ 404,110	\$ -
Difference between expected and actual experience	211,775	-
Changes of assumptions	101,737	-
Net difference between projected and actual earnings on pension plan investments	-	(57,785)
Employer contributions in excess/(under) proportionate share of contributions	-	(114,920)
Adjustments due to difference in proportions	26,689	-
Total	<u>\$ 744,311</u>	<u>\$ (172,705)</u>

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 10 – Defined Benefit Pension Plan (Continued)**

***Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions (Continued)***

The \$404,110 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 ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources
2021	\$ 199,507
2022	(67,871)
2023	24,186
2024	11,674
2025	-
Thereafter	-
Total	<u>\$ 167,496</u>

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

For the measurement period ended June 30, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability determined in the June 30, 2018 actuarial accounting valuation. The June 30, 2019 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	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

The underlying mortality assumption and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2014. Further details for the Experience Study can be found on the CalPERS website under "Forms and Publications."

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 10 – Defined Benefit Pension Plan (Continued)**

***Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions (Continued)***

*Change of Assumption*

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 was changed from 7.65 percent to 7.15 percent as of the June 30, 2017 measurement date to correct the adjustment, which previously reduced the discount rate for administrative expense. The discount rate remained at 7.15% as of the June 30, 2019 measurement date.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**Note 10 – Defined Benefit Pension Plan (Continued)**

***Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions (Continued)***

**Discount Rate (Continued)**

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return</b>	
		<b>Years 1 - 10<sup>1</sup></b>	<b>Years 11 +<sup>2</sup></b>
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

<sup>1</sup> An expected inflation of 2.0% was used for this period.

<sup>2</sup> An expected inflation of 2.92% was used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the plan, as of the measurement date calculated using the discount rate of 7.15%, as well as what the net pension 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 rate:

<b>Plan's Net Pension Liability/(Asset)</b>		
<b>Discount Rate - 1 % (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>Discount Rate + 1 % (8.15%)</b>
<b>\$ 5,278,092</b>	<b>\$ 3,305,214</b>	<b>\$ 1,676,743</b>

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

***Payable to the Pension Plan***

At June 30, 2020, the SEJPA reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 11 – Net Position**

At June 30, 2020, net investment in capital assets consisted of the following:

<u>Description</u>	<u>Balance</u>
Net investment in capital assets:	
Capital assets – not being depreciated	\$ 7,520,610
Capital assets, net – being depreciated	47,282,832
Retention payable	(193,517)
2011 Refunding Revenue Bonds	(120,000)
2017 Revenue Bonds	(23,576,047)
State loan payable	(814,318)
Private placement loan	(1,343,998)
SFID loan payable	(422,971)
Total net investment in capital assets	<u>\$ 28,332,591</u>

**Note 12 – Commitments and Contingencies**

***Contracts***

The SEJPA has entered into various contracts for the purchase of material and construction of capital assets. The amounts contracted are based on the contractor's estimated cost of construction. At June 30, 2020, the total unpaid amount on these contracts is approximately \$16,514,586.

***Litigation***

Legal claims and lawsuits arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the SEJPA's financial position.

***Operating Leases***

Under an agreement dated April 11, 1991 the SEJPA leases a maintenance facility to the City of Encinitas for \$1 per year for an initial term of 30 years. The lease may be renewed or extended at the expiration of the initial term at a rate mutually agreed upon. In addition to the annual payment of \$1, the City agreed to reimburse the SEJPA within 30 days for all engineering and inspection costs incurred as a result of the engineering and construction of the maintenance facility. The City also agreed to reimburse the SEJPA for all construction costs incurred by the SEJPA as a result of the construction of the maintenance facility in 30 equal annual installments at an interest rate equal to the interest rate on the bonds issued for construction of the upgrade and expansion of the Water Pollution Control Facility. The lease payments collected are then remitted directly to the member agencies.

In January 2007, the SEJPA entered into a Communications Site License Agreement as lessor with Omnipoint Communications, Inc. which was subsequently conveyed to T-Mobile West, LLC. The initial term of the agreement, which calls for an annual payment of \$20,400 and increasing 3% annually, is for five years commencing the earlier of the date the licensees intend to commence construction or October 1, 2007. This lease agreement may be extended automatically for five additional five-year terms on the same terms and conditions at the election of Omnipoint. The lease renewed October 1, 2017. The SEJPA recognized rental income in the amount of \$29,088 for the year ended June 30, 2020.



**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 12 – Commitments and Contingencies (Continued)**

***Operating Leases (Continued)***

Under a lease/purchase agreement dated March 27, 2019, the SEJPA leased a certain real property to PCL Construction Services-PCL Construction, Inc. Joint Venture for \$1 per year to use in constructing certain public capital improvements, which will be paid by the SEJPA from installment payments determined in accordance with the provision of the Lease/Purchase Agreement. Once all installment payments have been made, title to those capital improvements shall vest in the SEJPA and this lease shall terminate.

**Note 13 – New and Upcoming Governmental Accounting Standards Implementation**

***GASB Statement No. 95***

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement did not have a material effect on the SEJPA's financial statements for the fiscal year ending June 30, 2020.

***Upcoming Governmental Accounting Standards Implementation***

***GASB Statement No. 84***

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2021.

***GASB Statement No. 87***

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2022.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 13 – New and Upcoming Governmental Accounting Standards Implementation (Continued)**

***GASB Statement No. 89***

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2022.

***GASB Statement No. 90***

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests— An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2021.

***GASB Statement No. 91***

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2023.

***GASB Statement No. 92***

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2022.

**San Elijo Joint Powers Authority**  
**Notes to the Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 13 – New and Upcoming Governmental Accounting Standards Implementation (Continued)**

***GASB Statement No. 93***

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Application of this statement is effective for the SEJPA’s fiscal year ending June 30, 2022.

***GASB Statement No. 94***

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement is effective for the SEJPA’s fiscal year ending June 30, 2023.

***GASB Statement No. 96***

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement is effective for the SEJPA’s fiscal year ending June 30, 2023.

***GASB Statement No. 97***

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Application of this statement is effective for the SEJPA’s fiscal year ending June 30, 2022.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED).**

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**San Elijo Joint Powers Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedules of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios**  
**Last Ten Fiscal Years\***  
**As of June 30, 2020**

<b>Miscellaneous Plan</b>						
	<u>6/30/2019 <sup>1</sup></u>	<u>6/30/2018 <sup>1</sup></u>	<u>6/30/2017 <sup>1</sup></u>	<u>6/30/2016 <sup>1</sup></u>	<u>6/30/2015 <sup>1</sup></u>	<u>6/30/2014 <sup>1</sup></u>
Plan's proportion of the net pension liability	0.082537%	0.079550%	0.081861%	0.079200%	0.089800%	0.081140%
Plan's proportionate share of the net pension liability	\$ 3,305,214	\$ 2,998,025	\$ 3,227,017	\$ 2,924,994	\$ 2,463,640	\$ 1,937,636
Plan's covered payroll <sup>2</sup>	\$ 2,072,596	\$ 1,930,102	\$ 1,916,333	\$ 1,829,430	\$ 1,718,001	\$ 1,707,696
Plan's proportionate share of the net pension liability as a percentage of covered payroll	159.47%	155.33%	168.40%	159.89%	143.40%	113.46%
Plan's fiduciary net position	\$ 11,362,690	\$ 10,450,711	\$ 9,717,557	\$ 8,477,710	\$ 8,203,952	\$ 7,976,883
Plan's fiduciary net position as a percentage of the total pension liability	77.47%	77.71%	75.07%	74.35%	76.91%	80.46%
Plan's proportionate share of aggregate employer contributions <sup>3,4</sup>	\$ 470,825	\$ 398,079	\$ 367,677	\$ 315,703	\$ 308,067	\$ 215,709

**Notes to Schedule:**

**Benefit changes.** In 2015, benefit terms were modified to base miscellaneous employee pensions on a final three-year average salary instead of a final five-year average salary.

**Changes in assumptions.** In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of miscellaneous employees.

\* - Fiscal year 2015 was the first year of implementation.

<sup>1</sup> Historical information is not presented for years prior to the implementation of GASB 68.

<sup>2</sup> Covered Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

<sup>3</sup> The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

<sup>4</sup> This data is not required to be displayed by GASB 68 for employers participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the Plan's pension expense.

**San Elijo Joint Powers Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Pension Contributions**  
**Last Ten Fiscal Years**  
**As of June 30, 2020**

	Miscellaneous Plan						
	2019-20 <sup>1</sup>	2018-19 <sup>1</sup>	2017-18 <sup>1</sup>	2016-17 <sup>1</sup>	2015-16 <sup>1</sup>	2014-15 <sup>1</sup>	2013-14 <sup>1</sup>
Contractually determined contribution (actuarially determined)	\$ 403,880	\$ 356,338	\$ 302,451	\$ 302,683	\$ 286,852	\$ 267,504	\$ 256,232
Contributions in relation to the actuarially determined contributions <sup>2</sup>	(404,110)	(356,338)	(302,451)	(437,683)	(411,852)	(267,504)	(256,232)
<b>Contribution deficiency (excess)</b>	<u>\$ (230)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (135,000)</u>	<u>\$ (125,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll <sup>3,4</sup>	\$ 2,118,208	\$ 2,072,596	\$ 1,930,102	\$ 1,916,333	\$ 1,829,430	\$ 1,718,001	\$ 1,707,696
Contributions as a percentage of covered payroll <sup>3</sup>	19.08%	17.19%	15.67%	22.84%	22.51%	15.57%	15.00%

<sup>1</sup> Historical information is not presented for years prior to the implementation of GASB 68.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

<sup>4</sup> Payroll from prior year was assumed to increase by the 3.00% payroll growth assumption.

**Notes to Schedule**

Valuation date: 6/30/2018

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were from the June 30, 2015 public agency valuations.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2015 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.15%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**San Elijo Joint Powers Authority**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Last Ten Fiscal Years <sup>1</sup>**  
**For the Year Ended June 30, 2020**

Measurement period, year ending:	<u>6/30/2020 <sup>1</sup></u>	<u>6/30/2019 <sup>1</sup></u>	<u>6/30/2018 <sup>1</sup></u>	<u>6/30/2017 <sup>1</sup></u>
<b>Total OPEB liability</b>				
Service cost	\$ 23,405	\$ 19,445	\$ 18,879	\$ 18,267
Interest	15,314	15,625	14,565	13,926
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	8,259	-	-
Changes of assumptions	49,719	6,771	(9,274)	-
Benefit payments, including refunds of member contributions	<u>(16,528)</u>	<u>(12,096)</u>	<u>(14,170)</u>	<u>(13,242)</u>
<b>Net change in total OPEB liability</b>	71,910	38,004	10,000	18,951
<b>Total OPEB liability - beginning</b>	<u>471,024</u>	<u>433,020</u>	<u>423,020</u>	<u>404,069</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$ 542,934</u></u>	<u><u>\$ 471,024</u></u>	<u><u>\$ 433,020</u></u>	<u><u>\$ 423,020</u></u>
<b>OPEB fiduciary net position</b>				
Contributions - employer	\$ 16,528	\$ 12,096	\$ 14,170	\$ 13,242
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(16,528)	(12,096)	(14,170)	(13,242)
Administrative expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in plan fiduciary net position</b>	-	-	-	-
<b>Plan fiduciary net position - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<u><u>\$ 542,934</u></u>	<u><u>\$ 471,024</u></u>	<u><u>\$ 433,020</u></u>	<u><u>\$ 423,020</u></u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.00%	0.00%	0.00%	0.00%
<b>Covered-employee payroll</b>	\$ 2,104,992	\$ 2,043,682	N/A	\$ 1,856,890
<b>Plan total OPEB liability as a percentage of covered-employee payroll</b>	25.79%	23.05%	N/A	22.78%

<sup>1</sup> Historical information is not presented for years prior to the implementation of GASB 75.



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## **SUPPLEMENTARY INFORMATION**

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**San Elijo Joint Powers Authority**  
**Combining Statement of Net Position**  
**June 30, 2020**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and investments	\$ 22,929,855	\$ 2,164,291	\$ 25,094,146
Due from other governmental agencies	693,398	552,027	1,245,425
Accrued interest receivable	325,642	3,603	329,245
Prepaid items	6,850	8,728	15,578
Current portion of loans receivable	570,000	-	570,000
<b>Total current assets</b>	<u>24,525,745</u>	<u>2,728,649</u>	<u>27,254,394</u>
<b>Non-current assets:</b>			
Restricted cash and cash equivalents	630,087	-	630,087
Loans receivable - net of current portion	21,230,000	-	21,230,000
Capital assets:			
Nondepreciable	6,740,440	780,170	7,520,610
Depreciable, net of accumulated depreciation	32,141,688	15,141,144	47,282,832
Total capital assets	<u>38,882,128</u>	<u>15,921,314</u>	<u>54,803,442</u>
<b>Total non-current assets</b>	<u>60,742,215</u>	<u>15,921,314</u>	<u>76,663,529</u>
<b>Total assets</b>	<u>85,267,960</u>	<u>18,649,963</u>	<u>103,917,923</u>
<b>Deferred outflows of resources:</b>			
Deferred outflows related to pensions	627,454	116,857	744,311
Deferred outflows related to OPEB	46,760	8,709	55,469
<b>Total deferred outflows of resources</b>	<u>674,214</u>	<u>125,566</u>	<u>799,780</u>

**San Elijo Joint Powers Authority**  
**Combining Statement of Net Position (Continued)**  
**June 30, 2020**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	2,352,055	179,855	2,531,910
Accrued liabilities	464,173	65,820	529,993
Accrued interest payable	297,715	22,461	320,176
Retention payable	193,517	-	193,517
Unearned revenue	74,275	-	74,275
Revenue refunding bonds - due within one year	120,000	-	120,000
Revenue bonds - due within one year	450,000	-	450,000
State loan payable - due within one year	-	814,318	814,318
Private placement loan payable - due within one year	-	93,336	93,336
SDG&E loan - due within one year	53,388	-	53,388
Compensated absences - due within one year	31,782	5,609	37,390
<b>Total current liabilities</b>	<u>4,036,905</u>	<u>1,181,399</u>	<u>5,218,303</u>
<b>Non-current liabilities:</b>			
Due to member agencies payable from restricted assets	87	-	87
Revenue bonds - due in more than one year	23,126,047	-	23,126,047
Private placement loan payable - due in more than one year	-	1,250,662	1,250,662
SFID reimbursement agreement payable	-	422,971	422,971
SDG&E loan - due in more than one year	320,331	-	320,331
Net pension liability	2,786,295	518,919	3,305,214
Total OPEB liability	457,693	85,241	542,934
Compensated absences - due in more than one year	404,064	66,966	471,029
<b>Total non-current liabilities</b>	<u>27,094,517</u>	<u>2,344,759</u>	<u>29,439,275</u>
<b>Total liabilities</b>	<u>31,131,421</u>	<u>3,526,157</u>	<u>34,657,578</u>
<b>Deferred inflows of resources:</b>			
Deferred inflows related to pensions	145,591	27,114	172,705
<b>Total deferred inflows of resources</b>	<u>145,591</u>	<u>27,114</u>	<u>172,705</u>
<b>Net position:</b>			
Net investment in capital assets	14,992,564	13,340,027	28,332,591
Restricted for debt service	630,000	-	630,000
Unrestricted	39,042,598	1,882,231	40,924,829
<b>Total net position</b>	<u>\$ 54,665,162</u>	<u>\$ 15,222,258</u>	<u>\$ 69,887,420</u>

