

AGENDA
REGULAR BOARD MEETING OF THE
SAN ELIJO JOINT POWERS AUTHORITY
DECEMBER 10, 2024 AT 8:30 A.M.
SAN ELIJO WATER CAMPUS – BOARD MEETING ROOM
2695 MANCHESTER AVENUE
CARDIFF BY THE SEA, CALIFORNIA

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. ORAL COMMUNICATIONS/PUBLIC COMMENT PERIOD (NON-ACTION ITEM)
5. AWARDS AND RECOGNITION
Vanessa Hackney, Administrative Coordinator – 5 years of service
6. * **CONSENT CALENDAR**
7. * [APPROVAL OF MINUTES FOR NOVEMBER 12, 2024 MEETING](#)
8. * [APPROVAL FOR PAYMENT OF WARRANTS AND MONTHLY INVESTMENT REPORTS – NOVEMBER 2024](#)
9. * [WASTEWATER TREATMENT REPORT – OCTOBER 2024](#)
10. * [RECYCLED WATER REPORT – OCTOBER 2024](#)
11. * [REPORTABLE MEETINGS](#)
12. * 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

13. [FY 2023-24 FINANCIAL AUDIT REPORT ACCEPTANCE](#)

1. Accept and file the San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2024;
2. Accept and file the FY 2023-24 SEJPA Audit Conclusion Letter (SAS 114); and
3. Discuss and take action as appropriate.

Staff Reference: Director of Finance and Administration

14. [SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR 2023-24 FINANCIAL PERFORMANCE REVIEW](#)

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

Staff Reference: Director of Finance and Administration

15. [RATIFY AND AUTHORIZE CHANGE ORDERS FOR THE BIOSOLIDS DEWATERING FACILITY IMPROVEMENT PROJECT CONTRACT](#)

1. Ratify Contract Change Order No. 7 (increase contract value by \$8,657.29 and 0 days) and Contract Change Order No. 8 (increase contract value by \$26,768.00 and 0 days), previously executed under the General Manager's signing authority;
2. Authorize the General Manager to execute Contract Change Order No. 9 in an amount of \$71,564.00 for additional construction services related to the Biosolids Dewatering Facility Improvements project;
3. Authorize the General Manager to negotiate and authorize a change order for additional work within the existing Dewatering Building to rehabilitate and reinforce deteriorated roof in an amount up to \$160,000.00; and
4. Discuss and take action as appropriate.

Staff Reference: Director of Infrastructure and Sustainability

16. [REJECT CONSTRUCTION BIDS FOR THE STORMWATER CAPTURE AND REUSE AND SITE WATER QUALITY IMPROVEMENTS PROJECT](#)

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

Staff Reference: Director of Infrastructure and Sustainability

17. [BIOLOGICAL TREATMENT CAPITAL PROJECT UPDATE](#)

1. Postpone the Biological Treatment Improvement Project to allow for the completion of the 2025 Facility Plan and development of a capital program funding strategy in collaboration with SEJPA member agencies;
2. Discuss and take action as appropriate.

Staff Reference: General Manager

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

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

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

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

20. [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.

21. [CLOSED SESSION](#)

None.

22. [ADJOURNMENT](#)

The next regularly scheduled San Elijo Joint Powers Authority Board Meeting will be Tuesday, January 21, 2025 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 are available for public review in the lobby of the SEJPA Administrative Office during normal business hours. Agendas and minutes are available at www.sejpa.org. The 2024 SEJPA Board meetings schedule is available at [SEJPA Board Meeting Dates](#).

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

San Elijo Water Campus (formerly known as San Elijo Water Reclamation Facility),
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: December 05, 2024

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

Michael T. Thornton, P.E.

Secretary / General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON NOVEMBER 12, 2024
AT THE SAN ELIJO WATER CAMPUS

Kellie Hinze, Chair

Kristi Becker, Vice Chair

A meeting of the Board of Directors of San Elijo Joint Powers Authority (SEJPA) was held Tuesday, November 12, 2024, at 8:30 a.m., at the San Elijo Water Campus.

1. CALL TO ORDER

Board Chair Hinze called the meeting to order at 8:31 a.m.

2. ROLL CALL

Directors Present:

Kellie Hinze
Kristi Becker
Allison Blackwell
David Zito

Others Present:

General Manager
Director of Operations
Director of Infrastructure and Sustainability
Director Finance and Administration
Senior Project Manager
Administrative Coordinator
Accounting Technician I

Michael Thornton
Chris Trees
Tom Falk
Kevin Lang
Michael Konicke
Vanessa Hackney
Maria Cruz

SEJPA Counsel:

Snell & Wilmer

Adriana Ochoa

City of Solana Beach:

Director of Engineering
City Manager

Mohammad "Mo" Sammak
Alyssa Muto

3. PLEDGE OF ALLEGIANCE

Board Chair, Hinze, led the Pledge of Allegiance.

4. ORAL COMMUNICATION/PUBLIC COMMENT PERIOD

None.

5. AWARDS AND RECOGNITION

- Christopher Trees , Director of Operations, 15 years of Service Award.

6. CONSENT CALENDAR

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

Agenda Item No. 7	Approval of Minutes for the October 15, 2024 Board Meeting
Agenda Item No. 8	Approval for Payment of Warrants and Monthly Investment Report – October
Agenda Item No. 9	Wastewater Treatment Report – September
Agenda Item No. 10	Recycled Water Report – September
Agenda Item No. 11	Reportable Meetings
Agenda Item No. 12	San Elijo Joint Powers Authority Updated Salary and Benefits Resolution

Motion carried with the following vote of approval:

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

14. BIOLOGICAL TREATMENT CAPITAL PROJECT UPDATE

General Manager, Michael Thornton, reviewed the SEJPA’s Capital Program which includes six priority projects and several miscellaneous near-term projects. The budget for these projects is \$32.8 million. Of the six priority projects, four are under construction. Rising construction costs have caused a funding shortfall affecting the remaining projects, including most significantly, the Biological Treatment Improvement Project. The identified funding shortfall is estimated at \$7 million, with approximately \$4.5 million required specifically for the Biological Treatment Improvement project.

During the October 2024 Board meeting, SEJPA staff conducted a Capital Program Workshop to review the purpose and objectives of both the Stormwater Capture and Reuse Project and the Biological Treatment Improvement Project. The workshop also provided an overview of identified near-term projects to clarify the importance of these projects and update the estimated funding required to complete them. Following the workshop, the Board directed staff to confer with member agencies on funding options for the funding shortfall.

Staff met with staff from both member agencies to discuss options for closing the funding gap. For simplicity, the decision tree was refined to (Option 1) proceed immediately with construction of the Biological Treatment project (concurrent with the implementation of remaining miscellaneous projects) and secure an estimated \$7 million to close identified funding gap or (Option 2) postpone the construction of the Biological Treatment project until after the completion of the 2025 Facility Plan and continue development of miscellaneous near-term projects.

Staff recommended option 2, postponing the Biological Treatment Improvement Project to allow for the completion of the 2025 Facility Plan and then the development of a comprehensive capital program funding strategy. The Board discussed the two options provided by Staff and decided to further evaluate both options and reconvene on this topic at the December Board Meeting.

18. GENERAL MANAGER'S REPORT

None.

19. GENERAL COUNSEL'S REPORT

General Counsel, Adriana Ochoa, provided two case updates relevant to the SEJPA Board.

20. BOARD MEMBER COMMENTS

Board Member Zito acknowledged the new Director of Finance and Administration, Kevin Lang. General Manager Thornton introduced the new Director of Finance and Administration.

21. CLOSED SESSION

None.

22. ADJOURNMENT

The meeting adjourned at 9:22 a.m. The next Board of Directors meeting is scheduled to be held on Tuesday, December 10, 2024 at 8:30 a.m.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

**SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS
For the Month of November 2024**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
44413	Abila	Licenses	Accounting software support and subscription	\$ 365.13
44414	Ag Tech, LLC	Services - Biosolids Hauling	Biosolids hauling and reuse - Sept 24	20,728.55
44415	Ahrens Mechanical	Services - Contractors	Moonlight Beach P.S. modifications - Sept 24	81,083.11
44416	Akeso Occupation Health	Services - Medical	Hearing test	45.00
44417	Allied Storage Containers	Equipment Rental/Lease	20' and 40' storage containers - 10/24 - 11/24	359.89
44418	AT&T	Utilities - Telephone	Phone service - 09/24 - 10/24	748.85
44419	Black & Veatch	Services - Engineering	Facility Plan Update through Sept 24	5,992.50
44420	Boot World, Inc.	Uniforms - Boots	Safety boots - E. Fox	223.00
44421	Brenntag Pacific, Inc	Supplies - Chem - Odor, Chemicals	Sodium Hydroxide and Citric acid	5,180.85
44422	CA. Office Cleaning, Inc.	Services - Janitorial	Office and window cleaning	6,582.00
44423	California Water Technologies	Supplies - Chem - Ferric Chlo	Ferric chloride solution	11,830.84
44424	CDW Government	Supplies - IT Equipment	Laptop	1,280.55
44425	The Coast News Group	Advertising	Newspaper Ad - Stormwater capture and reuse	393.75
44426	County of San Diego	Fees - Permits	Application processing fee - APCD2003-PTO-978943	130.00
44427	Dudek & Associates	Services - Engineering	Construction of M.B.P.S. - 08/24 - 09/24	1,260.00
44428	Westbound Solar 2, LLC	Utilities - Solar Power	Solar - Sep	11,303.82
44429	EDCO Waste & Recycling Service	Utilities - Trash	Disposal of modules and Oct	1,175.65
44430	Encina Wastewater Authority	Services - Laboratory	Heterotrophic plate count analysis	170.46
44431	City of Encinitas	Service - IT Support	Admin network , Zoom and Duo - Oct 24	6,722.98
44432	Enthalpy Analytical, LLC	Services - Laboratory	Laboratory toxicity testing services for Aug 24	1,050.00
44433	Eurofins Calscience, LLC	Services - Laboratory	Testing water samples	1,826.00
44434	Evoqua Water Technologies	Supplies - Chem - Odor	Bioxide	12,511.97
44435	Excel Landscape, Inc.	Services - Landscape	Grounds maintenance service - Oct	4,382.00
44436	Firehawk Fire & Safety	Training - Safety	Fire demonstration class	695.00
44437	Fluid Components International	Services - Maintenance	Annual meter calibrations	979.09
44438	Fuel Oil Polishing Co. of S.D	Services - Maintenance	Fuel tank service	2,375.00
44439	gafcon	Services - Contractors	Labor compliance for Wanket Pipeline - Sept 24	440.21
44440	Global Power Group Inc.	Services - Maintenance	Generator maintenance - Cardiff P.S.	1,222.20
44441	Grainger, Inc.	Supplies - Safety, Repair Parts Expense	Various supplies and parts	2,762.65
44442	Hardy Diagnostics	Supplies - Lab	Various lab supplies	1,248.71
44443	Harrington Industrial Plastics	Repair Parts Expense	Drum for pump	470.64
44444	Helix Environmental Planning	Services - Professional	Biological consulting services through Oct 24	560.00
44445	America Y. Hernandez Guillen	Dues & Memberships	Employee reimb. - CWEA Lab Analyst I cert	192.00
44446	Hoch Consulting, APC	Services - Professional	Prop 1 Rd Project 7 and Prop 1 Rd 1 Project 6	9,180.00
44447	Casey Larsen	Subsistence - Travel/Rm & Bd	Employee reimbursement - mileage	67.00
44448	Lawson Products Inc.	Supplies - Shop & Field	Various supplies	716.62
44449	Leaf & Cole, LLP	Services - Accounting	Audit services - FY 23/24	6,800.00
44450	Lee's Lock & Safe	Services - Maintenance	Lock service	3,561.45
44451	Liquid Environmental Solution	Services - Grease & Scum	Pumping service - Oct 24	405.00
44452	McMaster-Carr Supply Co.	Repair Parts Expense, Supplies - Safety, Shop & Field	Various supplies	2,953.17
44453	Mission Square	ICMA Retirement	ICMA - 401a	7,614.78
44454	Mission Square - 304175	EE Deduction Benefits Payable	ICMA - 457	8,837.49
44455	Motion Industries, Inc.	Repair Parts Expense	Compressor and motor	6,296.13
44456	MSE Landscape Professionals	Services - Landscape	Tree maint., weevil treatment and palm tree removal	25,615.00