**San Elijo Joint Powers Authority**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2020**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services to other government agencies	\$ 2,170,674	\$ 2,932,649	\$ 5,103,323
Contributions from the City of Encinitas	1,967,184	-	1,967,184
Contributions from the City of Solana Beach	1,544,667	-	1,544,667
<b>Total operating revenues</b>	<u>5,682,525</u>	<u>2,932,649</u>	<u>8,615,174</u>
<b>Operating expenses:</b>			
Personnel costs	3,196,108	657,418	3,853,526
Depreciation and amortization	1,952,587	678,669	2,631,256
Utilities	438,362	317,557	755,919
Contracted services	723,898	178,786	902,684
Supplies	460,017	144,865	604,882
Disposal services	264,497	-	264,497
Miscellaneous	65,979	9,923	75,902
Repair parts expense	129,337	41,482	170,819
Rent	31,206	103,268	134,474
Permit/purveyor fees	89,814	31,767	121,581
Insurance	64,860	27,797	92,657
<b>Total operating expenses</b>	<u>7,416,665</u>	<u>2,191,532</u>	<u>9,608,197</u>
<b>Operating income (loss)</b>	<u>(1,734,140)</u>	<u>741,117</u>	<u>(993,023)</u>
<b>Non-operating revenues (expenses):</b>			
Investment income	1,416,325	34,039	1,450,364
State grants	-	89,725	89,725
Rental income	29,088	-	29,088
Gain on disposal of assets	50,625	-	50,625
Interest expense	(803,458)	(89,695)	(893,153)
Other	45,170	70,800	115,970
<b>Total non-operating revenues (expenses), net</b>	<u>737,750</u>	<u>104,869</u>	<u>842,619</u>
<b>Net income (loss) before capital contributions</b>	<u>(996,390)</u>	<u>845,986</u>	<u>(150,404)</u>
<b>Capital contributions:</b>			
Assessments from City of Solana Beach	486,139	-	486,139
Assessments from City of Encinitas	686,140	-	686,140
<b>Total capital contributions</b>	<u>1,172,279</u>	<u>-</u>	<u>1,172,279</u>
<b>Change in net position</b>	<u>175,889</u>	<u>845,986</u>	<u>1,021,875</u>
<b>Net position:</b>			
Beginning of year	54,489,273	14,376,272	68,865,545
End of year	<u>\$ 54,665,162</u>	<u>\$ 15,222,258</u>	<u>\$ 69,887,420</u>

**San Elijo Joint Powers Authority**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash receipts from customers	\$ 4,958,958	\$ 2,894,862	\$ 7,853,820
Cash payments to vendors and suppliers for materials and services	(504,815)	(725,561)	(1,230,376)
Cash payments to employees for services	(2,565,610)	(575,134)	(3,140,744)
<b>Net cash provided by operating activities</b>	<u>1,888,533</u>	<u>1,594,167</u>	<u>3,482,700</u>
<b>Cash flows from non-capital financing activities:</b>			
Rental and other nonoperating income	74,258	160,525	234,783
<b>Net cash provided by non-capital financing activities</b>	<u>74,258</u>	<u>160,525</u>	<u>234,783</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	(3,857,229)	(260,070)	(4,117,299)
Proceeds from the sale of capital assets	50,625	-	50,625
Principal paid on long-term debt	(603,388)	(886,766)	(1,490,154)
Interest paid on long-term debt	(909,801)	(107,384)	(1,017,185)
Capital contributions	1,172,279	-	1,172,279
<b>Net cash (used in) capital and related financing activities</b>	<u>(4,147,514)</u>	<u>(1,254,220)</u>	<u>(5,401,734)</u>
<b>Cash flows from investing activities:</b>			
Collection of loans receivable	550,000	-	550,000
Investment earnings	1,446,515	37,223	1,483,738
<b>Net cash provided by investing activities</b>	<u>1,996,515</u>	<u>37,223</u>	<u>2,033,738</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(188,208)	537,695	349,487
<b>Cash and cash equivalents:</b>			
Beginning of year	23,748,150	1,626,596	25,374,746
End of year	<u>\$ 23,559,942</u>	<u>\$ 2,164,291</u>	<u>\$ 25,724,233</u>
Cash and cash equivalents	\$ 22,929,855	\$ 2,164,291	\$ 25,094,146
Restricted cash and cash equivalents	630,087	-	630,087
<b>Total cash and cash equivalents</b>	<u>\$ 23,559,942</u>	<u>\$ 2,164,291</u>	<u>\$ 25,724,233</u>

**San Elijo Joint Powers Authority**  
**Combining Statement of Cash Flows (Continued)**  
**For the Year Ended June 30, 2020**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (1,734,140)	\$ 741,117	\$ (993,023)
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>			
Depreciation and amortization	1,952,587	678,669	2,631,256
<b>Change in assets, liabilities, deferred outflows of resources, and deferred inflows of resources:</b>			
Due from other governmental agencies	(568,290)	(37,787)	(606,077)
Prepaid items	14,046	5,690	19,736
Deferred outflows related to pensions	(33,086)	(6,162)	(39,248)
Deferred outflows related to OPEB	(40,668)	(7,574)	(48,242)
Accounts payable	1,809,437	124,194	1,933,631
Accrued liabilities	325,971	29,167	355,138
Retentions payable	(60,328)	-	(60,328)
Unearned revenue	(155,277)	-	(155,277)
Net pension liability	258,960	48,229	307,189
Total OPEB liability	60,620	11,290	71,910
Compensated absences	34,553	2,837	37,390
Deferred inflows related to pensions	24,737	4,607	29,344
Deferred inflows related to OPEB	(589)	(110)	(699)
<b>Total adjustments</b>	<u>3,622,673</u>	<u>853,050</u>	<u>4,475,723</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 1,888,533</u></u>	<u><u>\$ 1,594,167</u></u>	<u><u>\$ 3,482,700</u></u>
<b>Non-cash items:</b>			
Amortization of other assets	\$ 3,824	\$ -	\$ 3,824
Amortization of deferred amount on refunding	30,964	-	30,964
<b>Total non-cash items</b>	<u><u>\$ 34,788</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 34,788</u></u>



**San Elijo Joint Powers Authority**  
**Operating Budget Comparison Schedule - Wastewater**  
**For the Year Ended June 30, 2020**  
**(Unaudited)**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Operating revenues:</b>			
Charges for services to other government agencies	\$ 2,126,664	\$ 2,170,674	\$ 44,010
Contributions from the City of Encinitas	2,016,935	1,967,184	(49,751)
Contributions from the City of Solana Beach	1,645,944	1,544,667	(101,277)
<b>Total operating revenues</b>	<b>5,789,543</b>	<b>5,682,525</b>	<b>(107,018)</b>
<b>Operating expenses:</b>			
Personnel costs	2,676,334	3,196,108	(519,774)
Depreciation and amortization	-	1,952,587	(1,952,587)
Utilities	616,197	438,362	177,835
Contracted services	862,451	723,898	138,553
Supplies	408,461	460,017	(51,556)
Disposal services	252,750	264,497	(11,747)
Miscellaneous	122,099	65,979	56,120
Repair parts expense	149,888	129,337	20,551
Rent	8,325	31,206	(22,881)
Permit/purveyor fees	71,730	89,814	(18,084)
Insurance	49,711	64,860	(15,149)
Contingency	188,400	-	188,400
<b>Total operating expenses</b>	<b>5,406,346</b>	<b>7,416,665</b>	<b>(2,010,319)</b>
<b>Operating income</b>	<b>\$ 383,197</b>	<b>\$ (1,734,140)</b>	<b>\$ (2,117,337)</b>

**San Elijo Joint Powers Authority**  
**Operating Budget Comparison Schedule - Recycled**  
**For the Year Ended June 30, 2020**  
**(Unaudited)**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Operating revenues:</b>			
Charges for services to other government agencies	\$ 3,161,891	\$ 2,932,649	\$ (229,242)
<b>Total operating revenues</b>	<u>3,161,891</u>	<u>2,932,649</u>	<u>(229,242)</u>
<b>Operating expenses:</b>			
Personnel costs	565,939	657,418	(91,479)
Depreciation and amortization	-	678,669	(678,669)
Utilities	362,034	317,557	44,477
Contracted services	205,837	178,786	27,051
Supplies	179,195	144,865	34,330
Miscellaneous	25,480	9,923	15,557
Repair parts expense	48,463	41,482	6,981
Rent	103,600	103,268	332
Permit/purveyor fees	25,450	31,767	(6,317)
Insurance	19,011	27,797	(8,786)
<b>Total operating expenses</b>	<u>1,535,009</u>	<u>2,191,532</u>	<u>(656,523)</u>
<b>Operating income</b>	<u>\$ 1,626,882</u>	<u>\$ 741,117</u>	<u>\$ (885,765)</u>

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November 5, 2020

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

We have audited the financial statements of the San Elijo Joint Powers Authority (SEJPA) for the year ended June 30, 2020, and have issued our report thereon dated November 5, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the SEJPA are described in Note 2 to the basic financial statements.

*New Accounting Standards*

***GASB Statement No. 95***

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement did not have an effect on the SEJPA's financial statements for the fiscal year ended June 30, 2020.

No other new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the SEJPA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the SEJPA's financial statements were:

- Management's estimate of the investment fair market value is based on information provided by the State of California for its investment in the Local Agency Investment Fund. We evaluated the key factors and assumptions used to develop the investment fair market value in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the depreciation on capital assets is based on the industry standard and past experience on actual useful life of the asset groups. We evaluated the key factors and assumptions used to develop the depreciation on capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net OPEB liability is based on the actuarial valuation on total OPEB liability. We evaluated the key factors and assumptions used to develop the net OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liability is based on the actuarial valuation on total pension liability and based on audited financial statements on fiduciary net position for CalPERS plans. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 2 – Summary of Significant Accounting Policies
- Note 3 – Cash and Cash Equivalents
- Note 7 – Capital Assets
- Note 8 – Noncurrent Liabilities
- Note 9 – Post-Employment Benefits
- Note 10 – Defined Benefit Pension Plan
- Note 12 – Commitments and Contingencies

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 5, 2020.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the SEJPA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

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 SEJPA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios, Schedules of Contributions for Pension and OPEB, and the Schedule of Changes in Net OPEB Liability and Related Ratios, which is 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.

To the Board of Directors  
of the San Elijo Joint Powers Authority  
Cardiff by the Sea, California  
Page 4

We were engaged to report on the Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, Combining Statement of Cash Flows, Operating Budget Comparison Schedule – Wastewater, and Operating Budget Comparison Schedule – Reclamation which accompany 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.

**Restriction on Use**

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

Very truly yours,

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

San Diego, California

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

November 17, 2020

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: SAN ELIJO JOINT POWERS AUTHORITY END OF YEAR REVIEW OF THE  
FISCAL YEAR 2019-20 OPERATING AND DEBT SERVICE EXPENSES

RECOMMENDATION

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

BACKGROUND

San Elijo Joint Powers Authority (SEJPA) owns and operates the San Elijo Water Campus, San Elijo Recycled Water Utility, and is a co-owner of the San Elijo Ocean Outfall. SEJPA also manages several related service programs to support the cities of Encinitas, Solana Beach, and Del Mar, as well as other local government agencies.

Operational programs include:

- Wastewater Treatment
- Laboratory
- Ocean Outfall
- Cardiff Sanitary Division Pump Stations
- Encinitas Sanitary Division Pump Station
- City of Encinitas Urban & Storm Water
- City of Solana Beach Pump Stations
- City of Solana Beach Generator Services
- City of Del Mar Pump Station
- Recycled Water

In providing these services, SEJPA seeks to accomplish its mission in an environmentally, socially, and fiscally responsible manner. Each of the above programs is funded by the customer base that is served and cost allocations are applied based on actual flows treated or level of effort provided. The total operating budget for the FY 2019-20 was \$6,941,355.



## DISCUSSION

The following information is the actual expenses for FY 2019-20, which ended June 30, 2020. Overall, SEJPA completed FY 2019-20 under budget, which allowed the application of some program savings to build reserves for future pension and capital needs. The FY 2019-20 contribution to the pension reserve (PARS trust) totaled \$263,020 and the additional capital contribution totaled \$189,826, for the ocean outfall repair and replacement reserve. Including the pension and capital reserve contributions, nine of the programs completed the year under budget, and one program slightly above budget. The financial performance of each program operated by SEJPA is presented below in further detail.

## SUMMARY OF EXPENSE

The table below summarizes program expense and budget variance for FY 2019-20. SEJPA programs were collectively \$174,141 or 2.5% under budget, including the pension and capital reserve contributions. Recycled Water was \$72,313 or 4.7% under budget. Wastewater Treatment and Disposal, which includes pump stations and other services, was \$291,654 or 5.4% under budget, before capital reserve contribution. As a result of savings in the Ocean Outfall operating budget, \$189,826 was contributed to the outfall repair and replacement reserve.

<b>Program</b>	<b>Final FY 2019-20</b>	<b>Budget FY 2019-20</b>	<b>Over/(Under) Budget</b>	<b>% Budget Spent</b>
Wastewater Treatment	2,995,545	3,012,864	(17,319)	99.4%
Laboratory	563,835	565,365	(1,530)	99.7%
Ocean Outfall	606,303	835,925	(229,622)	72.5%
Cardiff Sanitary Division	260,988	283,454	(22,466)	92.1%
Encinitas Sanitary Division	136,154	141,940	(5,786)	95.9%
City of Encinitas	32,951	31,179	1,772	105.7%
City of Solana Beach	470,947	471,634	(687)	99.9%
City of Solana Beach Services	9,306	13,151	(3,845)	70.8%
City of Del Mar	38,664	50,834	(12,170)	76.1%
<b>Programs before Recycled Water</b>	<b>5,114,692</b>	<b>5,406,346</b>	<b>(291,654)</b>	<b>94.6%</b>
<b>Recycled Water</b>	<b>1,462,696</b>	<b>1,535,009</b>	<b>(72,313)</b>	<b>95.3%</b>
<b>Total All SEJPA Programs</b>	<b>6,577,388</b>	<b>6,941,355</b>	<b>(363,967)</b>	<b>94.8%</b>
Additional Capital			<b>189,826</b>	
<b>Total All SEJPA Programs + Additional Capital</b>			<b>(174,141)</b>	<b>97.5%</b>

## WASTEWATER TREATMENT

This program is the cost center for all operations and maintenance activities for wastewater treatment at the San Elijo Water Campus. Activities include wastewater treatment for the cities of Encinitas, Solana Beach, and Del Mar as well as the Rancho Santa Fe Community Services Districts, with the effluent being recycled or disposed to the ocean. Wastewater biosolids are treated and dewatered, then hauled by contractor to Arizona for beneficial reuse through land application.

Wastewater Treatment finished the fiscal year at budget. Personnel was higher, primarily as a result of increased staff time allocated to the program for repair and maintenance, as well as for the investment contribution to the PARS trust since this expense was assigned to the personnel line item. Capital Outlay was slightly above budget due to required repairs; however, these expenditures were offset by unspent budget in Supplies and Services and Contingency.

<b><i>Expense Category</i></b>	<b>Final FY 2019-20</b>	<b>Budget FY 2019-20</b>	<b>Over/(Under) Budget</b>	<b>% Budget Spent</b>
Personnel	1,553,899	1,387,439	166,460	112.0%
Supplies & Services	1,395,184	1,506,085	(110,901)	92.6%
Capital Outlay	46,463	44,040	2,423	105.5%
Contingency	-	75,300	(75,300)	0.0%
<b>Total JPA Wastewater Treatment</b>	<b>2,995,545</b>	<b>3,012,864</b>	<b>(17,319)</b>	<b>99.4%</b>

## LABORATORY

The laboratory located at the San Elijo Water Campus provides analytical laboratory services for SEJPA's Wastewater Treatment, Ocean Outfall, and Recycled Water programs as well as to other entities through contract agreements. For FY 2019-20, contract agreements include the Fairbanks Ranch Community Services District, the Rancho Santa Fe Community Services District, the Santa Fe Valley Community Services District, and the Whispering Palms Community Services District. Overall Laboratory expenses were at budget. Supplies & Services expense was higher due to compliance with the new Environmental Laboratory Accreditation Program (ELAP) regulations. ELAP's new standard focuses heavily on quality management systems to ensure that laboratories can provide users with data of known and documented quality. Capital Outlay exceeded budget due to the replacement of equipment.

<b><i>Expense Category</i></b>	<b>Final FY 2019-20</b>	<b>Budget FY 2019-20</b>	<b>Over/(Under) Budget</b>	<b>% Budget Spent</b>
Personnel	421,259	447,462	(26,203)	94.1%
Supplies & Services	141,499	110,203	31,296	128.4%
Capital Outlay	1,077	-	1,077	
Contingency	-	7,700	(7,700)	0.0%
<b>Total JPA Laboratory</b>	<b>563,835</b>	<b>565,365</b>	<b>(1,530)</b>	<b>99.7%</b>

## OCEAN OUTFALL

This program provides a cost center for all operation and maintenance services related to the ocean outfall system. These activities include effluent pump station operations and maintenance; ocean monitoring; sampling and testing; and annual outfall inspection. As the outfall capacity is shared through an agreement with the City of Escondido, all operations and maintenance costs are shared on the basis of actual usage measured by discharged flow to the outfall (for FY 2019-20 cost share was 87% City of Escondido and 13% SEJPA). Capital improvement project costs are shared based on owned capacity (79% City of Escondido and 21% SEJPA).

Ocean Outfall was under budget by \$229,622 or 27.5%, before capital reserve contribution. An

additional \$189,826 was added to the Ocean Outfall capital program as reserves for future repair and replacement needs. All expense categories were under budget for this fiscal year.

<b><i>Expense Category</i></b>	<b>Final FY 2019-20</b>	<b>Budget FY 2019-20</b>	<b>Over/(Under) Budget</b>	<b>% Budget Spent</b>
Personnel	335,998	345,855	(9,857)	97.2%
Supplies & Services	263,716	446,350	(182,634)	59.1%
Capital Outlay	6,589	12,520	(5,931)	52.6%
Contingency	-	31,200	(31,200)	0.0%
<b>Total JPA Ocean Outfall</b>	<b>606,303</b>	<b>835,925</b>	<b>(229,622)</b>	<b>72.5%</b>

Additional Capital	<b>189,826</b>	
<b>Total JPA Ocean Outfall + Additional Capital</b>	<b>(39,796)</b>	<b>95.2%</b>

#### CARDIFF SANITARY DIVISION PUMP STATIONS

Under this program, SEJPA provides pump station maintenance and operation services to the City of Encinitas, Cardiff Sanitary Division (CSD). These facilities include the Cardiff, Coast Highway, and Olivenhain pump stations. The actual costs incurred are borne solely by the CSD.

This program was under budget by \$22,466 or 7.9% primarily due to lower than anticipated Supplies & Services expense. Personnel expense exceeded budget as a result of the investment contribution to the PARS trust from the overall budget savings. This excess expense was funded by the savings from Supplies & Services budget.

<b><i>Expense Category</i></b>	<b>Final FY 2019-20</b>	<b>Budget FY 2019-20</b>	<b>Over/(Under) Budget</b>	<b>% Budget Spent</b>
Personnel	184,864	150,192	34,672	123.1%
Supplies & Services	76,123	111,062	(34,939)	68.5%
Capital Outlay	-	-	-	
Contingency	-	22,200	(22,200)	0.0%
<b>Total Cardiff Sanitary Division</b>	<b>260,988</b>	<b>283,454</b>	<b>(22,466)</b>	<b>92.1%</b>

#### ENCINITAS SANITARY DIVISION PUMP STATION

Pump station maintenance and operation services are provided to the City of Encinitas, Encinitas Sanitary Division (ESD), for the Moonlight Beach pump station. The actual costs incurred are the responsibility of ESD.

The program was under budget by \$5,786 or 4.1%. Unspent Supplies and Services and Contingency contributed to the savings; however, Personnel exceeded budget to reflect the investment contribution to the PARS trust from the overall budget savings. The additional Capital Outlay cost was for ventilation system repairs at the Moonlight Beach Pump Station.

<b><i>Expense Category</i></b>	<b>Final FY 2019-20</b>	<b>Budget FY 2019-20</b>	<b>Over/(Under) Budget</b>	<b>% Budget Spent</b>
Personnel	88,370	69,967	18,403	126.3%
Supplies & Services	44,002	59,973	(15,971)	73.4%
Capital Outlay	3,782	-	3,782	
Contingency	-	12,000	(12,000)	0.0%
<b>Total Encinitas Sanitary Division</b>	<b>136,154</b>	<b>141,940</b>	<b>(5,786)</b>	<b>95.9%</b>

#### CITY OF ENCINITAS URBAN & STORMWATER

SEJPA provides maintenance and operation services to the City of Encinitas that includes the Urban Runoff Treatment Facility, the Phoebe Stormwater Pump Station, Cardiff Stormwater Diversion Structure, and the Storm Drain Sediment Drying and Disposal program. The actual costs incurred were paid for by the City of Encinitas. This program was \$1,772 or 5.7% over budget in the Supplies and Services category due to higher than anticipated grit & screening disposal.

<b><i>Expense Category</i></b>	<b>Final FY 2019-20</b>	<b>Budget FY 2019-20</b>	<b>Over/(Under) Budget</b>	<b>% Budget Spent</b>
Personnel	20,807	23,676	(2,869)	87.9%
Supplies & Services	12,143	7,503	4,640	161.8%
Capital Outlay	-	-	-	
Contingency	-	-	-	
<b>Total City of Encinitas</b>	<b>32,951</b>	<b>31,179</b>	<b>1,772</b>	<b>105.7%</b>

#### CITY OF SOLANA BEACH PUMP STATIONS

This program provides pump station maintenance and operation services to the City of Solana Beach. These facilities include the Eden Gardens, Solana Beach, San Elijo Hills, and Fletcher Cove pump stations, as well as the Storm Drain Sediment Drying & Disposal Program. The actual expense incurred was paid by the City of Solana Beach.

This program finished the year at budget due to lower than planned Supplies and Services expenses. The additional expense in Personnel reflects and for the investment contribution to the PARS trust from the overall budget savings.

<b><i>Expense Category</i></b>	<b>Final FY 2019-20</b>	<b>Budget FY 2019-20</b>	<b>Over/(Under) Budget</b>	<b>% Budget Spent</b>
Personnel	282,584	206,306	76,278	137.0%
Supplies & Services	188,362	228,128	(39,766)	82.6%
Capital Outlay	-	-	-	
Contingency	-	37,200	(37,200)	0.0%
<b>Total City of Solana Beach</b>	<b>470,947</b>	<b>471,634</b>	<b>(687)</b>	<b>99.9%</b>

### CITY OF SOLANA BEACH GENERATOR SERVICES

This program provides generator services to the Solana Beach City Hall and the Lomas Santa Fe Fire Station. The program was about \$3,845 or 29.2% under budget.

<b><i>Expense Category</i></b>	<b>Final FY 2019-20</b>	<b>Budget FY 2019-20</b>	<b>Over/(Under) Budget</b>	<b>% Budget Spent</b>
Personnel	5,705	6,570	(865)	86.8%
Supplies & Services	3,601	6,581	(2,980)	54.7%
Capital Outlay	-	-	-	
Contingency	-	-	-	
<b>Total City of Solana Beach Services</b>	<b>9,306</b>	<b>13,151</b>	<b>(3,845)</b>	<b>70.8%</b>

### DEL MAR SERVICES PUMP STATION

Under this program, SEJPA provides pump station operation and maintenance services to the City of Del Mar. The FY 2019-20 costs was \$12,170 or 23.9% under budget. This program is new and the level of service is in development with the City of Del Mar. Costs incurred by this program are the sole responsibility of the City of Del Mar.

<b><i>Expense Category</i></b>	<b>Final FY 2019-20</b>	<b>Budget FY 2019-20</b>	<b>Over/(Under) Budget</b>	<b>% Budget Spent</b>
Personnel	32,893	38,867	(5,974)	84.6%
Supplies & Services	5,772	9,167	(3,395)	63.0%
Contingency	-	2,800	(2,800)	0.0%
<b>Total City of Del Mar</b>	<b>38,664</b>	<b>50,834</b>	<b>(12,170)</b>	<b>76.1%</b>

### RECYCLED WATER

SEJPA owns and operates a recycled water utility that wholesales recycled water to the Santa Fe Irrigation District, the San Dieguito Water District, the City of Del Mar, and the Olivenhain Municipal Water District, as well as provides direct water sales to the Encinitas Ranch Golf Authority (ERGA). SEJPA's recycled water program typically delivers between 1,400 and 1,600 acre-feet per year (AFY) of recycled water to its retail partners.

For FY 2019-20, SEJPA budgeted for a record year in recycled water sales at 1,643 acre-feet (AF) and after the first four months the program was on track to achieve this goal. However due to higher than normal precipitation during the winter and spring, Caltrans construction, and the COVID-19 pandemic, water consumption was curtailed especially by major water users and the program sold 1,504 AF or 8.5% less than budgeted. Total revenue for the Recycled Water program was \$3.02 million.

Program revenues exceeded operational expenditures, capital expenditures, and debt service (discussed further below), by \$301,000. These funds, which represent approximately 10.0% of the programs revenues, are allocated to the program's capital program.

The total operating expense (excluding debt service) for Recycled Water was \$1,462,696, which was \$72,313 or 4.7% under budget. Personnel was over budget reflecting the investment contribution to the PARS trust from the overall budget savings. Below is a summary of Recycled Water expenses.

<b>Expense Category</b>	<b>Final FY 2019-20</b>	<b>Budget FY 2019-20</b>	<b>Over/(Under) Budget</b>	<b>% Budget Spent</b>
Personnel	607,250	565,939	41,311	107.3%
Supplies & Services	841,335	929,830	(88,495)	90.5%
Capital Outlay	14,111	39,240	(25,129)	36.0%
<b>Total Operating Expense</b>	<b>1,462,696</b>	<b>1,535,009</b>	<b>(72,313)</b>	<b>95.3%</b>

## DEBT SERVICES

SEJPA debt service includes two bond issuances and four capital loans. The 2011 Refunding Bonds refinanced existing debt for the Wastewater program in December 2011 resulting in about \$1.2 million savings. The 2011 Refunding Bonds primarily consists of debt incurred in 1991 for the construction of wastewater treatment improvements and this debt is scheduled for retirement in FY 2020-21. The 2017 Revenue Bonds (Clean Water Bonds) were issued in FY 2016-17 to provide the primary funding source for the SEJPA's Capital Improvement Program. The Recycled Water Utility was constructed in the late 1990's with funding by the State Revolving Fund (SRF) loan program; this debt is scheduled for retirement in FY 2020-21. The Private Placement Loan provided funding for the construction of advanced water purification and is scheduled for retirement in FY 2031-32. The Santa Fe Irrigation loan funded the purchase of a recycled water pipeline that expanded the distribution system. The repayment of the SFID loan is based on the volume of recycled water sold via this pipeline and therefore the debt does not have a predetermined retirement date. The SDG&E On-Bill Financing is an interest free loan that financed energy efficient improvements to reduce energy consumption. The repayment is paid through monthly billing and the debt will be paid in full during FY 2026-27.

All of SEJPA's loans and bonds were paid timely and in accordance with the agreement provisions. SEJPA's Standard & Poor's bond credit rating is AA+. Below is a table showing the principal balances paid on each loan.

<b>Long Term Debt*</b>	<b>Original Balance</b>	<b>Paid in Prior Years</b>	<b>Paid in FY 2019-20</b>	<b>FY 2019-20 Balance</b>
2011 Refunding Bonds	24,465,000	24,230,000	115,000	120,000
2017 Revenue Bonds (Clean Water)	22,115,000	-	435,000	21,680,000
State Revolving Loan (SRF)	12,633,522	11,024,749	794,456	814,317
Private Placement Loan (AWP)	2,000,000	566,423	89,580	1,343,997
Santa Fe Irrigation Loan (SFID)	526,149	100,446	2,731	422,972
SDG&E On Bill Financing	533,883	106,776	53,388	373,719
<b>Total Long Term Debt Outstanding</b>	<b>62,273,554</b>	<b>36,028,394</b>	<b>1,490,154</b>	<b>24,755,006</b>

\* Amounts shown are principal only

## OVERALL SUMMARY

Overall, the SEJPA was below budget by \$174,141 or 2.5%, which includes the \$263,020 contribution to the PARS trust to reduce future pension liability and a capital contribution of \$189,826 to the Ocean Outfall repair and replacement reserve. Wastewater Treatment, Laboratory Services, Pump Stations, Ocean Outfall, and Storm Drains programs were under budget by \$101,828 or 1.9%. Recycled Water expenditures were \$72,313 or 4.7% under budget. All debt service payments were paid according to the loan agreements

## RECOMMENDATION

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

Respectfully submitted,



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Amy Chang  
Director of Finance & Administration

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

November 17, 2020

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: OCEAN OUTFALL PLUME TRACKING STUDY

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to execute a shared services agreement with Encina Wastewater Authority for a joint Plume Tracking Study;
2. Authorize the General Manager to execute a contract with Michael Baker International, Inc. for a Plume Tracking Study in the amount of \$568,720; and
3. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Ocean Outfall was commissioned in 1965 to discharge treated effluent from the San Elijo Water Campus (then the Water Pollution Control Facility). The outfall was upgraded and expanded in 1974 to include discharge capacity for the City of Escondido's Hale Avenue Resource Recovery Facility. The length of the outfall from the shoreline into the ocean is 8,000 feet, with an end depth of approximately 150 feet below mean sea level. The discharge of treated wastewater to the ocean is subject to strict environmental regulations that is govern by National Pollution Discharge Elimination System (NPDES) permit program and California Regional Water Quality Control Board (Regional Board).

NPDES Permit No. CA0107999 and Regional Board Order No. R9-2018-0003 establishes requirements for the San Elijo Joint Powers Authority (SEJPA) to discharge treated municipal wastewater from the San Elijo Water Campus to the San Elijo Ocean Outfall (SEOO). This Order incorporates both state and federal water quality requirements and has a scheduled renewal frequency of every 5 years. The Order establishes a new series of monitoring and reporting requirements with various work plans and studies to be submitted during the permit period.

Similarly, the Regional Board approved a final Order with the City of Escondido that shares the SEOO and a final order for the Encina Wastewater Authority (EWA) that discharges treated secondary effluent through the Encina Ocean Outfall (EOO) in Carlsbad. Both Orders also



establish similar monitoring and reporting requirements to the SEOO, and collaboration between the agencies to conduct the ocean monitoring and develop the reports would likely provide cost savings.

## DISCUSSION

When the SEOO and EOO NPDES permits were renewed by the Regional Board in 2018, the Regional Board required SEJPA, Escondido, and EWA to conduct studies to assess the movement and fate of wastewater discharged from the outfalls. As part of this assessment, the Regional Board required the SEOO and EOO agencies to develop and submit a Plume Tracking Monitoring Plan (PTMP) which establishes goals of the plume tracking effort and details tasks proposed to comply with the plume tracking requirements imposed by the Regional Board.

Because the SEOO and EOO discharges involve similar discharge depths and distances offshore, similar wastewater characteristics, similar seasonal stratification conditions and similar ocean current patterns, SEOO and EOO agencies believed that coordination of SEOO and EOO plume tracking activities could yield information that would be instructive in analyzing plume behavior at both outfalls. To this end, SEJPA, the City of Escondido, and EWA submitted a joint PTMP to the Regional Board that addressed both the SEOO and EOO. The final version of the PTMP was approved by the Regional Board in August 2020.

Results of the PTMP findings are to be presented to the Regional Board in a written technical report. A scope of work was developed that addresses Autonomous Underwater Vehicle (AUV) deployments, data collection and analysis, and the preparation of a technical report that presents findings and conclusions.