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For the Month of November 2024**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
44457	Napa Auto Parts	Vehicle Maintenance	Battery for electrical truck	201.33
44458	Olin Corp - Chlor Alkali	Supplies - Chem - Sodium Hypo	Procurement of Sodium Hypochlorite	11,400.95
44459	Olivenhain Municipal Water Dis	Services - Landscape, Maintenance	Wanket reservoir Q1, Weigand zona gale Q1/Q2	6,986.16
44460	OneSource Distributors, Inc.	Repair Parts Expense	Various supplies	1,564.22
44461	Pacific Pipeline Supply	Repair Parts Expense	Various supplies	1,179.52
44462	PE Instruments	Repair Parts Expense	Annual flow meter calibrations	4,337.28
44463	Procopio Cory Hargreaves	Services - Legal	General and employment	10,668.00
44464	Rising Tide Partners, LLC	Services - Professional	Communications services - Jul - Oct 24	6,990.00
44465	RSF Security Systems	Services - Alarm	Cellular fire system monitoring	49.00
44466	San Dieguito Water District	Utilities - Water (Suppl.)	Water	1,967.05
44467	Sloan Electric Company	Repair Parts Expense	Odor scrubber recirculation pump	1,135.89
44468	Southern Contracting Comp.	Services - Contractors	Sump Pump Conduit Upsize for Coast Blvd P.S.	16,080.00
44469	Terminix Processing Center	Services - Maintenance	Pest control service	108.88
44470	Tesco Controls	Services - Professional	SCADA Support services	9,450.00
44471	Trussell Technologies, Inc	Services - Professional	BioTreatment Design - & T1 - Op. support - Sept 24	133,962.25
44472	Unifirst Corporation	Services - Uniforms, Service - Uniforms	Uniform service and gloves	840.30
44473	USA Bluebook	Repair Parts Expense, Supplies - Lab	Various supplies	13,432.47
44474	Verizon Wireless	Utilities - Telephone	Cell phone service and equipment	567.88
44475	Verizon Wireless	Utilities - Telephone	Cell phone service and equipment	1,595.99
44476	Volt Management Corp	Services - Temp	Internship program and temp service	8,604.91
44477	Benefits Coordinators Corp.	Dental/Vision	Vision - Nov	497.30
44478	VWR International, Inc.	Supplies - Lab	Various lab supplies	729.25
44479	WageWorks	Payroll Processing Fees	Admin fee - Oct	186.50
44480	Webster Bank, N.A.	Interest Expense -2023 RW Loan	2023 Recycled water loan - Payment #3	390,649.00
44481	Void			-
44482	Adam Kaye	Services - Professional	Public communications	600.00
44483	Advanced Air & Vacuum	Capital Outlay	Air compressor	15,336.74
44484	Ag Tech, LLC	Services - Biosolids Hauling	Biosolids hauling and reuse - Oct 24	15,056.55
44485	Aguilar Plant Care, Inc	Services - Maintenance	Palm treatment	2,875.00
44486	Ardurra Group, Inc	Services - Engineering	Wanket tank refurbish support from - Sept 24	1,845.00
44487	Automation Direct	Repair Parts Expense	Various supplies	1,252.06
44488	Backflow Services, Inc.	Services - Maintenance	Backflow service	2,844.89
44489	Miguel A Becerra	Seminars/Education	Employee reimbursement - CWEA workshop	40.00
44490	Black & Veatch	Services - Engineering	Dewatering facilities upgrades through Sept 24	7,100.00
44491	Boot World, Inc.	Uniforms - Boots	Safety boots - Multiple Employees	797.04
44492	Brax Process and Pump Equip.	Repair Parts Expense	Pump	5,432.18
44493	Brenntag Pacific, Inc	Supplies - Chem - Odor	Sodium Hydroxide	1,342.19
44494	CA. Office Cleaning, Inc.	Services - Janitorial	Office and window cleaning	3,291.00
44495	CDM Smith	Services - Engineering	Services for Wanket Tank/Moonlight P.S./RW Pipeline	49,403.80
44496	City National Bank	Interest Expense - AWT Note	Loan agreement - #11-020-#26	74,076.57
44497	CWEA Membership	Dues & Memberships	Membership renewal - T. Hutchinson	239.00
44498	City of Encinitas	Service - IT Support	Admin network , Zoom and Duo - Jul	6,722.98
44499	City of Encinitas	Service - IT Support	Admin network , Zoom and Duo - Aug	6,722.98
44500	City of Encinitas	Board Expense	Board meeting reimbursements	480.00

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Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
44501	Enthalpy Analytical, LLC	Services - Laboratory	Laboratory toxicity testing services for Sep 24	1,050.00
44502	Grainger, Inc.	Supplies - Shop & Field, Safety	Various supplies	1,147.50
44503	GSE Construction Company Inc.	Services - Contractors	Biosolids facilities improvements - Oct 24	306,900.01
44504	Hach Company	Supplies - Lab, Repair Parts Expense	Various supplies	2,441.95
44505	Hardy Diagnostics	Supplies - Lab	Various lab supplies	860.80
44506	Helix Environmental Planning	Services - Professional	Environmental consulting - SW Capture and Reuse	4,880.00
44507	Idexx Distribution, Inc.	Supplies - Lab	Various lab supplies	1,235.86
44508	Integrity Municipal Systems	Services - Maintenance	Inspection service for scrubber	4,250.00
44509	Liquid Environmental Solution	Services - Grease & Scum, Gritt & Screenings	Pumping service and rolloff box - Oct 24	2,095.00
44510	McMaster-Carr Supply Co.	Repair Parts Expense, Shop Tools & Equip.	Various supplies	1,369.73
44511	Mission Square	ICMA Retirement	ICMA - 401a	7,633.10
44512	Mission Square - 304175	EE Deduction Benefits Payable	ICMA - 457	8,824.52
44513	Cosby Oil Company, Inc	Fuel	Fuel - Oct	1,316.60
44514	Olin Corp - Chlor Alkali	Supplies - Chem - Sodium Hypo	Procurement of Sodium Hypochlorite	11,134.85
44515	Olivenhain Municipal Water Dis	Services - Lobbying, Rent, Professional	Bluewater Strategies, Pipeline pmt, grant admin	31,879.95
44516	Otis Elevator Company	Services - Maintenance	Elevator maintenance from Nov 24	205.20
44517	PE Instruments	Repair Parts Expense	Flow meter calibration service	1,482.96
44518	Peerless Materials Co., LLC	Supplies - Shop & Field	Shop towels	679.04
44519	ProBuild Company, LLC	Supplies - Safety, Shop & Field	Various supplies	1,041.87
44520	Radwell International, Inc.	Repair Parts Expense	PLC module	3,025.35
44521	Rockwell Construction Services	Services - Professional	Professional services for Oct 24	1,800.00
44522	Rockwell Solutions	Repair Parts Expense	Various supplies	5,130.85
44523	Santa Fe Irrigation District	SFID Distribution Pipeline	Pipeline purchase payment	3,530.99
44524	San Dieguito Water District	Utilities - Water (Suppl.)	Water	2,809.25
44525	SS Mechanical	Services - Maintenance	Copper pipeline repairs	6,750.00
44526	Unifirst Corporation	Services - Uniforms	Uniform service	271.70
44527	Underground Service Alert/SC	Services - Alarm	Dig alert and safe excavation board	126.61
44528	USA Bluebook	Repair Parts Exp., Supplies - Lab, Safety	Various supplies	1,051.30
44529	Volt Management Corp	Services - Temp	Internship program and temp service	1,029.03
44530	The Water Research Foundation	Dues & Memberships	WRFMBR - Utility membership	2,401.00
44531	Aflac	EE Deduction Benefits Payable	Aflac - Nov	1,214.52
44532	Ahrens Mechanical	Services - Contractors	Moonlight Beach P.S. mods/Wanket Tank RW Pipeline - Oct 24	600,249.72
44533	Allied Storage Containers	Equipment Rental/Lease	20' and 40' storage containers - Nov - Dec 24	359.89
44534	ASCE Membership	Dues & Memberships	ASCE membership renewal - M. Thornton	316.00
44535	AT&T	Utilities - Internet	Internet service - Oct 24	2,175.16
44536	AT&T	Utilities - Telephone	Phone service - Oct - Nov 24	748.82
44537	James Barnett	Dues & Memberships	Employee reimbursement - CWEA membership renewal	239.00
44538	Boot World, Inc.	Uniforms - Boots	Safety boots - M. Piper	225.00
44539	Caltrol, Inc.	Repair Parts Expense	RO actuator	1,806.56
44540	CDM Smith	Services - Engineering	Services for Wanket Tank, Moonlight P.S. and R.W. Pipeline	58,751.60
44541	Corodata	Rent	Record storage - Oct	122.85
44542	County of San Diego	Fees - Permits	Evaluation fee - APCD2003-PTO-978943	495.00
44543	County of San Diego	Fees - Permits	Check fee - APCD2003-PTO-978943	25.00
44544	D&H Water Systems	Services - Maintenance	Chlorine analyzer and installation service	2,286.06