Staff advertised the scope of work in August 2020 and proposals were received in October 2020. Proposals were reviewed by staff at SEJPA, Escondido, and EWA, as well as by our technical consultant for Ocean Outfall related activities, Michael Welch, PhD. Based on this review, the proposal submitted by Michael Baker International, Inc. was determined to be the best combination of qualifications and value.

Staff proposes a shared services agreement with EWA for conducting the Plume Tracking Study cost. The City of Escondido will pay for their share of the cost through participation in the SEJPA's Ocean Outfall Program.

## FINANCIAL IMPACT

The proposed professional service agreement with Michael Baker International, Inc. is for an amount not to exceed \$568,720, and these professional services will span FY 2020-21 through FY 2022-23. The cost of the study will be shared equally between EWA and SEJPA/Escondido. The project will be budgeted at \$171,000 for FY 2020-21, \$313,000 for FY 2021-22, and \$85,000 for FY 2022-23.

## RECOMMENDATION

It is therefore recommended that the Board of Directors:

1. Authorize the General Manager to execute a shared services agreement with Encina Wastewater Authority for a joint Plume Tracking Study;
2. Authorize the General Manager to execute a contract with Michael Baker International, Inc. for a Plume Tracking Study in the amount of \$568,720; and
3. Discuss and take action as appropriate.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'M. Thornton', with a long horizontal flourish extending to the right.

Michael T. Thornton, P.E.  
General Manager

Attachment 1: Shared Services Agreement between SEJPA and EWA

Attachment 2: Professional Services Agreement between SEJPA and Michael Baker International, Inc.

ATTACHMENT 1

**AGREEMENT  
BETWEEN ENCINA WASTEWATER AUTHORITY & SAN ELIJO JOINT POWERS AUTHORITY  
FOR COOPERATIVE PLUME TRACKING STUDY**

Ref:

This Agreement for Cooperative Plume Tracking Study ("Agreement"), dated as of \_\_\_\_ of November 2020 (the "Effective Date"), is made and entered into between Encina Wastewater Authority ("EWA") and San Elijo Joint Powers Authority ("SEJPA"). EWA and SEJPA are each referred to individually as "Party" and collectively as "Parties."

**RECITALS**

WHEREAS, EWA is a Joint Powers Authority organized in accordance with the Joint Powers Act, California Government Code 6500 et seq;

WHEREAS, SEJPA is a Joint Powers Authority organized in accordance with the Joint Powers Act, California Government Code 6500 et seq;

WHEREAS, EWA and SEJPA (Parties) both operate wastewater treatment facilities and ocean outfall discharge systems that require plume tracking studies (as specified in Attachment A, herein referred to as the "Services");

WHEREAS, the Parties desire to jointly obtain the Services in order to promote efficiency and realize cost savings through efficiencies of scale;

WHEREAS, the San Diego Regional Water Quality Control Board has consented to allow the Parties to work collaboratively to develop the Plume Tracking Study due to geographic proximity, similarity in facilities and operations; and economic savings to the public;

WHEREAS, it is the intent of the Parties that, insofar as possible, SEJPA shall be primarily responsible for letting, awarding and administering contracts with third-parties that are necessary to obtain the Services and that EWA shall be a third-party beneficiary of those contracts;

WHEREAS, the purpose of this Agreement is to establish the terms under which the Parties will obtain the Services for and on behalf of one another, and to allocate costs to the Parties proportionate to work performed under this Agreement; and

WHEREAS, it is also the intent of the Parties that any liabilities arising out of the provision of the Services provided under this Agreement be allocated between the Parties accordingly to their share of the liability.

## AGREEMENT

NOW, THEREFORE, BE IT RESOLVED, that in consideration for the promises and the mutual agreements of the Parties contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Term.** This Agreement shall become effective on the date stated above and will continue in effect until the earlier of the completion of the Services provided for by this Agreement or until terminated as provided for under Section 8.
2. **Services to Be Performed.** The Parties enter into this Agreement for the purpose of obtaining plume tracking services, as specified in Attachment A. Unless otherwise provided for herein, each Party shall be responsible for its own reporting as required by any permit, order, or regulation.
3. **SEJPA Responsibilities.**
  - a. SEJPA agrees to enter into and administer a contract with a qualified contractor for the purpose of obtaining plume tracking services as specified in Attachment A. SEJPA will be responsible for timely paying all compensation owed under this contract and for separately billing EWA for EWA's proportionate share of the services rendered pursuant to Section 5 of this Agreement.
  - b. To the extent any of the Services will be performed by SEJPA employees, these employees shall remain employed by SEJPA and SEJPA shall remain financially and operationally responsible for these employees, including responsible for paying all wages owed, for obtaining workers' compensation and unemployment insurance coverage, and for all other administrative functions customarily performed by an employer and required under applicable federal, state, or local laws as respects SEJPA employees.
  - c. SEJPA shall be responsible for communicating with those contractors and employees responsible for providing the Services. SEJPA will timely convey EWA's reasonable concerns or requests concerning the Services to the responsible contractor or employee.
  - d. SEJPA shall follow its normal practices for obtaining bids or proposals and will use its best judgment and exercise reasonable diligence in awarding and administering the contract. SEJPA and EWA shall have equal input into reviewing proposals and the decision for contract award shall be unanimous prior to award.
  - e. SEJPA must obtain EWA's prior approval before approving a contract for plume tracking services under this agreement. SEJPA cannot agree to any change in the cost or scope of providing plume tracking services as to the area around the EWA ocean outfall without first obtaining EWA's approval. SEJPA must also obtain EWA's prior approval before renewing, extending or modifying any agreement for plume tracking services with a contractor.

**4. EWA Responsibilities.**

- a. EWA will cooperate with SEJPA in the administration of this Agreement and will provide the personnel and resources necessary for effective communication with SEJPA and as necessary to oversee performance and accept the Services provided for EWA under this Agreement. EWA will keep accurate records regarding any work performed on SEJPA's behalf for the purposes of computing and allocating costs between the Parties, as needed. EWA shall submit copies of these records to the SEJPA as requested by SEJPA.
- b. EWA will provide payment to SEJPA pursuant to Section 5 of this Agreement.

**5. Compensation.**

- a. Because the San Elijo Ocean Outfall (SEOO) and Encina Ocean Outfall (EOO) discharges involve similar discharge depths and distances offshore, similar wastewater characteristics, similar seasonal stratification conditions and similar ocean current patterns, SEOO and EOO agencies believe that coordination of SEOO and EOO plume tracking activities could yield information that would be instructive in analyzing plume behavior at both outfalls. Therefore, the costs associated with the plume tracking services shall be equally shared between EWA and SEJPA under this agreement. The parties agree that this reflects the proportionate costs to each agency.
- b. As compensation for the Services, EWA agrees to cover its proportionate share of the costs of the Services provided herein, including, without limitation, the proportionate costs of benefits, any employment taxes, and total gross wages paid to any SEJPA employee assigned to perform duties in connection with provision of the Services for EWA based upon that employee's regular payroll.
- c. SEJPA shall bill EWA for the proportionate cost of the Services received by EWA on a monthly basis by providing EWA an itemized invoice or copy of the invoice provided to SEJPA by contractor, plus the costs of SEJPA employees in connection with provision of the Services to EWA. EWA shall reimburse SEJPA for its costs as reflected on the invoice within thirty (30) days of receiving the bill.
- d. SEJPA will continue to be financially and operationally responsible for making payments to contractors and SEJPA employees in order to provide the Services; including but not limited to meeting payroll and providing compensation and employee benefits and the associated personnel, payroll, and benefit administration services for any SEJPA employees performing work under this Agreement for EWA in accordance with applicable federal, state, and local laws, including but not limited to, collection, reporting, and payment of all applicable federal, state, and local payroll taxes, unemployment and disability insurance withholding, administration of workers compensation programs, maintenance of payroll benefit and safety records; and compliance with the Immigration Reform and Control Act of 1986. No SEJPA employee assigned to perform duties for EWA shall be considered an employee of EWA for the purpose of accruing any benefits

afforded to EWA employees.

**6. Employment Relationship.**

- a. Nothing in this Agreement shall confer upon any employee of the either party any rights or remedies, including any right to employment or continued employment for any specified period. Each Party hereto intends that this Agreement does not benefit or create any right or cause of action in or on behalf of any party other than the Parties.
- b. All employees providing work under this Agreement shall at all times be subject to the direction, supervision, and control of SEJPA. No work by EWA employees shall be considered work for SEJPA under this Agreement.

**7. Allocation of Liabilities, Indemnification and Insurance.** The Parties recognize that under Government Code section 895, they may be jointly and severally liable for liabilities arising out of the Services; however, this Agreement may provide for indemnification and rights of contribution which effectively allocate such potential liabilities.

a. Indemnification.

- i. EWA agrees to defend, indemnify, and hold harmless SEJPA for liabilities to third parties, including any employee or contractor, incurred by SEJPA arising out of the Services provided to EWA under this Agreement, to the extent not covered by liability or workers compensation insurance maintained by the Parties pursuant to this Agreement.
- ii. SEJPA agrees to defend, indemnify and hold harmless EWA for liabilities to third parties, including any employee or contractor, incurred by EWA arising out of the Services provided to SEJPA under this Agreement, to the extent not covered by liability or workers compensation insurance maintained by the Parties pursuant to this Agreement; provided that in the event of liabilities arising out of the gross negligence or willful misconduct of an SEJPA employee assigned to perform duties for EWA, SEJPA agrees to defend, indemnify and hold harmless EWA to the extent permitted by law.
- iii. The Parties hereby assume a proportionate/pro-rata share of any liabilities to third parties, including any contractor, incurred as a result of the Services provided to both Parties under this Agreement.

- b. Liability Insurance. The Parties shall ensure that they have sufficient liability insurance to cover the Services performed by any employee. Both SEJPA and EWA acknowledge that their liability insurance will cover the activities of employees while they are performing duties pursuant to this Agreement. However, neither Party shall be responsible for carrying liability insurance sufficient to cover any services performed by a contractor. The Parties should contact their respective insurance companies to confirm this.

8. **Termination.** Either Party may terminate this Agreement by providing the other Party with at least thirty (30) days written notice. Termination of the agreement may result in the termination of agreements with supporting consultants and outstanding costs will be shared based on the terms of this agreement.
9. **Amendment.** This Agreement may be modified only by an agreement in writing signed by both Parties.
10. **Entire Agreement.** This Agreement comprises the entire integrated understanding between EWA and SEJPA concerning the subject matter of this Agreement and it supersedes all prior negotiations, representations, agreements and understandings, both written and oral, between the Parties with respect to the subject matter of this Agreement.
11. **Agreement Binding on Successors.** This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors and assigns, and it is not intended to create any obligations to, or rights in respect of, any person other than the Parties and their respective successors and assigns.
12. **Governing Law.** The interpretation, validity, and enforcement of this Agreement shall be governed by, and construed in accordance with, the laws of the State of California, without regard to the conflicts of laws principles thereof. The Parties shall be responsible for complying with all federal, state, and local laws whether or not said laws are expressly stated or referred to herein.
13. **Notices.** Any notice required or permitted under this Agreement shall be deemed given when actually delivered or when deposited in the mail, certified or registered, postage prepaid, addressed as follows:

**To EWA:**

Encina Wastewater Authority  
Attn: General Manager  
6200 Avenida Encinas  
Carlsbad, California 92011-1095  
Telephone: (760) 438-3941  
Facsimile: (760) 431-7493

**To SEJPA:**

San Elijo Joint Powers Authority  
Attn: General Manager  
2695 Manchester Ave.  
Cardiff by the Sea, California 92007-7077  
Telephone: (760) 753-6203  
Facsimile: (760) 753-5935

14. **Counterparts.** This Agreement may be executed in the original or in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.
15. **Signatures.** The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of EWA and SEJPA.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed and delivered by their duly authorized representatives as of the Effective Date.

**ENCINA WASTEWATER AUTHORITY**

**SAN ELIJO JOINT POWERS AUTHORITY**

By: \_\_\_\_\_  
Michael F. Steinlicht, General Manager

By: \_\_\_\_\_  
Michael T. Thornton, General Manager



## **ATTACHMENT A**

### **SCOPE OF WORK**

Michael Baker International, Inc.  
Proposal for AUV Assessments of Ocean Outfall Plume Transport  
San Elijo Ocean Outfall and Encina Ocean Outfall  
Dated October 1, 2020



## **Scope of Work**

The following tasks listed below will be implemented to conduct the AUV Assessments of Ocean Outfall Plume Transport for the San Elijo and Encina Ocean Outfalls.

### **Task 1: Initial Coordination and Project Management**

Michael Baker will participate in an initial project kick-off meeting (teleconference), organized by SEJPA, with the outfall agencies to:

1. Review the project approach;
2. Discuss coordination protocols;
3. Discuss methods for conducting the wastewater plant CDOM analyses;
4. Discuss potential boat launching constraints and AUV deployment limitations; and
5. Discuss initial project scheduling issues.

Michael Baker project management and coordination will be key elements to implementing a successful project!

### **Task 2: Wastewater Plant CDOM Analysis**

The Michael Baker Team will analyze Colored Dissolved Organic Matter (CDOM) characteristics in the SEOO and EOO effluent discharge flows for comparison with receiving water CDOM results. During the day of the pre-deployment site characterization surveys (see Task 3.1), MBC staff will collect effluent wastewater samples from the onshore sampling points for the EOO (EWPCF) and the SEOO (Cardiff State Beach).

The Michael Baker Team will coordinate with SEJPA, Escondido, and EWA to gain access to the locations prior to the day of sampling and will inform local coastal managers of the upcoming offshore work. The samples will be stored on ice or at 4°F. Following sample collection, MBC will split the sample from each location to deliver to MBC and the AUV contractor (Orca Maritime) to allow for the characterization of CDOM values in the respective discharges and allow for the intercalibration of CDOM probes on the AUV and on a secondary instrument which will be utilized to collect additional concurrent data as described in Task 3.1.

### **Task 3: AUV Deployments (6 total deployments)**

#### **Task 3.1 - Pre-Deployment Site Characterization (i.e. currents, temp., etc.)**

Before each AUV deployment mission, an initial day of site characterization is conducted. It is anticipated that on the same day as the onshore effluent wastewater sample collection (Task 2), the Michael Baker Team will provide staff and equipment to conduct an oceanographic characterization survey of the study area to facilitate planning and programming for the following SEOO and EOO plume tracking surveys. MBC will meet the R/V Benthic Cat, provided by the AUV contractor Orca Maritime



(Orca) at Oceanside Harbor to conduct the pre-surveys. MBC will provide a calibrated Sea-bird SBE 19plusV2 CTD and a Nortek Aquadopp Acoustic Doppler Current Profiler (ADCP).

Water quality sampling will be scheduled to occur when there is the greatest difference between high and low tide and when currents will be greatest in the study area. On the day of the pre-survey both flood and ebb tides will be surveyed. The water quality survey will utilize the Sea-bird CTD lowered from the surface to near bottom at each station. Instruments on the Sea-bird will record depth, salinity, conductivity, temperature, density, dissolved oxygen, hydrogen ion concentration (pH), and CDOM throughout the water column at each station. Both outfall grids will be sampled 3 times during each pre-survey to characterize water quality conditions approximately mid-flood and mid-ebb tide, when currents will be strongest, and during slack between the sampled tides to evaluate low-current conditions.

MBC will provide a down-looking ADCP for use during the pre-survey sampling events. The ADCP will be mounted onto a bracket on the R/V Benthic Cat that will be lowered into the water for determination of current speed and direction. The R/V Benthic Cat is equipped with a station keeping system that will allow the boat to automatically stay on location for the time needed to acquire current data. The ADCP will be used to take current data above the terminus or mid-point of each outfall, three times during each pre-survey to characterize current conditions approximately mid-flood and mid-ebb tide, when currents will be strongest, and during slack between the sampled tides to evaluate low-current conditions.