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Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
44545	Dixieline Lumber Company	Supplies - Shop Tools and Equip.	Various supplies	885.58
44546	Westbound Solar 2, LLC	Utilities - Solar Power	Solar - Oct	9,598.54
44547	Firehawk Fire & Safety	Services - Maintenance	Annual fire extinguisher service	3,387.15
44548	Evan E Fox	Seminars/Education	Employee reimbursement - Grade 2 certification application	169.00
44549	gafcon	Services - Contractors	Labor compliance - Wanket Pipeline/Wanket Tank - Oct 24	1,228.18
44550	Golden Bell Products	Supplies - Chemicals	Degreaser for Coast P.S.	498.45
44551	Grainger, Inc.	Repair Parts Expense, Shop & Field	Various supplies	574.06
44552	The Hardwood & Hardware Co.	Supplies - Office	Various supplies	239.36
44553	Hardy Diagnostics	Supplies - Lab	Various lab supplies	527.98
44554	Helix Environmental Planning	Services - Professional	Biological consulting services through Nov 24	618.79
44555	Lee's Lock & Safe	Supplies - Lab	Keys	24.24
44556	McMaster-Carr Supply Co.	Repair Parts Expense, Supplies - Shop & Field	Various supplies	1,382.26
44557	Midas Shop	Vehicle Maintenance	Oil change, break pads and service	2,216.08
44558	Miramar Bobcat, Inc.	Repair Parts Expense	Bobcat muffler	678.52
44559	Motion Industries, Inc.	Repair Parts Expense	Secondary collector drive and supplies	5,969.13
44560	Wayne E Mutscheller	Seminars/Education	Employee reimbursement - CWEA workshop	40.00
44561	Napa Auto Parts	Vehicle Maintenance	Battery for electrical truck	1,615.25
44562	Cosby Oil Company, Inc	Fuel	Fuel - Nov	599.57
44563	Nth Generation	Services - Maintenance	Domain controller upgrade	7,840.00
44564	The Nyhart Company	Services - Accounting	Actuarial service	1,750.00
44565	Oasis Palm Nursery, Inc.	Services - Maintenance	Fall service - Palm maintenance	600.00
44566	OneSource Distributors, Inc.	Repair Parts Expense, Serv. - Professional	PLC parts and AB engineering service	9,042.39
44567	Polydyne Inc.	Supplies - Chem - Polymer	Clarifloc WE-007	16,929.43
44568	Radwell International, Inc.	Repair Parts Expense	PLC Card	797.36
44569	Concepcion Yani Reyes-Heyer	Subsistence - Travel/Rm & Bd	Employee reimb. - CalPERS conf. hotel and mileage	612.17
44570	RingCentral, Inc	Utilities - Telephone	Phone service and hardware - Nov - Dec 24	672.82
44571	RSF Security Systems	Services - Alarm	Code change service	20.00
44572	Santa Fe Irrigation District	Utilities - Water	Water	555.68
44573	Snell & Wilmer L.L.P	Services - Legal	General counsel - Sep and Oct 24	4,095.00
44574	Terminix Processing Center	Services - Maintenance	Pest control service	454.13
44575	Unifirst Corporation	Supplies - Safety, Services - Uniforms	Uniform service and gloves	760.51
44576	UPS	Postage/Shipping	Shipping	230.71
44577	USA Bluebook	Repair Parts Expense, Supplies - Lab, Safety	Various supplies	1,514.15
44578	Verizon Wireless	Utilities - Telephone	Cell phone service and equipment	567.98
44579	Verizon Wireless	Utilities - Telephone	Cell phone service and equipment	1,139.30
44580	Volt Management Corp	Services - Temp	Internship program and temp service	730.64
44581	VWR International, Inc.	Supplies - Lab	Various lab supplies	856.73
44582	WageWorks	Payroll Processing Fees	Admin fee - Nov	186.50
44583	Water Environment Federation	Dues & Memberships	Membership renewal - Mike Thornton	379.00
On-line 981	P.E.R.S.	Medical Insurance - Pers	Health - Nov	51,693.78
On-line 982	ReadyRefresh	Supplies - Lab	Kitchen and lab supplies	812.10
On-line 983	BankCard Center	Supplies - Safety, Other Personnel Cost	Various supplies	12,090.78
On-line 984	Michelle Pizer	Training	Executive coaching - Oct 24	3,000.00
On-line 985	Public Employees- Retirement	Retirement Plan - PERS	Retirement - Oct 24	25,253.29

**SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS
For the Month of November 2024**

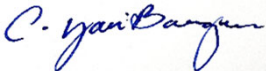
Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
On-line 986	Public Employees- Retirement	Retirement Plan - PERS	Retirement - Nov 24	24,087.89
On-line 987	WM Corporate Services, Inc.	Services - Sediment Disposal	10 yard roll off disposal	3,895.96
On-line 988	P.E.R.S.	Medical Insurance - Pers	Health - Dec	47,227.38
On-line 989	ReadyRefresh	Supplies - Lab	Kitchen and lab supplies	847.63
On-line 990	San Diego Gas & Electric	Utilities - Gas & Electric	Gas and electric - Oct 24	99,364.13
On-line 991	Sun Life Financial	Life Insurance/Disability	Life and disability - Dec 24	3,105.65
	San Elijo Payroll Account	Payroll	Payroll - 11/01/24	133,469.63
	San Elijo Payroll Account	Payroll	Payroll - 11/15/24	133,611.23
	San Elijo Payroll Account	Payroll	Payroll - 11/29/24	125,256.12
				<u>\$ 2,908,053.56</u>

**SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS SUMMARY**

**For the Month of November 2024
As of November 30, 2024**

PAYMENT OF WARRANTS \$ 2,908,053.56

I hereby certify that the demands listed and covered by warrants are correct and just to the best of my knowledge, and that the money is available in the proper funds to pay these demands. The cash flows of SEJPA, including the Member Agency commitment in their operating budgets to support the operations of SEJPA, are expected to be adequate to meet SEJPA's obligations over the next six months. I also certify that SEJPA's investment portfolio complies with the SEJPA's investment policy.



C. Yani Barragan
Accounting Supervisor

SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF FUNDS AVAILABLE FOR PAYMENT OF WARRANTS
AND INVESTMENT INFORMATION

As of November 30, 2024

FUNDS ON DEPOSIT WITH	AMOUNT
LOCAL AGENCY INVESTMENT FUND <i>(OCTOBER 2024 YIELD 4.518%)</i>	\$ 10,160,294.45
CALIFORNIA BANK AND TRUST <i>(NOVEMBER 2024 YIELD 0.01%)</i>	1,853,435.31
U.S. Bank <i>(NOVEMBER 2024 YIELD 4.40%)</i>	15,922,767.12
PARS <i>(OCTOBER 2024 YIELD -1.97%)</i>	1,035,796.36
TOTAL RESOURCES	<u>\$ 28,972,293.24</u>

*

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2024

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: WASTEWATER TREATMENT REPORT – OCTOBER 2024

RECOMMENDATION

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

DISCUSSION

Monthly Treatment Facility Performance and Evaluation

Wastewater treatment for the San Elijo Joint Powers Authority (SEJPA) met all National Pollutant Discharge Elimination System (NPDES) ocean effluent limitation requirements for the month of October 2024. The primary indicators of treatment performance include the removal of Total Suspended Solids (TSS) and Carbonaceous Biochemical Oxygen Demand (CBOD). The SEJPA is required to remove a minimum of 85 percent of the TSS and CBOD from the wastewater. Treatment levels for **TSS** and **CBOD** were **99.1** and **99.2** percent removal, respectively, during the month of October.

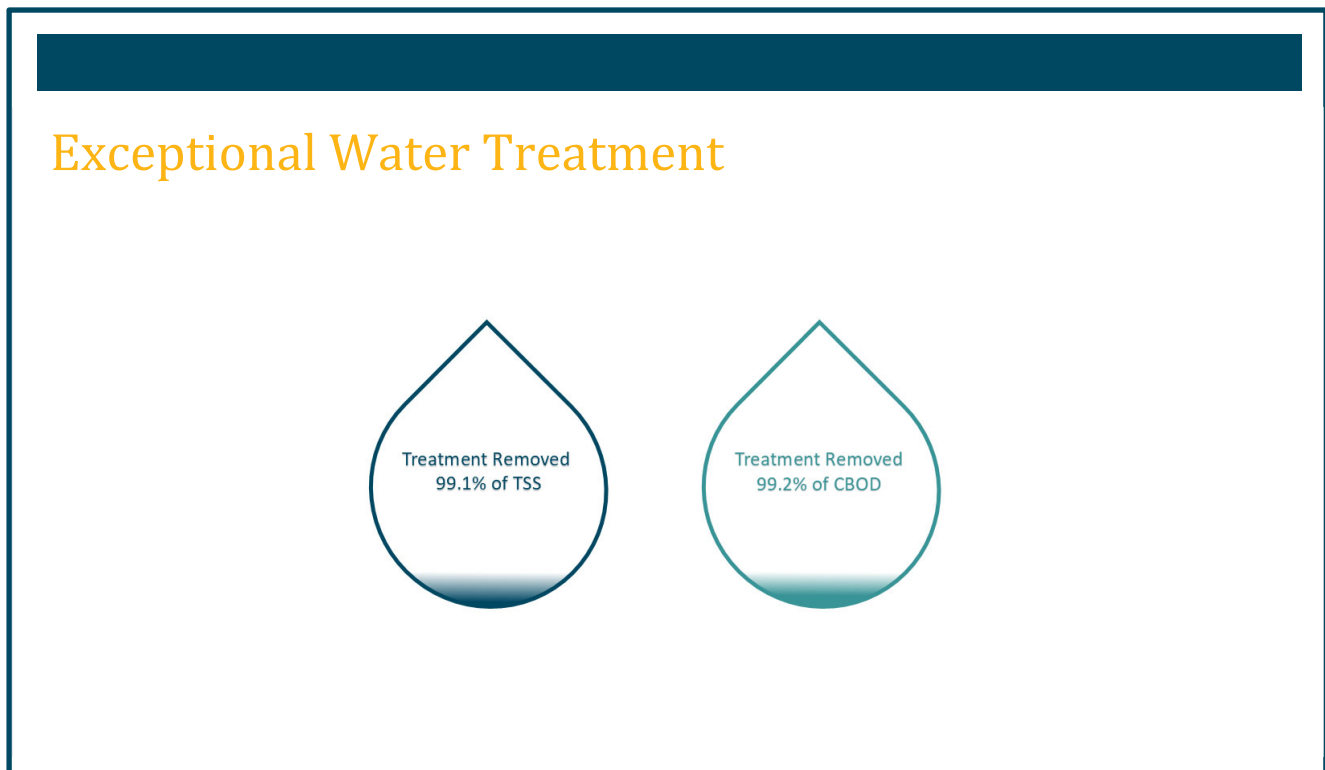
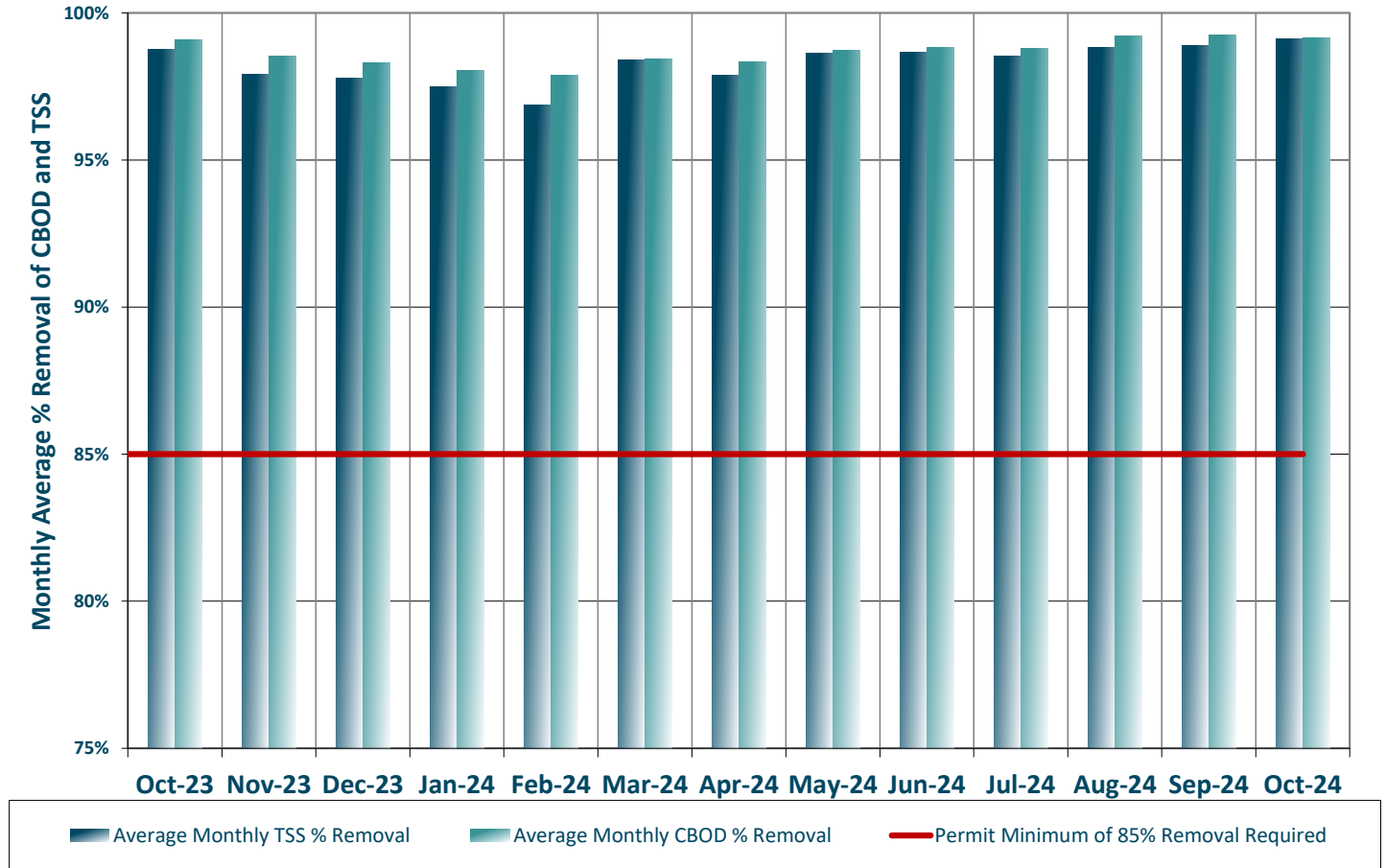


Figure 1 (below) shows historic treatment performance trends for the removal of TSS and CBOD over the last 13 months compared to the permit minimum removal requirement of 85%.

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



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

FIGURE 2: TREATED EFFLUENT FLOWS REMOVAL OF TSS

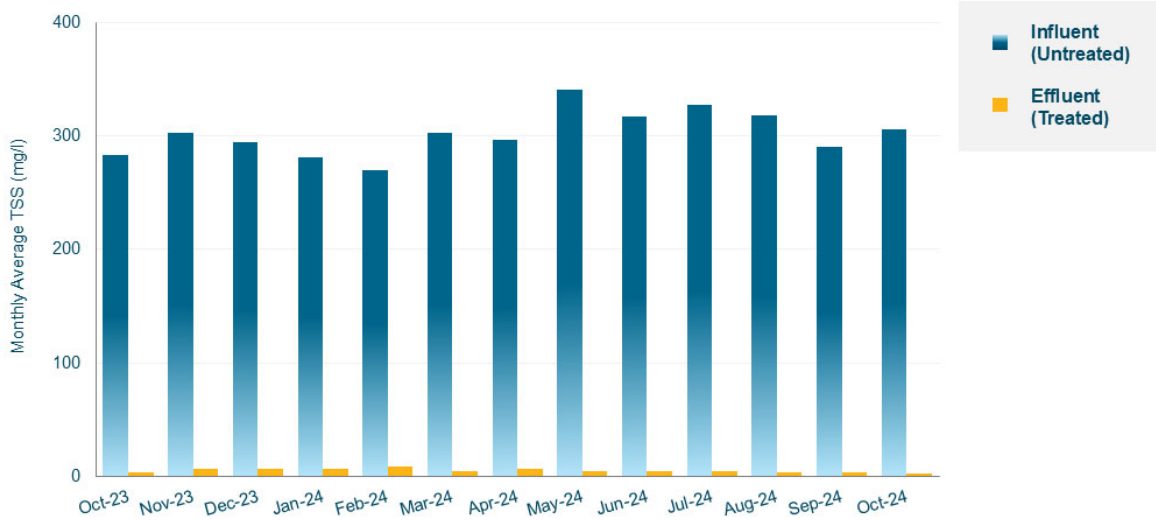
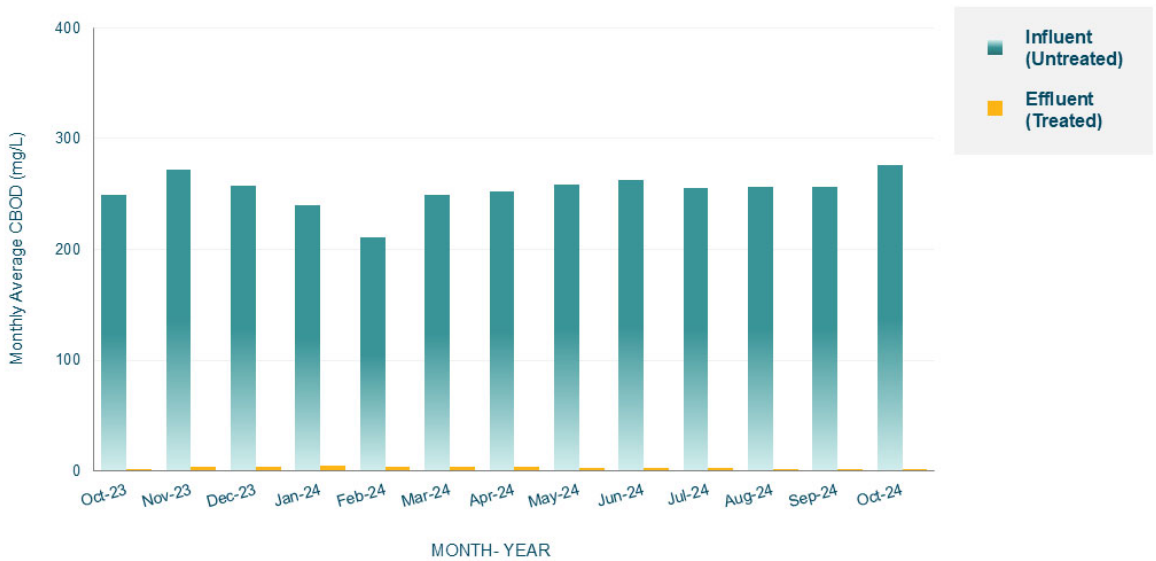


FIGURE 3: TREATED EFFLUENT FLOWS REMOVAL OF CBOD



Member Agency Flows

Table 1 (below) presents the influent and effluent flows for the month of October. Average daily influent flows were recorded for each contributing agency. In October, about 55% of the incoming flow was repurposed as recycled water with the remaining flow discharged to the ocean.

TABLE 1 – INFLUENT AND EFFLUENT FLOWS IN OCTOBER

	Influent (mgd)	Recycled Water (mgd)	Effluent (mgd)*
Cardiff Sanitary Division	1.296	0.710	0.586
City of Solana Beach	1.019	0.558	0.461
Rancho Santa Fe SID	0.160	0.089	0.071
City of Del Mar	0.340	0.186	0.154
Total San Elijo Water Campus Flow	2.815	1.543	1.272

* 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 contributing agency during the past 3 years. It also presents the number of connected Equivalent Dwelling Units (EDUs) for each agency during this same time.

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

MONTH	AVERAGE DAILY INFLUENT FLOW RATE (MGD)					CONNECTED EDUs					AVERAGE UNIT INFLUENT FLOW RATE (GAL/EDU/DAY)				
	CSD	RSF	SB	DM	TOTAL DESIGN	CSD	RSF	SB	DM	TOTAL EDUS	CSD	RSF	SB	DM	TOTAL PLANT
Jul-21	1.183	0.144	0.972	0.435	2.734	8,554	579	8,124	2,616	19,873	138	249	120	178	138
Aug-21	1.178	0.150	0.966	0.480	2.774	8,556	579	8,124	2,616	19,875	138	259	119	196	140
Sep-21	1.153	0.129	0.948	0.353	2.583	8,557	579	8,124	2,616	19,876	135	223	117	144	130
Oct-21	1.225	0.126	0.885	0.329	2.565	8,557	579	8,124	2,616	19,876	143	218	109	139	129
Nov-21	1.156	0.131	0.911	0.329	2.527	8,557	581	8,124	2,616	19,878	135	226	112	135	127
Dec-21	1.264	0.145	0.913	0.310	2.632	8,557	581	8,124	2,616	19,878	148	250	112	127	132
Jan-22	1.174	0.140	0.906	0.357	2.577	8,557	581	8,124	2,616	19,878	137	241	112	145	130
Feb-22	1.113	0.158	0.929	0.300	2.500	8,557	581	8,124	2,616	19,878	130	272	114	120	126
Mar-22	1.176	0.142	0.946	0.307	2.571	8,557	581	8,124	2,616	19,878	137	245	116	123	129
Apr-22	1.134	0.140	0.875	0.315	2.464	8,557	582	8,124	2,616	19,879	133	241	108	129	124
May-22	1.146	0.140	0.877	0.301	2.464	8,557	582	8,124	2,616	19,879	134	241	108	123	124
Jun-22	1.133	0.138	0.921	0.452	2.644	8,557	583	8,124	2,616	19,880	132	237	113	184	133
Jul-22	1.124	0.129	0.948	0.438	2.639	8,557	583	8,142	2,616	19,898	131	221	116	179	133
Aug-22	1.163	0.133	0.929	0.448	2.673	8,557	583	8,142	2,616	19,898	136	228	114	185	134
Sep-22	1.139	0.125	0.904	0.381	2.549	8,557	584	8,142	2,616	19,899	133	214	111	158	128
Oct-22	1.083	0.128	0.890	0.295	2.396	8,557	584	8,142	2,616	19,899	127	219	109	122	120
Nov-22	1.205	0.124	0.879	0.336	2.544	8,557	585	8,142	2,616	19,900	141	212	108	138	128
Dec-22	1.186	0.133	0.906	0.374	2.599	8,557	585	8,142	2,616	19,900	139	228	111	151	131
Jan-23	1.630	0.200	0.979	0.379	3.188	8,557	585	8,142	2,616	19,900	190	342	120	153	160
Feb-23	1.323	0.167	0.930	0.371	2.791	8,557	585	8,142	2,616	19,900	155	286	114	149	140
Mar-23	1.892	0.255	1.044	0.392	3.583	8,557	585	8,142	2,616	19,900	221	436	128	154	180
Apr-23	1.244	0.187	0.915	0.303	2.649	8,557	586	8,142	2,616	19,901	145	319	112	123	133
May-23	1.184	0.167	0.879	0.295	2.525	8,557	586	8,142	2,616	19,901	138	285	108	120	127
Jun-23	1.185	0.144	0.891	0.413	2.633	8,557	586	8,142	2,616	19,901	136	282	109	171	132
Jul-23	1.160	0.146	0.949	0.446	2.701	8,557	586	8,166	2,616	19,925	136	249	116	182	136
Aug-23	1.242	0.177	0.954	0.494	2.867	8,559	586	8,166	2,622	19,933	145	302	117	200	144
Sep-23	1.161	0.161	0.885	0.371	2.578	8,559	586	8,166	2,622	19,933	136	275	108	152	129
Oct-23	1.125	0.163	0.870	0.308	2.466	8,559	587	8,166	2,622	19,934	131	278	107	125	124
Nov-23	1.246	0.186	0.961	0.409	2.802	8,559	588	8,166	2,622	19,935	146	317	118	149	141
Dec-23	1.313	0.173	1.011	0.377	2.874	8,559	588	8,166	2,622	19,935	153	294	124	133	144
Jan-24	1.416	0.190	1.055	0.380	3.041	8,569	588	8,166	2,622	19,945	165	323	129	134	152
Feb-24	1.788	0.256	1.099	0.422	3.565	8,569	588	8,166	2,622	19,945	209	436	135	151	179
Mar-24	1.395	0.200	1.061	0.352	3.008	8,616	588	8,166	2,639	20,009	162	340	130	125	150
Apr-24	1.313	0.216	1.036	0.368	2.933	8,620	588	8,166	2,639	20,013	152	368	127	130	147
May-24	1.294	0.196	1.017	0.349	2.856	8,620	588	8,166	2,639	20,013	150	334	125	125	143
Jun-24	1.275	0.191	1.058	0.508	3.032	8,620	588	8,166	2,639	20,013	148	325	130	184	152
Jul-24	1.310	0.185	1.076	0.494	3.065	8,620	588	8,166	2,639	20,013	152	315	132	182	153
Aug-24	1.279	0.166	1.090	0.512	3.047	8,621	588	8,178	2,639	20,025	148	283	133	188	152
Sep-24	1.278	0.165	1.034	0.399	2.876	8,621	588	8,178	2,657	20,043	148	281	126	147	143
Oct-24	1.296	0.160	1.019	0.340	2.815	8,621	591	8,178	2,657	20,046	150	271	125	122	140