Data from the Sea-bird and the ADCP will be downloaded and processed following the pre-survey analysis. The Sea-bird data will be examined for vertical stratification of the water column using temperature and density to evaluate depth of the trapping layer and internal stratification (thermocline), and salinity and CDOM will be reviewed to provide an initial analysis of lateral distribution of the discharge plume. The ADCP data will provide current speed and direction data for 5-meter-deep bins throughout the water column from near the surface to the bottom. The information from both data sets will be utilized to optimize the AUV survey track to maximize the data retrieval for the following outfall surveys, with a goal of providing data to support AUV programming and deployment for the following day.

### **Task 3.2 and 3.3 – SEOO and EOO AUV Deployment and Additional Site Characterization**

Using Orca Maritimes R/V Benthic Cat, the plume tracking monitoring survey will occur over a two-day period for each of the three deployment scenarios described in the RFP for a total of six (6) total AUV deployments. Orca Maritime will deploy the AUV for one full day over each outfall dedicated to surveying a full tidal cycle. Assuming Pre-Deployment activities occur on Day 1, Day 2 is data processing and AUV programming, Day 3 would be a full day of AUV deployment over one outfall (SEOO). There will be a downtime in between tides. At that time, the data will be downloaded from the first deployment and the batteries will be replaced. The AUV will then be deployed a second time on the same day to capture the other tide event. Day 4 is data processing, battery charging, and AUV programming. Day 5 is full day of AUV deployment over the other outfall (EOO).

MBC will provide staff, Sea-bird SBE 19plusV2 CTD, and the ADCP to conduct concurrent oceanographic characterization surveys of the study area during the AUV deployments. MBC will conduct water quality profile surveys of the pre-established grid three times during each tide (at mid-tide and evenly spaced before and after mid-tide) as well as at slack tide (for a total of 7 grid set samples at the outfall being surveyed). During each CTD survey run, current speed and direction above the terminus of the outfall will



also be measured by ADCP. Data will be downloaded at the end of the survey and provided to Michael Baker as additional and concurrent data for evaluating plume characteristics. The supplemental temperature, salinity, density, dissolved oxygen and CDOM data will allow for use of a “multiple lines of evidence” approach in confirming the presence of the SEOO and EOO discharge plumes. Because the length of a full tidal cycle (flood and ebb) exceeds 12 hours, it is anticipated there will be a one-day gap between outfall surveys, as illustrated in the project schedule.

#### **Task 4: Progress Reports and Initial Results**

After each AUV deployment, Michael Baker will obtain, organize, plot, and process the collected data. Michael Baker will implement quality control and assurance measures, and statistically analyze the collected AUV data to support initial analysis of collected data. Michael Baker will coordinate with outfall agencies (through email or telephone) to finalize criteria and thresholds used for:

- Identifying the probable presence of an outfall discharge plume (as indicated by CDOM and/or salinity data).
- Confirming (where possible) the presence of discharge plumes through additional lines of evidence (which may include bacteriological data and CTD casts collected by the discharge agencies concurrent with AUV deployments).

Using these thresholds, receiving water data shall be analyzed to evaluate the probable presence or absence of the outfall discharge plume. Data will also be analyzed to estimate the achieved dilution when the presence of the plume is probable. Graphics and tables will be prepared to illustrate:

- The route of each AUV mission;
- Summarize collected data;
- Identify the location of the presumed plume; and
- Identify achieved dilution.

Subsequent to each stage of AUV deployments, Michael Baker will participate in a teleconference or meeting (up to a total of three, organized by SEJPA) with outfall agencies to present summarized AUV deployments, discuss initial findings, identify potential data limitations, present initial conclusions, and discuss potential means for achieving improved efficiency or coordination in subsequent AUV deployments.

No formal written progress reports will be prepared as part of this task, but Michael Baker will support the teleconferences by providing preliminary data plots, data summaries, graphics, and tables in advance of each scheduled progress teleconference.

Michael Baker will prepare meeting minutes of the items discussed during the teleconferences.



## **Task 5: Draft Plume Tracking Monitoring Report**

Once all three seasonal deployments have been completed and the data processed and analyzed, Michael Baker International will prepare a draft Plume Tracking Monitoring Report. The report will include graphics that plot the AUV trajectories from each deployment and show the presumed location of the discharge plume. Text, tables, and graphics will also be included to summarize the data from the AUV deployments and present preliminary conclusions regarding:

- Plume transport and achieved dilution and dispersion under: (1) observed summer/fall stratification conditions, (2) observed winter/spring minimum stratification conditions, and (3) conditions during post-storm events.
- Whether or not the SEOO and EOO discharges appear to influence water quality in near-shore waters.
- Whether or not the SEOO and EOO discharges appear to intermix with discharges from other sources (including land-based storm runoff or discharges from other outfalls).

In addition, the report will also address specific questions as listed below:

- Are present-day receiving water monitoring locations adequate?
- What is the fate of discharged water during typical and atypical conditions?
- What is the variability of dilution during typical and atypical conditions?
- What parameters are most useful for indicating the presence of the discharge?
- When is the discharge plume no longer distinguishable from ambient ocean water?
- How will future brine discharges affect discharge dynamics and dilution?

Michael Baker will notify outfall agencies in advance of completing the draft report if after subsequent analysis the conclusions proposed in the draft report appear to be different than the initial results presented to the outfall agencies as part of the Task 4 verbal progress reports.

The draft report will be transmitted to outfall agencies in electronic (pdf) format by August 1, 2022.

## **Task 6: Final Plume Tracking Monitoring Report**

After receiving comments on the draft report, Michael Baker will prepare the final report. Subtasks associated with finalizing the report include: ]

- Participate in a teleconference (or meeting), organized by SEJPA, to discuss the comments and (if applicable) appropriate response actions.
- Prepare a final version of the report that addresses agency comments
- Transmit the report to outfall agencies in electronic (pdf) format by October 1, 2022.



## **Task 7: RWQCB “State of the Ocean” Presentation**

If SEJPA is requested to orally present a “State of the Ocean” report to the RWQCB, Michael Baker will assist SEOO and EOO agencies on their proposed “State of the Ocean” presentation by reviewing the proposed outfall agency presentation slides, which will summarize the results of the plume tracking monitoring study. If the oral presentation is required, Michael Baker will:

- Participate in a teleconference or meeting (organized by SEJPA) with outfall agencies to discuss the RWQCB presentation proposed by the outfall agencies.
- Review and comment on the draft Power Point slides proposed by the outfall agencies for presentation to the RWQCB.
- Be available to respond to telephone or email questions from the outfall agencies regarding the projects findings as the outfall agencies finalize their proposed “State of the Ocean” presentation.

TASKS	Approximate Person Hours						Total Est. Hours	MBI Net Funding	Other Direct Costs (ODCs)	Sub Costs	10% Markup Subs & ODCs	Total Funding
	Principal (QA/QC) (J. Harris)	Project Manager / Project Engineer (M. Shatila)	Technical Manager (Dr. Jenkins)	Design Technician (R. Roldan)	GIS Support (Z. Pekin)	Admin Support (K. Loring)						
Billing Rate	\$ 255.00	\$ 195.00	\$ 270.00	\$ 130.00	\$ 110.00	\$ 75.00						
<b>Tasks</b>												
<b>1.0 Initial Coordination and Project Management</b>												
1.1 Kick-Off Meeting		8	8				16	\$ 3,720	\$ -	\$ -	\$ -	\$ 3,720
1.2 Project Coordination and Logistics		80					80	\$ 15,600	\$ -	\$ -	\$ -	\$ 15,600
1.3 Project Management		120					120	\$ 23,400	\$ -	\$ -	\$ -	\$ 23,400
<b>2.0 Wastewater Plant CDOM Analysis</b>												
2.1 SEOO - CDOM Analysis at EWPCF (3 Deployments)		18	18				36	\$ 8,370	\$ 300	\$ 4,000	\$ 430	\$ 13,100
2.2 EOO - CDOM Analysis at Cardiff Beach (3 Deployments)		18	18				36	\$ 8,370	\$ 300	\$ 4,000	\$ 430	\$ 13,100
<b>3.0 AUV Deployments</b>												
3.1 Pre-Deployment Data Acquisition (i.e. currents, temp., etc.)		24	24				48	\$ 11,160	\$ 500	\$ 18,000	\$ 1,850	\$ 31,510
3.2 SEOO - AUV Deployment (3 Deployments)		24	24				48	\$ 11,160	\$ 500	\$ 141,000	\$ 14,150	\$ 166,810
3.3 EOO - AUV Deployment (3 Deployments)		24	24				48	\$ 11,160	\$ 500	\$ 141,000	\$ 14,150	\$ 166,810
<b>4.0 Progress Reports and Initial Results</b>												
4.1 Post-Deployment #1 Initial Results / Meeting	1	4	60	8	12	4	89	\$ 19,900	\$ 150	\$ -	\$ 15	\$ 20,065
4.2 Post-Deployment #2 Initial Results / Meeting	1	4	60	8	12	4	89	\$ 19,900	\$ 150	\$ -	\$ 15	\$ 20,065
4.3 Post-Deployment #3 Initial Results / Meeting	1	4	60	8	12	4	89	\$ 19,900	\$ 150	\$ -	\$ 15	\$ 20,065
<b>5.0 Draft Report (includes 2 meetings)</b>	2	24	120	8	12	8	174	\$ 40,550	\$ 150	\$ -	\$ 15	\$ 40,715
<b>6.0 Final Report (includes 1 meeting)</b>	2	24	60	8	12	8	114	\$ 24,350	\$ 150	\$ -	\$ 15	\$ 24,515
<b>7.0 RWQCB "State of the Ocean" Presentation Assistance</b>	1	12	24				37	\$ 9,080	\$ 150	\$ -	\$ 15	\$ 9,245
<b>Subtotal Task Amount:</b>	<b>8</b>	<b>388</b>	<b>500</b>	<b>40</b>	<b>60</b>	<b>28</b>	<b>1024</b>	<b>\$ 226,620</b>	<b>\$ 3,000</b>	<b>\$ 308,000</b>	<b>\$ 31,100</b>	<b>\$ 568,720</b>
<b>TOTAL AMOUNT</b>												<b>\$ 568,720</b>
<b>Additional Services (By Client Approval Only)</b>												
							0	\$ -	\$ -	\$ -	\$ -	\$ -
							0	\$ -	\$ -	\$ -	\$ -	\$ -
							0	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal Additional Services Amount:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL &amp; OPTIONAL ADDITIONAL SERVICES AMOUNT</b>												<b>\$ 568,720</b>

**Notes:**

- Other Direct Costs (mileage, printing, etc.) are billed at cost plus ten percent (10%). Mileage is charged at the current IRS rate of \$0.57/mile.

# Michael Baker

## I N T E R N A T I O N A L

### HOURLY RATE SCHEDULE

Effective January 2020 through December 2021

<b>OFFICE PERSONNEL</b>	<b>\$/ Hour</b>
Senior Principal.....	\$275.00
Principal .....	255.00
Project Director .....	250.00
Technical Manager .....	270.00
Program Manager .....	250.00
Senior Project Manager .....	245.00
Structural Engineer .....	205.00
Project Manager .....	195.00
Senior Engineer .....	185.00
Senior Planner .....	185.00
Electrical Engineer.....	175.00
Biologist .....	175.00
Landscape Architect .....	165.00
Senior GIS Analyst .....	156.00
Project Engineer .....	165.00
Project Planner .....	155.00
Environmental Specialist.....	150.00
Design Engineer/Senior Designer/Survey Analyst.....	160.00
Design Technician .....	130.00
Project Coordinator .....	125.00
Environmental Analyst/Staff Planner .....	115.00
Graphic Artist .....	110.00
GIS Analyst.....	110.00
Assistant Engineer/Planner.....	105.00
Permit Processor .....	95.00
Engineering Aid/Planning Aid .....	85.00
Office Support/ Clerical.....	75.00
<b>SURVEY PERSONNEL</b>	
2-Person Survey Crew.....	\$280.00
1-Person Survey Crew.....	170.00
Licensed Surveyor .....	200.00
Field Supervisor .....	180.00
<b>CONSTRUCTION MANAGEMENT PERSONNEL</b>	
Principal Construction Manager .....	\$270.00
Construction Manager.....	240.00
Contract Manager .....	200.00
Resident Engineer .....	200.00
Construction Inspector (Prevailing Wage).....	200.00
Construction Inspector (Non-Prevailing Wage).....	180.00
Field Office Engineer .....	180.00
Construction Technician .....	95.00
Contract Support.....	80.00

Note: Blueprinting, reproduction, messenger service and other direct expenses will be charged as an additional cost plus 10%. A Sub-consultant Management Fee of fifteen-percent (10%) will be added to the direct cost of all sub-consultant services to provide for the cost of administration, sub-consultant consultation and insurance. Vehicle mileage will be charged as an additional cost at the IRS approved rate.



## AGREEMENT

THIS AGREEMENT is made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 2020 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 Michael Baker International, Inc., hereinafter referred to as "CONSULTANT".

### WITNESSETH:

WHEREAS, AUTHORITY requires a Plume Tracking Study for the San Elijo Ocean Outfall, and

WHEREAS, CONSULTANT represents that it is well-qualified by reason of education and experience in these matters to perform the necessary professional services under the direction of the AUTHORITY, and

WHEREAS, AUTHORITY desires, and CONSULTANT is willing, to provide professional services for the San Elijo Water Reclamation Facility owned and operated by the San Elijo Joint Powers Authority,

NOW THEREFORE, AUTHORITY and CONSULTANT do hereby enter into the following agreement ("Agreement").

1. TERM OF AGREEMENT. The term of this Agreement shall be from the date this Agreement is made and entered, as first written above, until June 30, 2023.

2. AUTHORITY OBLIGATIONS.

2.1 INFORMATION FURNISHED BY AUTHORITY. For the purpose of aiding CONSULTANT in the performance of its obligations under this Agreement, AUTHORITY shall furnish CONSULTANT with all information in its possession relevant to the project and shall direct its officers, agents and employees to render all reasonable assistance to CONSULTANT in connection with its performance under this Agreement. AUTHORITY is responsible for the reasonable correctness of data so furnished, but it shall likewise be the responsibility of CONSULTANT to apply reasonable caution in its use and interpretation of the data and to promptly advise AUTHORITY of any incorrectness or inconsistencies in the data furnished.

2.2 PAYMENT TO CONSULTANT.

2.2.1 DETERMINATION OF COMPENSATION. The compensation by AUTHORITY to CONSULTANT for services under this Agreement as described in the attached proposal, Autonomous Underwater Vehicle (AUV) Assessments of Ocean Outfall Plume Transport for the San Elijo Ocean Outfall and Encina Ocean Outfall, dated October 1, 2020, shall be billed on a time and material basis not to exceed \$568,720. Hourly billing rates shall not be adjusted without written consent of the Authority.

2.2.2 PAYMENT OF COMPENSATION. Compensation shall be billed monthly in increments based on the work completed, and AUTHORITY shall make

payment to CONSULTANT within thirty (30) calendar days of receipt of undisputed and properly submitted invoices.

All monthly invoices from CONSULTANT to AUTHORITY shall include detailed breakdowns with a summary of the hours spent by each individual, a budget summary for each task showing the original contract amount, the amount billed for the current invoice period, the amount previously billed, the amount remaining, and the percentage of work completed.

- 2.3 AUTHORITY'S PROJECT OFFICER. AUTHORITY's Project Officer, who shall be empowered to act for the AUTHORITY in accordance with law or AUTHORITY ordinance, shall be the General Manager of AUTHORITY. AUTHORITY's Project Officer or duly-authorized representative shall act on behalf of AUTHORITY in administrative matters concerning this Agreement. This includes, but is not limited to, review of invoices, correspondence, notices, proposed amendments, etc.

### 3. CONSULTANT'S OBLIGATIONS.

#### 3.1 SERVICES TO BE PERFORMED.

- 3.1.1 PROFESSIONAL SERVICES. CONSULTANT shall perform the professional services as requested by the AUTHORITY for the San Elijo Water Reclamation Facility owned and operated by the San Elijo Joint Powers Authority, as fully-described in the attached scope of work, Autonomous Underwater Vehicle (AUV) Assessments of Ocean Outfall Plume Transport for the San Elijo Ocean Outfall and Encina Ocean Outfall, dated October 1, 2020, and other services as requested by the Authority.

- 3.1.2 TOOLS, MATERIALS AND EQUIPMENT. CONSULTANT will supply all tools, materials and equipment required to perform the services under this AGREEMENT.

- 3.1.3 PROJECT TEAM. No member of the project team shall be removed from the project team or reassigned by CONSULTANT without prior approval of AUTHORITY. Such approval shall not be unreasonably withheld or delayed. CONSULTANT shall immediately inform AUTHORITY should any of the key members become unavailable. The credentials of substitutes for key project members must be submitted to AUTHORITY for review and approval. An interview may also be required if so desired by AUTHORITY.

- 3.1.4 REPORTS. CONSULTANT shall ensure that any report generated under this Agreement complies with California Government Code section 7550.

#### 3.2 TIME PERIOD.

- 3.2.1 PROFESSIONAL SERVICES. CONSULTANT will commence performance of services upon execution of this agreement. This

Agreement shall expire on June 30, 2023 and no further work shall be performed under this Agreement after that date.

### 3.3 STATUS OF CONSULTANT.

3.3.1 INDEPENDENT CONTRACTOR. CONSULTANT and its employee(s) are engaged in an independent contractor relationship with AUTHORITY in performing all services, duties and obligations hereunder. AUTHORITY shall not exercise any control or direction over the methods by which CONSULTANT will perform its services and functions. AUTHORITY's sole interest and responsibility is to ensure that the services covered by this Agreement are performed and rendered in a competent, satisfactory and legal manner. The parties agree that no services, act, commission or omission of CONSULTANT or its employee(s) pursuant to this Agreement shall be construed to make CONSULTANT or its employee(s) the agent, employee or servant of AUTHORITY. CONSULTANT and its employee(s) are not entitled to receive from AUTHORITY vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability benefits, unemployment benefits or any other employee benefit of any kind.

3.3.2 PAYMENT OF INCOME TAXES. CONSULTANT shall be solely responsible for paying all federal and state employment and income taxes, for carrying workers' compensation insurance and for otherwise complying with all other employment law requirements with respect to CONSULTANT or its employee(s). CONSULTANT agrees hold harmless, indemnify and defend AUTHORITY from any and all liability, damages or losses (including reasonable attorneys' fees, costs, penalties and fines) AUTHORITY suffers as a result of (a) CONSULTANT's failure to meet its obligations.

### 3.4 RESPONSIBILITY OF CONSULTANT.

3.4.1 CONSULTANT shall be responsible for the professional quality, technical accuracy, timely completion, and the coordination of all services furnished by CONSULTANT under this Agreement. CONSULTANT shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in his analysis, reports, and other services to the extent of its negligence.

3.4.2 CONSULTANT will perform all services under this Agreement in good faith and in the interests of AUTHORITY. In performing the services specified in this Agreement, CONSULTANT agrees to comply with all federal and state laws, rules and regulations, applicable AUTHORITY policies, procedures and other directives applicable to the services to be performed. Any changes to AUTHORITY policies and procedures that relate to CONSULTANT will be provided to CONSULTANT in writing. Authority shall provide and CONSULTANT agrees to review such policies, procedures, rules and directives the contents of which CONSULTANT will be deemed to have knowledge.

- 3.4.3 CONSULTANT shall perform such professional services as may be necessary to accomplish the work required to be performed under this Agreement.
- 3.4.4 Acceptance by AUTHORITY of reports, and incidental professional work or materials furnished hereunder, shall not in any way relieve CONSULTANT of responsibility for the technical adequacy of his work. Neither AUTHORITY's acceptance of, nor payment for any of the services, shall be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.
- 3.4.5 Upon award of this Agreement and periodically thereafter, CONSULTANT may be required to complete and file with AUTHORITY a Conflict of Interest form, to be provided to CONSULTANT by AUTHORITY.
- 3.4.6 CONSULTANT shall not be responsible for any time delays in the project caused by circumstances beyond CONSULTANT's control.
- 3.4.7 "Negligent performance" shall include, but not be limited to, acts of CONSULTANT in preparing drawings, specifications, reports, or other work under this Agreement, which are the result of CONSULTANT's failure to perform in accordance with the standard of practice normally exercised in the performance of professional services of a similar nature. Consultant shall perform all work in accordance with the standard of care of professional services. Nothing contained herein shall serve to expand or increase the responsibility of CONSULTANT to any party beyond that imposed by the common law of the State of California.
- 3.4.8 This Section 3.4 shall not limit CONSULTANT's hold harmless, indemnity and defense obligation as stated in Section 5 of this Agreement.

#### 4. INSURANCE.

- 4.1 CONSULTANT shall provide and keep in full force and effect during the term of this Agreement the insurance policies listed below.
  - 4.1.1 Commercial General Liability and Automobile Liability. CONSULTANT shall provide and maintain the following commercial general liability and automobile liability insurance:
    - (a) Coverage. Coverage for commercial general liability and automobile liability insurance shall be at least as broad as the following:
      - (i) Insurance Services Office ("ISO") Commercial General Liability Coverage (Occurrence Form CG 0001)
      - (ii) ISO Business Auto Coverage (Form CA 0001), covering Symbol 1 (any auto)

- (b) Limits. CONSULTANT shall maintain limits no less than the following:
- (i) General Liability. Combined single limit of Two Million Dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage, and a minimum annual aggregate of Four Million Dollars (\$4,000,000).
  - (ii) Automobile Liability. Combined single limit of no less than One Million Dollars (\$1,000,000) per claim.
- (c) Required Provisions.
- (i) AUTHORITY, its Member Agencies (including City of Encinitas and City of Solana Beach), and their officers, officials, directors, employees, agents, consultants, representatives and volunteers (collectively referred to as "INSURED PARTIES") are to be given additional insured status under the general liability and automobile liability policies. The coverage shall contain no special limitations on the scope of protection afforded to INSURED PARTIES.
  - (ii) CONSULTANT'S insurance shall be primary insurance as respects INSURED PARTIES, and each of them. Any insurance, self-insurance or other coverage maintained by INSURED PARTIES shall not contribute to it.
  - (iii) Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to INSURED PARTIES.
  - (iv) CONSULTANT's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of insurer's liability.
  - (v) Such liability insurance shall include indemnification against loss from liability imposed by law upon, CONSULTANT or his/her subcontractors for damages on account of bodily injury, including death resulting therefrom, suffered or alleged to have been suffered by any person or persons, other than employees, resulting from the performance or execution of this Agreement by CONSULTANT or his/her subcontractors. Consultant's subcontractors shall be required to provide their own insurance within the applicable requirements of Section 4.
  - (vi) Such liability insurance shall cover accidents arising out of the use and operation of owned, non-owned and hired automobiles, trucks and/or other mobile equipment.

- (vii) Said policies shall have a non-cancellation clause providing that thirty (30) days written notice shall be given to AUTHORITY prior to any material modification or cancellation.
  - (viii) Said policies shall specifically cover any contractual liability incurred hereunder.
- 4.1.2 Professional Liability. CONSULTANT further agrees to provide AUTHORITY within seven (7) days from the date of execution of this Agreement and prior to the commencement of any services under this Agreement, proof of insurance verifying that CONSULTANT maintains Professional Liability Insurance (Errors and Omissions) with a combined single limit of Two Million Dollars (\$2,000,000) per claim, and a minimum annual aggregate of Two Million Dollars (\$2,000,000). Said Professional Liability Insurance shall be paid for by CONSULTANT, and shall be maintained in full force and effect throughout the term of the Agreement.
- 4.1.3 Workers' Compensation and Employers Liability Insurance. CONSULTANT shall further maintain adequate Workers' Compensation Insurance, including occupational disease provisions, under the laws of the State of California and employer's general liability insurance for the benefit of its employees with a combined single limit of no less than One Million Dollars (\$1,000,000) per claim, and shall require similar insurance to be provided by its subcontractors. A certificate shall be furnished to AUTHORITY showing compliance with above.
- 4.1.4 All insurance shall be provided on forms and through companies satisfactory to AUTHORITY. Insurance is to be obtained from California admitted insurers having a current A.M. Best rating of no less than A:VII or equivalent or as otherwise approved by DISTRICT.
- 4.1.5 Any deductible or self-insured retention must be declared to and approved by AUTHORITY. The minimum deductible or self-insured retention shall be Twenty-Five Thousand Dollars (\$25,000). In the event any deductible or self-insured retention is greater than the minimum required by this Agreement, at the option of AUTHORITY, either: the insurer shall reduce or eliminate such deductibles, or CONSULTANT shall provide proof of financial responsibility satisfactory to AUTHORITY.
- 4.1.6 Within seven (7) days from the execution of this Agreement, and prior to the commencement of any services under this Agreement, a certificate of insurance signed by the insurer's representative evidencing the coverage required by this Agreement shall be furnished to AUTHORITY by direct mail from CONSULTANT's insurance carrier. Such evidence shall include an additional insured endorsement signed by the insurer's representative. Such evidence shall include confirmation that cover includes or has been modified to include all provisions required by this Agreement. CONSULTANT shall, upon request of AUTHORITY, deliver to AUTHORITY such policy or policies of insurance and the receipts for payment of premiums thereon.

- 4.1.7 If any of the required coverages expire during the term of this Agreement, CONSULTANT shall deliver the renewal certificate(s) including the general liability and auto liability additional insured endorsements to AUTHORITY within at least ten (10) days prior to the expiration date.
- 4.1.8 In the event that CONSULTANT employs subcontractors to perform any portion of the services to be performed pursuant to this Agreement, it shall be CONSULTANT's responsibility to require and confirm that each subcontractor meets the minimum insurance requirements specified in this Agreement.

5. HOLD HARMLESS, INDEMNIFICATION AND DEFENSE.

- 5.1 To the maximum extent allowable by law, CONSULTANT agrees to hold harmless, indemnify AUTHORITY, its Member Agencies (including City of Encinitas and City of Solana Beach), and each of their officers, officials, directors, employees, consultants, representatives and volunteers (collectively referred to as "INDEMNIFIED PARTIES") from and against all claims, demands, lawsuits, losses, liabilities, costs, expenses, obligations, recoveries, deficiencies and damages, including interest, penalties, reasonable attorneys' fees and costs (collectively referred to as "Liabilities") that such entities and/or persons may incur to the extent caused by the negligence, recklessness or willful misconduct, whether an act or omission, of CONSULTANT, including CONSULTANT's officers, officials, directors, employees, subcontractors, agents, representatives, volunteers, successors and assigns.
- 5.2 CONSULTANT shall cooperate with and do whatever is necessary to protect INDEMNIFIED PARTIES as to any such Liabilities.
- 5.3 CONSULTANT represents that it knows of no allegations, claims or threatened claims that the materials, services, hardware or software (collectively referred to as "Consultant Products") provided to AUTHORITY under this Agreement infringe on any patent, copyright or other proprietary right. CONSULTANT shall hold harmless, indemnify and defend INDEMNIFIED PARTIES from all Liabilities pertaining to, arising out of, related to or in connection with an assertion or allegation that any Consultant Products or the use thereof, infringe any patent, copyright or other proprietary right of any third party. In the case of any such claim, suit or assertion of infringement, CONSULTANT shall either, at its option, (1) procure for AUTHORITY the right to continue using the Consultant Products; or (2) replace or modify the Consultant Products so that they become non-infringing, but equivalent in functionality and performance. All provisions of Section 5 shall apply to the allegations, claims or threatened claims addressed specifically by this Section 5, subsection 5.3.
- 5.4 DELETED
- 5.5 CONSULTANT shall indemnify AUTHORITY for any judgment, award, liability, or decree that may be awarded, imposed or rendered against Indemnified Parties as a result of a claims, demands, suits, actions, arbitrations, mediations, or other proceedings whether legal, administrative or otherwise, including any settlement

related thereto, to the extent arising from CONSULTANT's negligent acts or omissions.

- 5.6 CONSULTANT's obligation to hold harmless, indemnify and defend shall not be restricted to insurance proceeds, if any, received by INDEMNIFIED PARTIES.
- 5.7 CONSULTANT's hold harmless, indemnification and defense obligation is intended to apply to the extent of any negligent, acts, recklessness, or willful misconduct, errors and/or omissions of CONSULTANT, including its officers, officials, directors, employees, subcontractors, agents, representatives, volunteers, successors and assigns and shall survive the termination or expiration of this AGREEMENT.

## 6. TERMINATION.

- 6.1 Termination for Breach. If, during the term of this Agreement, AUTHORITY determines that CONSULTANT is not faithfully abiding by any term of condition contained herein, AUTHORITY may notify CONSULTANT in writing of such defect of failure to perform; which notice must give CONSULTANT a ten (10) day notice time thereafter in which to perform said work or cure the deficiency. If CONSULTANT has not performed the work or cured the deficiency within the number of days specified in the notice, such shall constitute a breach of this Agreement, and AUTHORITY may terminate this Agreement immediately by written notice to CONSULTANT to said effect. Thereafter, except as otherwise stated, neither party shall have any further duties, obligations, responsibilities, or rights under this Agreement. In said event, CONSULTANT shall be entitled to the reasonable value of its service performed from the beginning of the period in which the breach occurs up to the day it received AUTHORITY's notice of termination, minus any offset from such payment representing AUTHORITY's damages from such breach. In no event, however, shall CONSULTANT be entitled to receive in excess of the maximum compensation stated in Section 2, subsection 2.2.1 of this Agreement.
- 6.2 Termination without Cause. Either party may terminate this Agreement without cause upon thirty (30) days written notice. AUTHORITY will pay to CONSULTANT for services performed prior to the termination. In no event, however, shall CONSULTANT be entitled to receive in excess of the maximum compensation stated in Section 2, subsection 2.2.1 of this Agreement. No amount shall be allowed for anticipated profit, unperformed services or deliveries.

- 7. OWNERSHIP OF DOCUMENTS. Reports, model database, electronic maps, as herein required, are the property of AUTHORITY following payment in full to the CONSULTANT for services rendered. Upon completion of all work under this Agreement, or in the event this Agreement is terminated prior to completion of all such work, all documents, plans, specifications, photograph rendering, drawings of the facility, and all other material provided to assist CONSULTANT in performing under this Agreement shall be delivered forthwith to AUTHORITY. All references to CONSULTANT shall be removed by AUTHORITY when reusing on a project other than that for which the document(s) were prepared or modifying any incomplete documents.



Any use of the aforesaid completed documents for other AUTHORITY projects at other sites and/or any use of the aforesaid incomplete documents without specific, written verification by CONSULTANT will be at AUTHORITY's sole risk and without liability or legal exposure to CONSULTANT, and AUTHORITY shall indemnify and hold harmless CONSULTANT from all claims, damages, losses and expense, including attorneys' fees, arising out of or resulting therefrom.