CSD: Cardiff Sanitary Division

RSF: Ranch Santa Fe Community Service District

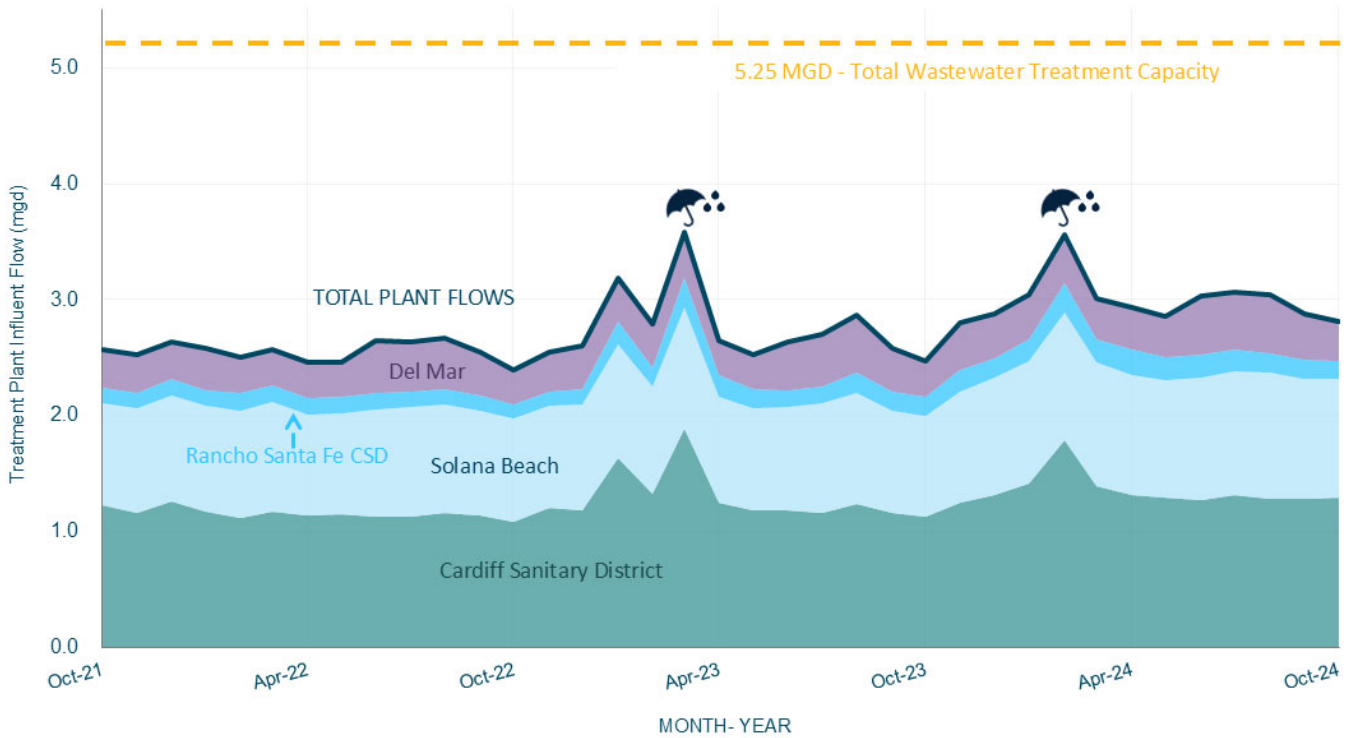
SB: Solana Beach

DM: City of Del Mar

EDU: Equivalent Dwelling Unit

Figure 4 (below) presents the 3-year historical average daily flows per month for each contributing agency. This is to provide a historical overview of the average flow treated for each agency. Also shown in Figure 4 is the total wastewater treatment capacity of the water campus, 5.25 mgd, of which the Cities of Encinitas and Solana Beach 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 3 YEARS



City of Escondido Flows

The average and peak flow rate for the month of October 2024 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)	8.4
Escondido (Peak flow rate)	18.0

Connected Equivalent Dwelling Units

The City of Solana Beach updated the number of connected EDUs that are reported to the SEJPA in August 2024. The number of connected EDUs for City of Del Mar was updated in September 2024. City of Encinitas and Rancho Santa Fe CSD update their connected EDUs report every month. The number of EDUs connected for each of the Member Agencies and lease agencies is reported in Table 4 below.

TABLE 4 – CONNECTED EDUs BY AGENCY

	Connected (EDU)
Cardiff Sanitary Division	8,621
Rancho Santa Fe SID	591
City of Solana Beach	7,841
San Diego (to Solana Beach)	337
City of Del Mar	2,657
Total EDUs to System	20,047

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

*

AGENDA ITEM NO. 10

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2024

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: RECYCLED WATER REPORT – OCTOBER 2024

RECOMMENDATION

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

DISCUSSION

Recycled Water Production

For the month of October 2024, recycled water demand was 157.5 acre-feet (AF), which was 157.3 AF of recycled water and 0.2 AF of supplemental water. October demand was 4.1% higher than budget expectations of 151 AF. Demand for the first four months of the fiscal year is 7.2% ahead of budget.

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 October for the last ten years to provide a year-over-year comparison. Figure 3 (attached) compares budget versus actual recycled water sales for FY 2024-25.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

FIGURE 1: RECYCLED WATER DEMAND AND RAINFALL COMPARISON



Recycled water demand continues to increase even in wet years.

FIGURE 2: OCTOBER RECYCLED WATER DEMAND

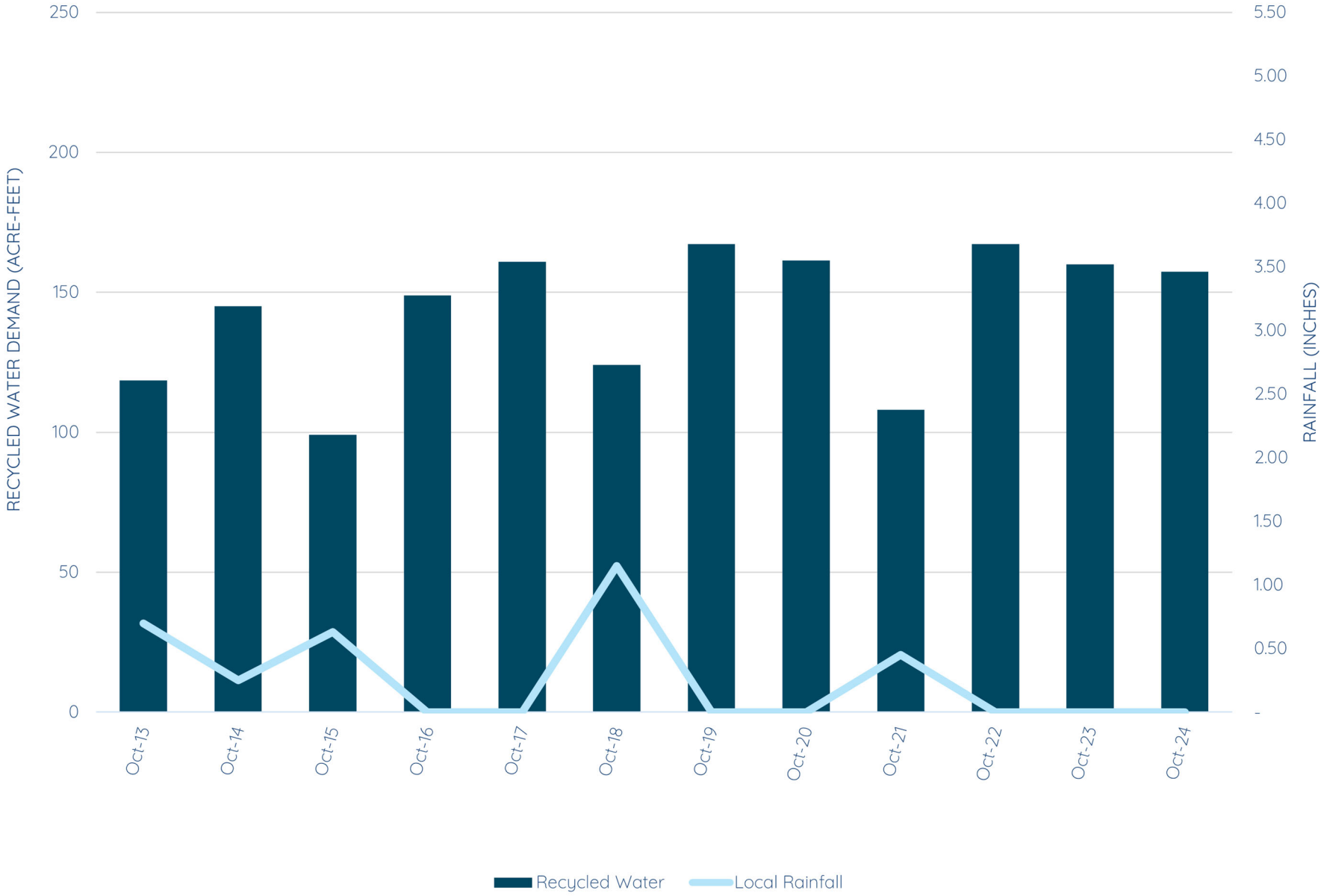
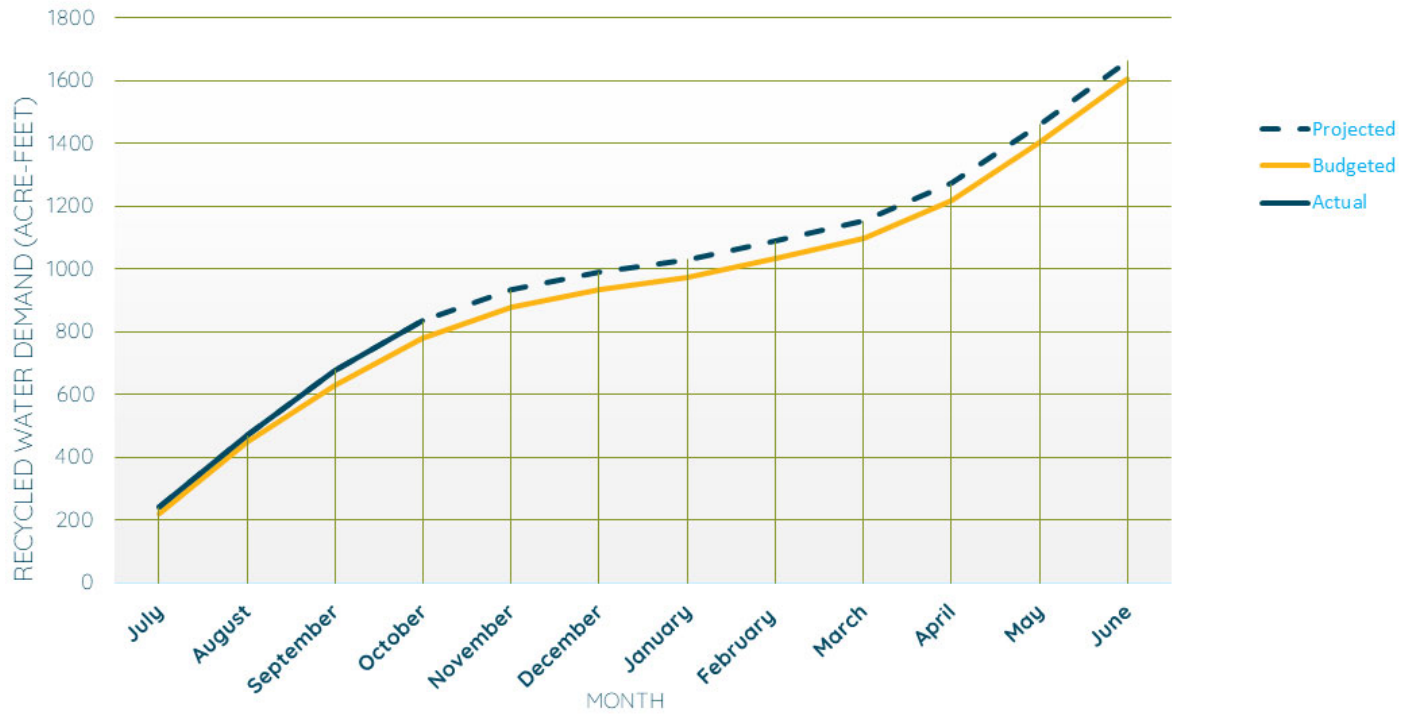


FIGURE 3: FY2023/24 CUMULATIVE DEMAND VS BUDGET



*

AGENDA ITEM NO. 11

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2024

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: REPORTABLE MEETINGS

RECOMMENDATION

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

BACKGROUND

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

DISCUSSION

The following meetings have taken place since the previous Board Meeting:

1. Meeting to review Board Meeting Agenda with Chair Hinze on November 8, 2024.

FINANCIAL IMPACT

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

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2024

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: FY 2023-24 FINANCIAL AUDIT REPORT ACCEPTANCE

RECOMMENDATION

It is recommended that the Board of Directors:

1. Accept and file the San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2024;
2. Accept and file the FY 2023-24 SEJPA Audit Conclusion Letter (SAS 114); and
3. Discuss and take action as appropriate.

BACKGROUND

San Elijo Joint Powers Authority (SEJPA) is required by California Government Code, its debt agreements, and Board policy to conduct an annual audit of its financial records. Leaf & Cole, LLP was originally awarded a three (3) year professional service agreement at the May 18, 2021 Board meeting, with an optional two (2) year extension. On May 21, 2024, the two-year extension was exercised. The agreement provides for the performance of an audit of the financial records, to express an opinion on the financial statements, and to attend a Board meeting to present the year-end audit report to SEJPA's Board of Directors.

DISCUSSION

The financial audit of SEJPA for FY 2023-24 has been completed and it is the auditor's opinion that SEJPA's June 30, 2024 financial statements are presented fairly in all material respects, as evidenced by their unqualified opinion. The audit was performed in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. As part of the audit, Leaf & Cole, LLP is required by professional standards to communicate specific information related to the audit to the Board of Directors. This communication to those charged with governance (auditor's SAS 114 letter) includes information related to accounting practices, audit difficulties, disagreements with management (if any), management representations, corrected and uncorrected misstatements, and other audit findings, issues, or matters. Upon completion of the

audit, Leaf & Cole, LLP stated that no transactions were noted where there was a lack of authoritative guidance or consensus. In addition, there were no difficulties or disagreements with management in performing and completing the audit.

The audited financial statements include the following sections:

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

Mr. Michael Zizzi, CPA, a Partner for Leaf & Cole, LLP, will present a summary of audit findings to the Board of Directors and answer questions.

RECOMMENDATION

It is therefore recommended that the Board of Directors:

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

Respectfully submitted,



Kevin Lang
Director of Finance & Administration

Attachment 1: San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2024

Attachment 2: FY2023-24 SEJPA Audit Conclusion Letter (SAS 114)

SAN ELIJO JOINT POWERS AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2024



Leaf & Cole, LLP
Certified Public Accountants

**SAN ELIJO JOINT POWERS AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2024**

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Leaf & Cole, LLP
*Certified Public Accountants
A Partnership of Professional Corporations*

Independent Auditor's Report

To the Board of Directors
San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff by the Sea, California 92007-7077

Opinion

We have audited the accompanying financial statements of the business-type activities and the remaining fund information of the San Elijo Joint Powers Authority ("SEJPA"), as of and for the year June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Elijo Joint Powers Authority, as of June 30, 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's minimum audit requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Elijo Joint Powers Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Elijo Joint Powers Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 43 to 46 as identified in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Operating Budget Comparison - Wastewater and the Schedule of Operating Budget Comparison - Recycled but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be material misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Leaf & Cole LLP

San Diego, California
November 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of San Elijo Joint Powers Authority ("SEJPA") provides an overview of SEJPA's financial activities for the year ended June 30, 2024. Please read it in conjunction with SEJPA's financial statements which begin on page 9.

Financial Statements

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

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

The statement of net position and statement of fiduciary net position include all of 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
- Unrestricted Net Position

The statement of net position and statement of fiduciary net position provide the basis for computing rate of return, evaluating the capital structure of SEJPA and assessing its liquidity and financial flexibility.

The statement of revenues, expense and changes in net position and statement of changes in fiduciary net position present information which shows how 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 and statement of changes in fiduciary net position measure the results of SEJPA's operations over the past year and determines whether SEJPA has recovered its costs through user charges for services and other revenues.

The statement of cash flows provides information regarding SEJPA's cash receipts and cash disbursements in its business-type activities during the year. This statement may report cash activity in four categories:

- Operating
- Noncapital and related financing
- Capital and related financing
- 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Statements (Continued)

Financial Highlights

Net position increased by \$1,478,533 in the business-type activities and \$83,975 in the fiduciary fund for the year ended June 30, 2024.

Revenues totaled \$15,776,095 in the business-type activities and \$88,328 in the fiduciary fund for the year ended June 30, 2024, an increase of \$1,876,235 in the business-type activities resulting from increases in operating contributions from members, federal and state grants, and investment income.

Expenses totaled \$14,297,562 in the business-type activities for the year ended June 30, 2024. Expenses increased \$1,585,479 or 12.47% over the previous year primarily due to increases in contracted services and personnel.

Financial Analysis of SEJPA

Net Position

The following is a summary of the statements of net position for the business-type activities at June 30:

	<u>2024</u>	<u>2023</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Assets:</u>				
Current and other assets	\$ 52,606,797	\$ 53,184,664	\$ (577,867)	(1.08)%
Capital assets	64,025,656	63,312,465	713,191	1.12%
Total Assets	<u>116,632,453</u>	<u>116,497,129</u>	<u>135,324</u>	0.11%
<u>Deferred Outflows of Resources</u>	<u>2,215,024</u>	<u>2,246,837</u>	<u>(31,813)</u>	(1.42)%
<u>Liabilities:</u>				
Current liabilities	4,871,816	5,189,863	(318,047)	(6.13)%
Noncurrent liabilities	37,524,193	38,418,708	(894,515)	(2.33)%
Total Liabilities	<u>42,396,009</u>	<u>43,608,571</u>	<u>(1,212,562)</u>	(2.78)%
<u>Deferred Inflows of Resources</u>	<u>863,803</u>	<u>1,026,263</u>	<u>(162,460)</u>	(15.83)%
<u>Net Position:</u>				
Net investment in capital assets	41,482,866	39,274,730	2,208,136	5.62%
Unrestricted	34,104,799	34,834,402	(729,603)	(2.10)%
Total Net Position	<u>\$ 75,587,665</u>	<u>\$ 74,109,132</u>	<u>\$ 1,478,533</u>	2.00%

Net position increased by \$1,478,533 in the business-type activities from fiscal year 2023 to 2024. Net investment in capital assets increased \$2,208,136 in fiscal year 2024. This increase is the result of depreciation expense being less than the amount spent on capital assets. In addition, in the current year, the SEJPA paid down its long-term debt by nearly \$1 million.

Unrestricted net position (those resources that can be used to finance day-to-day operations) decreased \$729,603 primarily due to the funds expended for capital assets and long-term debt exceeding the amount generated from operations and capital contributions.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of SEJPA (Continued)

Revenues, Expenses and Change in Net Position

The following is a summary of revenues, expenses and changes in net position in the business-type activities for the years ended June 30:

	<u>2024</u>	<u>2023</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Revenues:</u>				
Operating contributions from members	\$ 5,058,703	\$ 4,367,172	\$ 691,531	15.83%
Charges for services to other government agencies	5,914,230	5,611,922	302,308	5.38%
Other nonoperating revenue	2,213,821	1,430,273	783,548	54.78%
Member agency assessments	1,819,884	2,369,487	(549,603)	(23.19)%
Federal and state grants	769,457	121,006	648,451	538.88%
Total Revenues	<u>15,776,095</u>	<u>13,899,860</u>	<u>1,876,235</u>	13.50%
<u>Expenses:</u>				
Operating expenses	13,011,403	11,718,136	1,293,267	11.03%
Nonoperating expenses	1,286,159	993,947	292,212	29.39%
Total Expenses	<u>14,297,562</u>	<u>12,712,083</u>	<u>1,585,479</u>	12.47%
Increase in Net Position	<u>\$ 1,478,533</u>	<u>\$ 1,187,777</u>	<u>\$ 290,756</u>	24.48%

Capital Assets

Capital assets consist of the following at June 30:

	<u>2024</u>	<u>2023</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Construction in progress	\$ 5,042,068	\$ 1,807,214	\$ 3,234,854	178.99%
Plant equipment	108,410,985	108,381,890	29,095	0.02%
Lab equipment	36,742	67,811	(31,069)	(45.81)%
Office equipment	21,497	55,091	(33,594)	(60.97)%
Vehicles	500,851	488,234	12,617	2.58%
Subtotal	114,012,143	110,800,240	3,211,903	2.89%
Accumulated depreciation	<u>(49,986,487)</u>	<u>(47,487,775)</u>	<u>(2,498,712)</u>	5.26%
Total Capital Assets, Net	<u>\$ 64,025,656</u>	<u>\$ 63,312,465</u>	<u>\$ 713,191</u>	1.12%

The net change to capital assets for fiscal year 2024 totaled \$713,191 as depreciation expense was exceeded by capital additions related to such projects as the biosolids dewatering, the biological treatment improvement and the Moonlight Beach pump station rehabilitation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the SEJPA (Continued)

Long-Term Debt

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

	2024	2023	Dollar Change	Percentage Change
2017 Revenue Bonds	\$ 21,420,151	\$ 21,980,375	\$ (560,224)	(2.54)%
Loan payable	9,810,000	10,120,000	(310,000)	(3.06)%
Private placement loan payable	946,510	1,052,086	(105,576)	(10.03)%
SFID Reimbursement Agreement	237,093	262,681	(25,588)	(9.74)%
Solana Beach Reimbursement Agreement	424,544	424,544	-	(0.00)%
SDG&E financing agreement	160,165	213,553	(53,388)	(24.99)%
Total Long-Term Debt	<u>\$ 32,998,463</u>	<u>\$ 34,053,239</u>	<u>\$ (1,054,776)</u>	(3.09)%

The total long-term debt decreased by \$1,054,776 primarily due to principal payments on the 2017 Revenue Bonds, the loan payable and the private placement loan payable.