8. CONFIDENTIAL INFORMATION. Any written, printed, graphic or electronically or magnetically recorded information furnished by AUTHORITY for CONSULTANT's use are and shall remain the sole property of AUTHORITY. AUTHORITY may provide to CONSULTANT confidential information which may include, but is not limited to, information concerning AUTHORITY's employees, services and operations. CONSULTANT and its employee(s) will keep this confidential information in the strictest confidence, and will not disclose it by any means to any person except with AUTHORITY approval, or when required to do so by legal or regulatory authority, and only to the extent necessary to perform the services under this Agreement. This prohibition also applies to CONSULTANT's officers, officials, directors, employees, subcontractors, representatives, agents, volunteers, successors and assigns. On termination of this Agreement, CONSULTANT shall promptly return any confidential information in its possession to AUTHORITY.
9. DISPUTE RESOLUTION. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, shall be submitted to mediation the cost of which shall be borne equally by the parties, if not resolved pursuant to the Government Claims Act, Government Code section 900 et seq. if applicable, and prior to the commencement of any legal action or other proceeding, unless waived by both parties in writing. Any mediation shall take place in the State of California, County of San Diego.

In the event that mediation has not been successfully concluded, any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in the State of California, County of San Diego, before one arbitrator, if not resolved pursuant to the Government Claims Act, Government Code section 900 et seq., if applicable. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures if the amount in controversy is equal or greater than Two Hundred Fifty Thousand Dollars (\$250,000), or pursuant to its Streamlined Arbitration Rules and Procedures if the amount in controversy is less than Two Hundred Fifty Thousand Dollars (\$250,000). The use of arbitration shall allow full discovery by all parties associated with the dispute or claim. Judgment on the award may be entered in any court having jurisdiction. This clause shall not preclude the parties from seeking provisional remedies in aid of arbitration from a court of competent jurisdiction. The arbitrator may, in the award, allocate all or a part of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party. If either party petitions to confirm, correct or vacate the award as provided by Chapter 4, of Title 9 of the California Code of Civil Procedure (commencing with Section 1285), the prevailing party shall be entitled as part of his or its costs to reasonable attorneys' fees to be fixed by the Court. CONSULTANT agrees that AUTHORITY may consolidate an arbitration conducted under this Agreement with any other arbitration to which AUTHORITY is a party, provided that the arbitrations to be consolidated substantially

involve common questions of law or fact, or CONSULTANT's conduct or performance of professional services is in any way relevant to the subject of the dispute. In the event of any construction dispute that AUTHORITY is required to resolve pursuant to Public Contract Code section 20104 et seq., or any similar provision of law, the procedures for arbitration pursuant to Public Contract Code section 20104 et seq., shall apply to all parties, including CONSULTANT.

10. CONSTRUCTION DISPUTE. In the event of any construction dispute that AUTHORITY is required to resolve pursuant to Public Contract Code section 20104, et seq., or any similar provision of law, and CONSULTANT's performance is at issue as determined by AUTHORITY, AUTHORITY may require, in its sole discretion, that CONSULTANT participate as a party in such mediation or arbitration (including any trial de novo that may follow such arbitration) or in concurrent arbitration to resolve outstanding disputes between AUTHORITY and CONSULTANT, afford the parties complete relief or avoid inconsistent results. In such event, the procedures for arbitration pursuant to Public Contract Code section 20104 et seq. shall apply to all parties, including CONSULTANT, and shall control in the event of any inconsistency with Section 9 of this Agreement, regarding dispute resolution.
11. NO ASSIGNMENT WITHOUT PRIOR CONSENT. This Agreement shall not be assignable by either party without the prior written consent of the other party hereto. No assignment of this Agreement shall relieve the assignor until the Agreement shall have been assumed by the assignee. When duly assigned in accordance with the foregoing, this Agreement shall be binding upon and shall insure to the benefit of the assignee.
12. AMENDMENT OR MODIFICATION. This Agreement may not be amended or modified orally or in any manner other than by an agreement in writing signed by both of the parties.
13. AUDIT DISCLOSURE. Pursuant to Government Code section 8546.7, if this Agreement is over ten thousand dollars (\$10,000), it is subject to examination and audit of the State Auditor, at the request of AUTHORITY or as part of any audit of AUTHORITY, for a period of three (3) years after final payment under the Agreement.
14. SUBCONTRACTS. AUTHORITY has entered into this Agreement in order to receive the professional service of CONSULTANT. The provisions of the Agreement shall apply to any subcontractor to CONSULTANT. AUTHORITY shall have the right to approve all subcontractor agreements.
15. ENTIRE AGREEMENT. This Agreement constitutes the whole Agreement between the parties hereto with respect to the subject matter hereof, and neither party nor any of its agents or employees had made any representation except as specifically provided herein. Neither of the parties in executing or performing this Agreement is relying upon any statement or information to whosoever made or given directly or indirectly, verbally or in writing by any individual or corporation except as specifically provided herein.
16. PROHIBITED EMPLOYMENT DISCRIMINATION. In the performance of the terms of this Agreement, CONSULTANT agrees that it will not engage in, nor permit such subcontractors as it may employ to engage in, discrimination in employment of persons in violation of Labor Code Section 1735, which reads as follows:

A contractor shall not discriminate in the employment of persons upon public works on any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, except as otherwise provided in Section 12940 of the Government Code. Every contractor for public works who violates this section is subject to all penalties imposed for a violation of this chapter.

Violation of this provision may result in the imposition of penalties referred to in Labor Code Section 1735.

17. NOTICES. All communications, notices, and demands of any kind which either party hereto may be required or may desire to give to or serve upon the other party or any office hereof or by enclosing it in a sealed envelope and depositing it in the United States mail, postage prepaid, certified return-receipt, and addressed to the respective parties as follows:

AUTHORITY:

San Elijo Joint Powers Authority  
2695 Manchester Avenue, P.O. Box 1077  
Cardiff by the Sea, CA 92007-7077

CONSULTANT:

Michael Baker International, Inc.  
9755 Clairemont Mesa Boulevard  
San Diego, CA 92124

18. ATTORNEYS' FEES. In the event an action is filed by either party to enforce any rights or obligations under this Agreement, including an action for declaratory relief, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs, in addition to any other relief granted by the Court.
19. AUTHORITY TO EXECUTE AGREEMENT. Both AUTHORITY and CONSULTANT do covenant that each individual executing this Agreement on behalf of each party is a person duly authorized and empowered to execute agreements for such party.
20. THIRD PARTY RIGHTS. Except as expressly stated herein, nothing in this Agreement shall be construed to give any rights or benefits to anyone other than AUTHORITY and CONSULTANT.
21. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same agreement, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.
22. PARTIAL INVALIDITY. If any non-material provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.
23. PROVISIONS REQUIRED BY LAW. Each and every provision of law and clause required by law to be inserted in this Agreement shall be deemed to be inserted herein, and the Agreement shall be read and enforced as though they were included herein. If through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Agreement shall forthwith be physically amended to make such insertion.

24. GOVERNING LAW. This Agreement and all questions related to its validity, interpretation, performance and enforcement (including, without limitation, provisions concerning limitations of actions), shall be governed by and construed in accordance with the laws of the State of California, notwithstanding any conflict-of-laws doctrines of such state or other jurisdiction to the contrary and without the aid of any canon, custom or rule of law requiring construction against the draftsman.
25. JURISDICTION, FORUM AND VENUE. The proper jurisdiction, forum and venue for any claims, disputes, and causes of action or other proceedings concerning this Agreement shall be located in the State of California, County of San Diego. AUTHORITY and CONSULTANT agree not to bring any action or proceeding pertaining to, arising out of or related to this Agreement in any other jurisdiction, forum or venue. AUTHORITY and CONSULTANT hereby submit to personal jurisdiction in the State of California for the enforcement of this Agreement and hereby waive any and all personal rights under the law of any state to object to jurisdiction within the State of California for the purpose of any legal action or proceeding to enforce this Agreement, whether on the grounds of inconvenient forum or otherwise.

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: \_\_\_\_\_  
Michael T. Thornton, P.E.  
General Manager

Date: \_\_\_\_\_

By: \_\_\_\_\_ (Sign)      Date: \_\_\_\_\_

Name: \_\_\_\_\_ (Print)

Title: \_\_\_\_\_



## **Scope of Work**

The following tasks listed below will be implemented to conduct the AUV Assessments of Ocean Outfall Plume Transport for the San Elijo and Encina Ocean Outfalls.

### **Task 1: Initial Coordination and Project Management**

Michael Baker will participate in an initial project kick-off meeting (teleconference), organized by SEJPA, with the outfall agencies to:

1. Review the project approach;
2. Discuss coordination protocols;
3. Discuss methods for conducting the wastewater plant CDOM analyses;
4. Discuss potential boat launching constraints and AUV deployment limitations; and
5. Discuss initial project scheduling issues.

Michael Baker project management and coordination will be key elements to implementing a successful project!

### **Task 2: Wastewater Plant CDOM Analysis**

The Michael Baker Team will analyze Colored Dissolved Organic Matter (CDOM) characteristics in the SEOO and EOO effluent discharge flows for comparison with receiving water CDOM results. During the day of the pre-deployment site characterization surveys (see Task 3.1), MBC staff will collect effluent wastewater samples from the onshore sampling points for the EOO (EWPCF) and the SEOO (Cardiff State Beach).

The Michael Baker Team will coordinate with SEJPA, Escondido, and EWA to gain access to the locations prior to the day of sampling and will inform local coastal managers of the upcoming offshore work. The samples will be stored on ice or at 4°F. Following sample collection, MBC will split the sample from each location to deliver to MBC and the AUV contractor (Orca Maritime) to allow for the characterization of CDOM values in the respective discharges and allow for the intercalibration of CDOM probes on the AUV and on a secondary instrument which will be utilized to collect additional concurrent data as described in Task 3.1.

### **Task 3: AUV Deployments (6 total deployments)**

#### **Task 3.1 - Pre-Deployment Site Characterization (i.e. currents, temp., etc.)**

Before each AUV deployment mission, an initial day of site characterization is conducted. It is anticipated that on the same day as the onshore effluent wastewater sample collection (Task 2), the Michael Baker Team will provide staff and equipment to conduct an oceanographic characterization survey of the study area to facilitate planning and programing for the following SEOO and EOO plume tracking surveys. MBC will meet the R/V Benthic Cat, provided by the AUV contractor Orca Maritime



(Orca) at Oceanside Harbor to conduct the pre-surveys. MBC will provide a calibrated Sea-bird SBE 19plusV2 CTD and a Nortek Aquadopp Acoustic Doppler Current Profiler (ADCP).

Water quality sampling will be scheduled to occur when there is the greatest difference between high and low tide and when currents will be greatest in the study area. On the day of the pre-survey both flood and ebb tides will be surveyed. The water quality survey will utilize the Sea-bird CTD lowered from the surface to near bottom at each station. Instruments on the Sea-bird will record depth, salinity, conductivity, temperature, density, dissolved oxygen, hydrogen ion concentration (pH), and CDOM throughout the water column at each station. Both outfall grids will be sampled 3 times during each pre-survey to characterize water quality conditions approximately mid-flood and mid-ebb tide, when currents will be strongest, and during slack between the sampled tides to evaluate low-current conditions.

MBC will provide a down-looking ADCP for use during the pre-survey sampling events. The ADCP will be mounted onto a bracket on the R/V Benthic Cat that will be lowered into the water for determination of current speed and direction. The R/V Benthic Cat is equipped with a station keeping system that will allow the boat to automatically stay on location for the time needed to acquire current data. The ADCP will be used to take current data above the terminus or mid-point of each outfall, three times during each pre-survey to characterize current conditions approximately mid-flood and mid-ebb tide, when currents will be strongest, and during slack between the sampled tides to evaluate low-current conditions.

Data from the Sea-bird and the ADCP will be downloaded and processed following the pre-survey analysis. The Sea-bird data will be examined for vertical stratification of the water column using temperature and density to evaluate depth of the trapping layer and internal stratification (thermocline), and salinity and CDOM will be reviewed to provide an initial analysis of lateral distribution of the discharge plume. The ADCP data will provide current speed and direction data for 5-meter-deep bins throughout the water column from near the surface to the bottom. The information from both data sets will be utilized to optimize the AUV survey track to maximize the data retrieval for the following outfall surveys, with a goal of providing data to support AUV programming and deployment for the following day.

### **Task 3.2 and 3.3 – SEOO and EOO AUV Deployment and Additional Site Characterization**

Using Orca Maritimes R/V Benthic Cat, the plume tracking monitoring survey will occur over a two-day period for each of the three deployment scenarios described in the RFP for a total of six (6) total AUV deployments. Orca Maritime will deploy the AUV for one full day over each outfall dedicated to surveying a full tidal cycle. Assuming Pre-Deployment activities occur on Day 1, Day 2 is data processing and AUV programming, Day 3 would be a full day of AUV deployment over one outfall (SEOO). There will be a downtime in between tides. At that time, the data will be downloaded from the first deployment and the batteries will be replaced. The AUV will then be deployed a second time on the same day to capture the other tide event. Day 4 is data processing, battery charging, and AUV programming. Day 5 is full day of AUV deployment over the other outfall (EOO).

MBC will provide staff, Sea-bird SBE 19plusV2 CTD, and the ADCP to conduct concurrent oceanographic characterization surveys of the study area during the AUV deployments. MBC will conduct water quality profile surveys of the pre-established grid three times during each tide (at mid-tide and evenly spaced before and after mid-tide) as well as at slack tide (for a total of 7 grid set samples at the outfall being surveyed). During each CTD survey run, current speed and direction above the terminus of the outfall will



also be measured by ADCP. Data will be downloaded at the end of the survey and provided to Michael Baker as additional and concurrent data for evaluating plume characteristics. The supplemental temperature, salinity, density, dissolved oxygen and CDOM data will allow for use of a “multiple lines of evidence” approach in confirming the presence of the SEOO and EOO discharge plumes. Because the length of a full tidal cycle (flood and ebb) exceeds 12 hours, it is anticipated there will be a one-day gap between outfall surveys, as illustrated in the project schedule.

#### **Task 4: Progress Reports and Initial Results**

After each AUV deployment, Michael Baker will obtain, organize, plot, and process the collected data. Michael Baker will implement quality control and assurance measures, and statistically analyze the collected AUV data to support initial analysis of collected data. Michael Baker will coordinate with outfall agencies (through email or telephone) to finalize criteria and thresholds used for:

- Identifying the probable presence of an outfall discharge plume (as indicated by CDOM and/or salinity data).
- Confirming (where possible) the presence of discharge plumes through additional lines of evidence (which may include bacteriological data and CTD casts collected by the discharge agencies concurrent with AUV deployments).

Using these thresholds, receiving water data shall be analyzed to evaluate the probable presence or absence of the outfall discharge plume. Data will also be analyzed to estimate the achieved dilution when the presence of the plume is probable. Graphics and tables will be prepared to illustrate:

- The route of each AUV mission;
- Summarize collected data;
- Identify the location of the presumed plume; and
- Identify achieved dilution.

Subsequent to each stage of AUV deployments, Michael Baker will participate in a teleconference or meeting (up to a total of three, organized by SEJPA) with outfall agencies to present summarized AUV deployments, discuss initial findings, identify potential data limitations, present initial conclusions, and discuss potential means for achieving improved efficiency or coordination in subsequent AUV deployments.

No formal written progress reports will be prepared as part of this task, but Michael Baker will support the teleconferences by providing preliminary data plots, data summaries, graphics, and tables in advance of each scheduled progress teleconference.

Michael Baker will prepare meeting minutes of the items discussed during the teleconferences.



## **Task 5: Draft Plume Tracking Monitoring Report**

Once all three seasonal deployments have been completed and the data processed and analyzed, Michael Baker International will prepare a draft Plume Tracking Monitoring Report. The report will include graphics that plot the AUV trajectories from each deployment and show the presumed location of the discharge plume. Text, tables, and graphics will also be included to summarize the data from the AUV deployments and present preliminary conclusions regarding:

- Plume transport and achieved dilution and dispersion under: (1) observed summer/fall stratification conditions, (2) observed winter/spring minimum stratification conditions, and (3) conditions during post-storm events.
- Whether or not the SEOO and EOO discharges appear to influence water quality in near-shore waters.
- Whether or not the SEOO and EOO discharges appear to intermix with discharges from other sources (including land-based storm runoff or discharges from other outfalls).