Economic Factors

For the upcoming fiscal year 2024-25, SEJPA has adopted a sanitary fund operations and maintenance budget of \$7,887,757. Included in this budget amount are costs associated with the production and sale of reclaimed water. Sales of reclaimed water are budgeted to be 1,605 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 \$224,430, which is \$15,430 or 7.4% higher than prior year to account for inflationary adjustments for potential contingency needs.

In addition to SEJPA's operations and maintenance budget, a capital project program budget has also been adopted in the amount of \$3,666,000 to support projects for both the sanitary and reclaimed water programs in the amount of \$1,938,000 and \$1,728,000, respectively.

Operational and maintenance costs of sanitary services are allocated based on a percentage of use basis, as indicated by measured flows, or level of effort, as appropriate. On the basis of connected equivalent dwelling units (EDUs) for wastewater treatment provided to the member agencies, the budgeted cost is approximately \$248 per EDU for fiscal year 2024-2025. This represents a 9.1% increase from fiscal year 2023-24. The Encinitas Ranch Golf Course pays a set annual price for interruptible reclaimed 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 rates. These recycled water revenues are supplemented by incentives from the Metropolitan Water District and the San Diego County Water Authority.

On October 8, 2012, the Board adopted a resolution to amend the contract between CalPERS and SEJPA. This resolution amended the contract to include Section 20475 (Difference 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 is applicable to all SEJPA employees entering membership for the first time in the miscellaneous classification after June 30, 2012. The lower benefit payout will result in a lower contribution rate for the SEJPA workforce. All employees will pay the full employee portion of the CalPERS retirement benefit contribution.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 SEJPA's finances and to demonstrate SEJPA's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact SEJPA, at (760) 753-6203, ext. 73.

**SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2024**

ASSETS

Current Assets: (Notes 1, 2, 3 and 4)

Cash and cash equivalents	\$ 18,507,721
Due from other governmental agencies	2,812,142
Accrued interest receivable	485,055
Prepaid expenses	116,906
Current portion of loans receivable	510,000
Total Current Assets	22,431,824

Noncurrent Assets: (Notes 1, 2, 4, 5 and 13)

Restricted Assets:	
Cash and cash equivalents	10,455,673
Total Restricted Assets	10,455,673
Lease receivable	424,300
Loans receivable, net of current portion	19,295,000
Capital Assets:	
Nondepreciable	5,042,068
Depreciable, net of accumulated depreciation	58,983,588
Total Capital Assets	64,025,656
Total Noncurrent Assets	94,200,629
TOTAL ASSETS	116,632,453

DEFERRED OUTFLOWS OF RESOURCES: (Notes 1, 11 and 12)

Deferred outflows related to pensions	2,154,229
Deferred outflows related to OPEB	60,795
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 2,215,024

The accompanying notes are an integral part of the financial statements.

**SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2024**

LIABILITIES

Current Liabilities: (Notes 3, 6, 7, 8, 9 and 10)

Accounts payable	\$ 1,398,011
Accrued liabilities	88,262
Accrued interest payable	316,907
Unearned revenue	1,736,702
Current portion of revenue bonds	510,000
Current portion loan payable	333,000
Current portion of private placement loan payable	110,003
Current portion of Solana Beach reimbursement agreement payable	9,000
Current portion of SDG&E financing agreement	53,388
Current portion of compensated absences	316,543
Total Current Liabilities	4,871,816

Noncurrent Liabilities: (Notes 1, 6, 7, 8, 9, 10, 11 and 12)

Long-Term Debt:

Revenue bonds, net of current portion	20,910,151
Loan payable	9,477,000
Private placement loan payable, net of current portion	836,507
SFID reimbursement agreement payable	237,093
Solana Beach reimbursement agreement payable	415,544
SDG&E financing agreement, net of current portion	106,777
Total Long-Term Debt	31,983,072

Other Noncurrent Liabilities:

Net pension liability	4,752,677
Net OPEB obligation	479,186
Compensated absences, net of current portion	309,258
Total Other Noncurrent Liabilities	5,541,121

Total Noncurrent Liabilities	37,524,193
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Total Liabilities	42,396,009
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DEFERRED INFLOWS OF RESOURCES: (Notes 1 and 11, 12 and 13)

Deferred inflows related to pensions	346,115
Deferred inflows related to OPEB	126,542
Deferred inflows related to leases	391,146
TOTAL DEFERRED INFLOWS OF RESOURCES	863,803

Commitments and Contingencies (Notes 11, 12 and 13)

NET POSITION:

Net investment in capital assets	41,482,866
Unrestricted	34,104,799
Total Net Position	\$ 75,587,665

The accompanying notes are an integral part of the financial statements.

SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

Operating Revenues:

Charges for services to other government agencies	\$ 5,914,230
Contributions from City of Encinitas	2,865,817
Contributions from City of Solana Beach	2,192,886
Total Operating Revenues	<u>10,972,933</u>

Operating Expenses:

Personnel costs	4,957,180
Depreciation and amortization	2,882,451
Contracted services	1,423,362
Utilities	1,304,367
Supplies	1,061,009
Repair parts expense	470,963
Disposal services	277,867
Permit/purveyor fees	182,150
Insurance	170,764
Rent	108,455
Miscellaneous	172,835
Total Operating Expenses	<u>13,011,403</u>

Operating Loss (2,038,470)

Nonoperating Revenues (Expenses):

Investment income	2,155,466
Federal Grants	548,266
State grants	221,191
Other	14,590
Rental income	43,765
Interest expense	(1,286,159)
Total Nonoperating Revenues (Expenses)	<u>1,697,119</u>

Loss Before Capital Contributions (341,351)

Capital Contributions:

Member agency assessments	<u>1,819,884</u>
Total Capital Contributions	<u>1,819,884</u>

Change in Net Position 1,478,533

Net Position at Beginning of Year 74,109,132

NET POSITION AT END OF YEAR **\$ 75,587,665**

The accompanying notes are an integral part of the financial statements.

**SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Cash Flows From Operating Activities:</u>	
Cash received from customers	\$ 7,966,316
Cash payments to suppliers for goods and services	(4,138,824)
Cash payments to employees for services	(5,321,479)
Net Cash Used in Operating Activities	<u>(1,493,987)</u>
 <u>Cash Flows From Noncapital and Related Financing Activities:</u>	
Rental and other nonoperating income	58,355
Net Cash Provided by Noncapital and Related Financing Activities	<u>58,355</u>
 <u>Cash Flows From Capital and Related Financing Activities:</u>	
Acquisition and construction of capital assets	(3,595,642)
Principal paid on long-term debt	(984,552)
Interest paid on long-term debt	(1,365,966)
Proceeds of state grants	769,457
Capital contributions	1,819,884
Net Cash Used in Capital and Related Financial Activities	<u>(3,356,819)</u>
 <u>Cash Flows From Investing Activities:</u>	
Proceeds from loans receivable	490,000
Investment income	2,135,154
Net Cash Provided by Investing Activities	<u>2,625,154</u>
Net Decrease in Cash and Cash Equivalents	(2,167,297)
Cash and Cash Equivalents at Beginning of Year	<u>31,130,691</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 28,963,394</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

**SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

Reconciliation of Operating Loss to

Net Cash Used in Operating Activities:

Operating loss	\$ (2,038,470)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	2,882,451
Change in assets and liabilities:	
Due from other governmental agencies	(2,059,293)
Prepaid expenses	(19,069)
Lease receivable	19,244
Deferred outflows related to pensions	(421,966)
Deferred outflows related to OPEB	(152,404)
Accounts payable	1,052,017
Accrued liabilities	(391,206)
Due to other government agencies	(106,434)
Due to PARS Trust fund	(309,000)
Unearned revenue	(831,200)
Net pension liability	387,186
Net OPEB obligation	27,760
Compensated absences	22,674
Deferred inflows related to pensions	346,115
Deferred Inflows related to OPEB	126,542
Deferred inflows related to leases	(28,934)
Net Cash Used in Operating Activities	<u><u>\$ (1,493,987)</u></u>

Cash and Cash Equivalents:

Financial Statement Classification

Cash and cash equivalents	\$ 18,507,721
Restricted cash and cash equivalents	10,455,673
Total Cash and Cash Equivalents	<u><u>\$ 28,963,394</u></u>

The accompanying notes are an integral part of the financial statements.

**SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Post-Employment Benefits Trust</u>
ASSETS	
Cash	\$ <u>1,002,682</u>
Total Assets	\$ <u><u>1,002,682</u></u>
 NET POSITION	
Held in trust for the benefit of employees of the San Elijo Joint Powers Authority	\$ <u><u>1,002,682</u></u>

The accompanying notes are an integral part of the financial statements.

**SAN ELIJO JOINT POWERS AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Post-Employment Benefits Trust</u>
ADDITIONS:	
Investment Income	\$ 88,328
Total Additions	<u>88,328</u>
DEDUCTIONS:	
Administrative fees	<u>4,353</u>
Total deductions	<u>4,353</u>
Change in Net Assets	83,975
Net Position - Beginning of Year - Restated	<u>918,707</u>
Net Position - End of year	<u><u>\$ 1,002,682</u></u>

The accompanying notes are an integral part of the financial statements.

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 1 - Organization and Significant Accounting Policies:

Organization

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

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

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

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

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

Significant Accounting Policies

A summary of SEJPA's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Method of Accounting

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

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

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 - Organization and Significant Accounting Policies: (Continued)

Method of Accounting (Continued)

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

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

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

Unearned Revenue

Unearned revenues include advance grant payments received, but not yet earned by SEJPA or earned but not yet disbursed to other government agencies participating in grant consortiums, for which SEJPA is the grant manager.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management’s evaluation of outstanding receivables. Management believes that all amounts due from other government agencies and loans receivable were fully collectible; therefore, no allowance for doubtful accounts was recorded at June 30, 2024.

Leases

SEJPA is a lessor as detailed in Note 13. SEJPA recognizes a lease receivable and a deferred inflow of resources.

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

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Key estimates and judgments include how SEJPA determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- SEJPA used the 3% annual increase in the lease as the discount rate.
- The lease term includes the noncancellable period of the lease as well as any extensions available to the lessee. SEJPA expects that the lessee will exercise those options, fully. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

Capital Assets

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

Plant equipment	5 - 50 years
Lab equipment	5 - 40 years
Office equipment	5 - 20 years
Vehicles	5 years

Depreciation totaled \$2,882,451 for the year ended June 30, 2024.

Amortization

2017 Revenue Bonds

The original issue premium on the 2017 Revenue bonds is being amortized on the straight-line method over 30 years. Amortization expense totaled \$70,224 for the year ended June 30, 2024 and is included in interest expense.

Compensated Absences

Employees are entitled to accrue vacation leave up to a maximum amount equal to twice the employees' annual accrual rate, after which accrual ceases until the balance accrued falls below the maximum accumulation (208 - 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. Employees who are not terminated for cause and have given SEPJA 14 calendar days written notice are paid for 50% of the sick leave balance upon separation. Accumulated and unpaid vacation and sick leave totaling \$625,801 is accrued when incurred and included in noncurrent liabilities at June 30, 2024.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. SEJPA has the following items that qualify for reporting in this category:

- Deferred outflows related to Other Post-Employment Benefits (OPEB) equal to differences between actual and expected experience and adjustments due to difference in proportions.
- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability, differences between actual and expected experience, and adjustment due to differences in proportions.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. SEJPA has the following that qualify for reporting in this category:

- Deferred inflows related to OPEB resulting from the net difference between expected and actual experience and adjustments due to differences in proportions.
- Deferred inflows related to pensions resulting from the net difference between projected and actual earnings on pension plan investments, and differences between actual and required contributions.
- Deferred inflows related to leases resulting from the net differences between the amounts collected and the revenue recognized under the lease.