In addition, the report will also address specific questions as listed below:

- Are present-day receiving water monitoring locations adequate?
- What is the fate of discharged water during typical and atypical conditions?
- What is the variability of dilution during typical and atypical conditions?
- What parameters are most useful for indicating the presence of the discharge?
- When is the discharge plume no longer distinguishable from ambient ocean water?
- How will future brine discharges affect discharge dynamics and dilution?

Michael Baker will notify outfall agencies in advance of completing the draft report if after subsequent analysis the conclusions proposed in the draft report appear to be different than the initial results presented to the outfall agencies as part of the Task 4 verbal progress reports.

The draft report will be transmitted to outfall agencies in electronic (pdf) format by August 1, 2022.

## **Task 6: Final Plume Tracking Monitoring Report**

After receiving comments on the draft report, Michael Baker will prepare the final report. Subtasks associated with finalizing the report include: ]

- Participate in a teleconference (or meeting), organized by SEJPA, to discuss the comments and (if applicable) appropriate response actions.
- Prepare a final version of the report that addresses agency comments
- Transmit the report to outfall agencies in electronic (pdf) format by October 1, 2022.





## **Task 7: RWQCB “State of the Ocean” Presentation**

If SEJPA is requested to orally present a “State of the Ocean” report to the RWQCB, Michael Baker will assist SEOO and EOO agencies on their proposed “State of the Ocean” presentation by reviewing the proposed outfall agency presentation slides, which will summarize the results of the plume tracking monitoring study. If the oral presentation is required, Michael Baker will:

- Participate in a teleconference or meeting (organized by SEJPA) with outfall agencies to discuss the RWQCB presentation proposed by the outfall agencies.
- Review and comment on the draft Power Point slides proposed by the outfall agencies for presentation to the RWQCB.
- Be available to respond to telephone or email questions from the outfall agencies regarding the projects findings as the outfall agencies finalize their proposed “State of the Ocean” presentation.

TASKS	Approximate Person Hours						Total Est. Hours	MBI Net Funding	Other Direct Costs (ODCs)	Sub Costs	10% Markup Subs & ODCs	Total Funding
	Principal (QA/QC) (J. Harris)	Project Manager / Project Engineer (M. Shatila)	Technical Manager (Dr. Jenkins)	Design Technician (R. Roldan)	GIS Support (Z. Pekin)	Admin Support (K. Loring)						
Billing Rate	\$ 255.00	\$ 195.00	\$ 270.00	\$ 130.00	\$ 110.00	\$ 75.00						
<b>Tasks</b>												
<b>1.0 Initial Coordination and Project Management</b>												
1.1 Kick-Off Meeting		8	8				16	\$ 3,720	\$ -	\$ -	\$ -	\$ 3,720
1.2 Project Coordination and Logistics		80					80	\$ 15,600	\$ -	\$ -	\$ -	\$ 15,600
1.3 Project Management		120					120	\$ 23,400	\$ -	\$ -	\$ -	\$ 23,400
<b>2.0 Wastewater Plant CDOM Analysis</b>												
2.1 SEOO - CDOM Analysis at EWPCF (3 Deployments)		18	18				36	\$ 8,370	\$ 300	\$ 4,000	\$ 430	\$ 13,100
2.2 EOO - CDOM Analysis at Cardiff Beach (3 Deployments)		18	18				36	\$ 8,370	\$ 300	\$ 4,000	\$ 430	\$ 13,100
<b>3.0 AUV Deployments</b>												
3.1 Pre-Deployment Data Acquisition (i.e. currents, temp., etc.)		24	24				48	\$ 11,160	\$ 500	\$ 18,000	\$ 1,850	\$ 31,510
3.2 SEOO - AUV Deployment (3 Deployments)		24	24				48	\$ 11,160	\$ 500	\$ 141,000	\$ 14,150	\$ 166,810
3.3 EOO - AUV Deployment (3 Deployments)		24	24				48	\$ 11,160	\$ 500	\$ 141,000	\$ 14,150	\$ 166,810
<b>4.0 Progress Reports and Initial Results</b>												
4.1 Post-Deployment #1 Initial Results / Meeting	1	4	60	8	12	4	89	\$ 19,900	\$ 150	\$ -	\$ 15	\$ 20,065
4.2 Post-Deployment #2 Initial Results / Meeting	1	4	60	8	12	4	89	\$ 19,900	\$ 150	\$ -	\$ 15	\$ 20,065
4.3 Post-Deployment #3 Initial Results / Meeting	1	4	60	8	12	4	89	\$ 19,900	\$ 150	\$ -	\$ 15	\$ 20,065
<b>5.0 Draft Report (includes 2 meetings)</b>	2	24	120	8	12	8	174	\$ 40,550	\$ 150	\$ -	\$ 15	\$ 40,715
<b>6.0 Final Report (includes 1 meeting)</b>	2	24	60	8	12	8	114	\$ 24,350	\$ 150	\$ -	\$ 15	\$ 24,515
<b>7.0 RWQCB "State of the Ocean" Presentation Assistance</b>	1	12	24				37	\$ 9,080	\$ 150	\$ -	\$ 15	\$ 9,245
<b>Subtotal Task Amount:</b>	<b>8</b>	<b>388</b>	<b>500</b>	<b>40</b>	<b>60</b>	<b>28</b>	<b>1024</b>	<b>\$ 226,620</b>	<b>\$ 3,000</b>	<b>\$ 308,000</b>	<b>\$ 31,100</b>	<b>\$ 568,720</b>
<b>TOTAL AMOUNT</b>												<b>\$ 568,720</b>
<b>Additional Services (By Client Approval Only)</b>												
							0	\$ -	\$ -	\$ -	\$ -	\$ -
							0	\$ -	\$ -	\$ -	\$ -	\$ -
							0	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal Additional Services Amount:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL &amp; OPTIONAL ADDITIONAL SERVICES AMOUNT</b>												<b>\$ 568,720</b>

**Notes:**

- Other Direct Costs (mileage, printing, etc.) are billed at cost plus ten percent (10%). Mileage is charged at the current IRS rate of \$0.57/mile.

# Michael Baker

## I N T E R N A T I O N A L

### HOURLY RATE SCHEDULE

Effective January 2020 through December 2021

<b>OFFICE PERSONNEL</b>	<b>\$/ Hour</b>
Senior Principal.....	\$275.00
Principal .....	255.00
Project Director .....	250.00
Technical Manager .....	270.00
Program Manager .....	250.00
Senior Project Manager .....	245.00
Structural Engineer .....	205.00
Project Manager .....	195.00
Senior Engineer .....	185.00
Senior Planner .....	185.00
Electrical Engineer.....	175.00
Biologist .....	175.00
Landscape Architect .....	165.00
Senior GIS Analyst .....	156.00
Project Engineer .....	165.00
Project Planner .....	155.00
Environmental Specialist.....	150.00
Design Engineer/Senior Designer/Survey Analyst.....	160.00
Design Technician .....	130.00
Project Coordinator .....	125.00
Environmental Analyst/Staff Planner .....	115.00
Graphic Artist .....	110.00
GIS Analyst.....	110.00
Assistant Engineer/Planner.....	105.00
Permit Processor .....	95.00
Engineering Aid/Planning Aid .....	85.00
Office Support/ Clerical.....	75.00
<b>SURVEY PERSONNEL</b>	
2-Person Survey Crew.....	\$280.00
1-Person Survey Crew.....	170.00
Licensed Surveyor .....	200.00
Field Supervisor .....	180.00
<b>CONSTRUCTION MANAGEMENT PERSONNEL</b>	
Principal Construction Manager .....	\$270.00
Construction Manager.....	240.00
Contract Manager .....	200.00
Resident Engineer .....	200.00
Construction Inspector (Prevailing Wage).....	200.00
Construction Inspector (Non-Prevailing Wage).....	180.00
Field Office Engineer .....	180.00
Construction Technician .....	95.00
Contract Support.....	80.00

Note: Blueprinting, reproduction, messenger service and other direct expenses will be charged as an additional cost plus 10%. A Sub-consultant Management Fee of fifteen-percent (10%) will be added to the direct cost of all sub-consultant services to provide for the cost of administration, sub-consultant consultation and insurance. Vehicle mileage will be charged as an additional cost at the IRS approved rate.

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

November 17, 2020

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: CAPITAL IMPROVEMENT PROGRAM UPDATE

RECOMMENDATION

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

BACKGROUND

In 2017, the San Elijo Joint Powers Authority (SEJPA) commenced a phased capital improvement program to replace and upgrade critical wastewater and recycled water infrastructure. The capital improvement projects were identified in the 2015 Facility Plan, then bundled into four phases to prioritize capital spending, streamline project delivery, minimize community impacts, and reduce cost through economies of scale. The recommended projects will replace aging infrastructure to ensure environmental compliance, improve operational efficiency, and advance regional climate action goals. Funding for the Capital Program is provided by the SEJPA 2017 Clean Water Bond Issuance, capital cash contributions from agencies served by the SEJPA, Caltrans, and State grants.

The first phase of the Capital Program (Phase I) has been constructed and included the Land Outfall Replacement, Preliminary Treatment Upgrades, and Odor Control Improvements projects. The construction cost of Phase I was \$14.7 million. Phases II through IV will be detailed further in the Discussion section of this report.

DISCUSSION

Phase II of the Capital Program has a construction budget of \$23.3 million and consists of multiple projects, including the Electrical System Improvements, Encinitas Ranch Recycled Water Expansion, Supervisory Control and Data Acquisition (SCADA) Upgrades, and Water Campus Improvements.

Electrical System Improvements were completed in 2018 and the Encinitas Ranch Recycled Water Expansion project was completed in 2019, for a total construction cost of \$1.9 million. The SCADA Upgrades project was recently completed for approximately \$0.7 million.

The cornerstone of Phase II, the Water Campus Improvements (WCI) project, includes:

- New Operations and Administration building
- Access roads and parking improvements
- Regional bike/pedestrian path in cooperation with Caltrans and the City of Encinitas
- Signal and road improvements on Manchester Avenue
- Onsite fire system upgrades
- New perimeter fencing, access control, and security improvements
- Solar power system
- Storm water conveyance, attenuation, and treatment

The WCI project was divided into two components to manage risk associated with the COVID-19 pandemic. The first component (GMP-1) is substantially complete, consisting of project elements that required construction during the dry weather season such as rough site grading, undergrounding of the regional storm drain culvert, installing dewatering wells, and constructing below grade site utilities. The second component (GMP-2) began in September 2020 and includes the construction of the multi-use path, administration/operation building and site improvements, and Manchester Avenue traffic signal and right-of-way improvements. The total project budget is \$20,595,000 and Attachment 1 provides additional budget and progress information.

Phase III, the Solids Treatment Improvements, is in the pre-design phase. The Project Definition Report (PDR) is complete and the engineer's estimate for the recommended improvements ranges from \$9 million – \$14 million, including optional improvements not required at this time. Staff is currently reviewing the report recommendations and will prioritize and scale project elements as necessary to align with current capital cash reserves and future pay-as-you-go requests. Requests for Proposals for the project design is planned to be issued in the last quarter of 2020.

Phase IV consists of Resource Recovery and Reuse projects including potable reuse and stormwater capture and reuse, treated water storage, process optimization, and energy efficiency projects. These projects are in various stages of development, which includes project scale, scope, budgets, and funding strategies. Staff is pursuing grant funding and multi-agency collaboration to help fund and advance many of these projects. Stormwater capture and reuse is being developed in a multi-step process, with the first stage successfully obtaining a state grant award for approximately \$1 million. Solar photovoltaic renewable energy project has been developed for the Water Campus site, and staff is seeking financing through a power purchase agreement. More recently, staff has commenced the concept development of an onsite energy storage project at the Water Campus. This work builds from previous work prepared by Encina Wastewater Authority, which is currently evaluating a similar project. During this last quarter, there is no new work to report on potable reuse development. Staff continues evaluating treatment system improvements and multi-agency partnering beneficial to developing a future potable reuse project.

## FINANCIAL IMPACT

There is no financial impact associated with this staff report. The 2017 Clean Water Bonds and grant funding, combined with current and future cash contributions for capital projects, are the

main financial funding sources for SEJPA's Capital Improvement Program. Budget and funding adjustments will be made as capital projects are developed, awarded, and constructed.

#### RECOMMENDATION

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

Respectfully submitted,

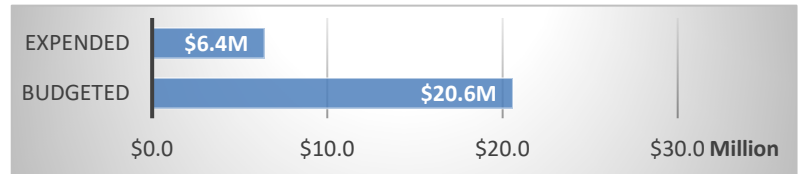
A handwritten signature in black ink, appearing to read 'M. Thornton', written over a horizontal line.

Michael Thornton, P.E.  
General Manager

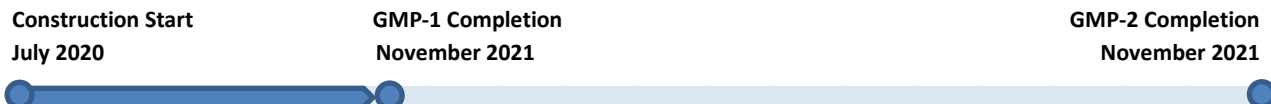
Attachment 1: Water Campus Improvement project update



**Capital Program:** Phase II  
**Project Status:** Construction  
**Construction Start:** July 2020  
**Est. Construction Completion:** November 2021



## Timeline



	<i>Budget</i>	<i>Approved Changes</i>	<i>Revised Budget</i>	<i>Spent to Date October 31, 2020</i>	<i>Percent Remaining</i>
GMP-1 Construction	\$4,736,706	\$130,000	\$4,866,706	\$3,789,364	22%
GMP-2 Construction	13,672,563	0	13,672,563	1,953,224	86%
CM/Engineering/Enviro	720,000	0	720,000	134,760	81%
Contingency	915,731	(130,000)*	785,731	-	86%
Permits/Inspection Fees	400,000	0	400,000	175,000	56%
RWQCB Mitigation Fee	150,000	0	150,000	149,500	0%
<b>Total</b>	<b>\$20,595,000</b>	<b>\$0</b>	<b>\$20,595,000</b>	<b>\$6,201,848</b>	<b>70%</b>

\*March 2020, Board authorized use of up to \$200,000 of owner contingency, of which \$130,000 has been moved to the GMP-1 line item to address changes in field conditions.

## Project Description

Work consists of constructing new administration and operations facilities, enhancing site security and public interface, improving stormwater capture and treatment, and modernization of firefighting and suppression system. Solar power, energy efficiency, and other Climate Action Plan measures are included. Community benefits include public parking, regional bicycle/pedestrian path, and traffic calming measures on Manchester Avenue.

## Work Completed: July 2020 - October 2020

Majority of GMP-1 work completed including dewatering wells, relocation of existing utilities, removal of abandoned utilities, installation of stormwater structures and subslab utilities, and undergrounding of regional stormwater channel. Additional scope included the NCC I-5 Project potable water main break remediation work (PCL is seeking NCC I-5 to fund this work). Contingency funds were utilized to remove abandoned sewer pipelines beneath the building footprint, relocate utility conflicts, and install a new potable water pipeline to serve the water campus.

## Planned Work: November 2020

Pour concrete building foundation. Complete stormwater conveyance system. Ongoing grading for multi-use path and connection to North Coast Bike Trail. Install domestic water and fire water service pipelines.

## Priorities or Issues to be Resolved

Expedite SDG&E approvals for new building and traffic signal/crossing electrical meters.