Risk Management

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, 2024, 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 \$25,750,000 per occurrence and in aggregate. CSRMA is self-insured up to \$15,750,000 and additional \$10,000,000 in excess insurance has been purchased to bring the total limit of liability coverage to \$25,750,000. SEJPA has a \$100,000 deductible in the CSRMA Pooled Liability Program.

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Risk Management (Continued)

Property Damage - \$76,729,162 in scheduled values 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. SEJPA has a \$25,000 deductible for boiler and machinery coverage.

Faithful Performance/Employee Dishonesty Bond - 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.

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. SEJPA's insurance expense totaled \$170,764 for the year ended June 30, 2024. There were no instances in the past three years where a settlement exceeded SEJPA's coverage.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS website.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023 to June 30, 2024

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Other Postemployment Benefit Programs of San Elijo Joint Powers Authority (OPEB Plan), and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following time frames are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023 to June 30, 2024

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

SEJPA’s statement of net position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in the California Local Agency Investment Fund (LAIF) are considered Level 2 assets and are reported at the fair value of the underlying assets as provided by LAIF.
- Investment in mutual funds are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Economic Dependency

SEJPA received approximately 46% of its operating revenues from its member agencies for the year ended June 30, 2024.

Cash and Cash Equivalents

For purposes of the statement of cash flows, SEJPA considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Subsequent Events

In preparing these financial statements, SEJPA has evaluated events and transactions for potential recognition or disclosure through November 19, 2024 the date the financial statements were available to be issued.

Note 2 - Cash and Cash Equivalents:

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Quality Requirements
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	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 Rating
Mutual Funds	N/A	20%	Multiple

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 2 - Cash and Cash Equivalents: (Continued)

Investments Authorized by the California Government Code and SEJPA’s Investment Policy (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Quality Requirements
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA Rating
Time Deposits	5 years	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investments	N/A	None	None

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

Cash and cash equivalents held by the SEJPA were comprised of the following at June 30, 2024:

	Maturity in Years	
	1 Year or Less	Total
California Local Agency Investment Fund (LAIF)	\$ 12,461,208	\$ 12,461,208
Deposits with financial institutions	861,221	861,221
Open-ended money market funds	15,640,964	15,640,964
Mutual funds	1,002,682	1,002,682
Total Cash and Cash Equivalents	<u>\$ 29,966,075</u>	<u>\$ 29,966,075</u>
 Statement of Net Position:		
Cash and cash equivalents	\$ 18,507,721	\$ 18,507,721
Restricted cash and cash equivalents	10,455,673	10,455,673
Total Statement of Net Position	<u>28,963,394</u>	<u>28,963,394</u>
 Statement of Fiduciary Net Position:		
Cash	1,002,682	1,002,682
Total Statement of Fiduciary Net Position	<u>1,002,682</u>	<u>1,002,682</u>
Total Cash and Cash Equivalents	<u>\$ 29,966,076</u>	<u>\$ 29,966,076</u>

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 2 - Cash and Cash Equivalents: (Continued)

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 to changes in market interest rates. 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 SEJPA's investments to market interest rate fluctuations is provided in the previous table that shows the distribution of SEJPA's investments by maturity at June 30, 2024.

Disclosures Relating to Credit Risk

Generally, credit risk is 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 rating organization. Presented below is the actual rating as of the year end for each investment type:

	<u>Rating as of Year End Standard & Poor's</u>
California Local Agency Investment Fund	Not Rated
Mutual Funds	Not Rated

Concentration of Credit Risk

Concentration of credit is the risk of loss attributed to the magnitude to SEJPA's investment in a single issue.

The investment policy of SEJPA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. SEJPA holds no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of SEJPA's total investments at June 30, 2024.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, SEJPA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) SEJPA will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and SEJPA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure SEJPA's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 2 - Cash and Cash Equivalents: (Continued)

Custodial Credit Risk (Continued)

At June 30, 2024, none of SEJPA’s deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. At June 30, 2024, no SEJPA investments were held by the same broker-dealer (counterparty) that was used by SEJPA to buy the securities.

Investment in State Investment Pool

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 SEJPA’s investment in this pool is reported in the accompanying financial statements at amounts based upon 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.

The statement of cash flows has been prepared by considering all investment instruments purchased with a maturity of three months or less to be cash equivalents. Following is a detail at June 30, 2024:

California Local Agency Investment Fund (LAIF)	\$ 12,461,208
Open-ended money market mutual funds	15,640,964
Deposits with financial institutions	861,222
Total	\$ 28,963,394

Note 3 - Due From Other Government Agencies:

SEJPA provides reclaimed water and wastewater treatment to a variety of governmental agencies within San Diego County. In addition, the SEJPA is owed funding from several agencies under various regional grants. The following is a detail of amounts owed to/from SEJPA by these agencies at June 30, 2024:

San Diego County Water Authority	\$ 265,185
Santa Fe Irrigation District	100,225
Olivenhain Municipal Water District	724,722
San Dieguito Water District	81,468
City of Del Mar	100,867
City of Encinitas	1,411,991
22 nd District Agricultural Association	33,851
Rancho Santa Fe Community Services District #2 and #3	57,557
City of Solana Beach	101,453
City of Escondido	(84,880)
Other	19,703
Total	\$ 2,812,142

Financial Statement Classification:

Due from other government agencies	\$ 2,812,142
Total	\$ 2,812,142

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 4 - Loans Receivable:

The City of Encinitas and the City of Solana Beach have entered into the fourth amendment and restated loan agreements with 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 SEJPA with sufficient funds to service the debt on the 2017 Revenue Bonds (See Note 7). Loans receivable consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
City of Solana Beach	\$ 9,902,500	\$ 10,147,500
City of Encinitas	9,902,500	10,147,500
Subtotal	<u>19,805,000</u>	<u>20,295,000</u>
Less current portion	<u>(510,000)</u>	<u>(490,000)</u>
Total	<u>\$ 19,295,000</u>	<u>\$ 19,805,000</u>

Note 5 - Capital Assets:

Capital assets consist of the following at June 30:

	<u>Balance at June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2024</u>
Capital Assets Not Being Depreciated:				
Construction in progress	\$ 1,807,214	\$ 3,581,334	\$ (346,480)	\$ 5,042,068
Capital Assets Being Depreciated:				
Plant equipment	108,381,890	343,368	(314,273)	108,410,985
Lab equipment	67,811	-	(31,069)	36,742
Office equipment	55,091	-	(33,594)	21,497
Vehicles	488,234	17,420	(4,803)	500,851
Total Capital Assets Being Depreciated	<u>108,993,026</u>	<u>360,788</u>	<u>(383,739)</u>	<u>108,970,075</u>
Less: Accumulated Depreciation For:				
Plant equipment	(47,021,614)	(2,819,439)	314,273	(49,526,780)
Lab equipment	(60,314)	(2,375)	31,069	(31,620)
Office equipment	(55,091)	-	33,594	(21,497)
Vehicles	(350,756)	(60,637)	4,803	(406,590)
Net Capital Assets Being Depreciated	<u>61,505,251</u>	<u>(2,521,663)</u>	<u>-</u>	<u>58,983,588</u>
Net Capital Assets	<u>\$ 63,312,465</u>	<u>\$ 1,059,671</u>	<u>\$ (346,480)</u>	<u>\$ 64,025,656</u>

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 6 - Noncurrent Liabilities:

Noncurrent liabilities consist of the following at June 30, 2024:

	<u>Balance at June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2024</u>	<u>Due Within One Year</u>	<u>Due in More Than One year</u>
Long-Term Debt:						
2017 Revenue Bonds	\$ 20,295,000	\$ -	\$ (490,000)	\$ 19,805,000	\$ 510,000	\$ 19,295,000
Loan payable	10,120,000	-	(310,000)	9,810,000	333,000	9,477,000
Original issue premium	1,685,375	-	(70,224)	1,615,151	-	1,615,151
Private placement loan payable	1,052,086	-	(105,576)	946,510	110,003	836,507
Reimbursement agreements payable:						
Solana Beach	424,544	-	-	424,544	9,000	415,544
Santa Fe Irrigation	262,681	-	(25,588)	237,093	-	237,093
SDG&E financing agreement	213,553	-	(53,388)	160,165	53,388	106,777
Total Long-Term Debt	<u>34,053,239</u>	<u>-</u>	<u>(1,054,776)</u>	<u>32,998,463</u>	<u>1,015,391</u>	<u>31,983,072</u>
Other Noncurrent Liabilities:						
Net pension liability	4,365,491	985,461	(598,275)	4,752,677	-	4,752,677
Total OPEB liability	451,426	69,992	(42,232)	479,186	-	479,186
Compensated absences	603,127	339,218	(316,544)	625,801	316,543	309,258
Total Other Noncurrent Liabilities	<u>5,420,044</u>	<u>1,394,671</u>	<u>(957,051)</u>	<u>5,857,664</u>	<u>316,543</u>	<u>5,541,121</u>
Total Noncurrent Liabilities	<u>\$ 39,473,283</u>	<u>\$ 1,394,671</u>	<u>\$ (2,011,827)</u>	<u>\$ 38,856,127</u>	<u>\$ 1,331,934</u>	<u>\$ 37,524,193</u>

Note 7 - Revenue Bonds:

2017 Revenue Bonds

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

The 2017 Revenue Bonds are payable in annual principal installments from \$435,000 to \$1,285,000 beginning March 1, 2020 through March 1, 2047. Interest payments are due semi-annually on September 1 and March 1 beginning September 1, 2017. Interest rates on the on the revenue bonds range from 3% to 5%. The revenue bonds outstanding totaled \$19,805,000 and accrued interest totaled \$276,192 at June 30, 2024, respectively. The 2017 revenue bonds are special obligations of SEJPA, secured by a first lien on the pledge of all of the revenues.

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 7 - Revenue Bonds: (Continued)

2017 Revenue Bonds (Continued)

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 of the Revenue Bonds are as follows:

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 510,000	\$ 828,575
2026	535,000	803,075
2027	560,000	776,325
2028	590,000	748,325
2029	620,000	718,825
2030 - 2034	3,570,000	3,113,125
2035 - 2039	4,420,000	2,268,438
2040 - 2044	5,290,000	1,393,800
2045 - 2047	<u>3,710,000</u>	<u>300,600</u>
Total	<u>\$ 19,805,000</u>	<u>\$ 10,951,088</u>

Note 8 - Loan Agreement:

In May 2023, SEJPA entered into a Loan Agreement with Webster Bank National Association in the amount of \$10,120,000, to provide funds to finance capital improvements and pay costs of issuance of the Loan Agreement. Interest accrues at 4.58% on the unpaid balance and is payable in forty (40) semi-annual payments of principal ranging from \$154,000 to \$376,000 plus interest. The Loan Agreement outstanding at June 30, 2024 totaled \$9,810,000. Accrued interest totaled \$37,442 at June 30, 2024. SEJPA's obligation to pay the loan repayments is a special obligation limited solely to the net revenues as defined in the Loan Agreement. SEJPA has covenanted that it will fix, prescribe, and collect rates, fees, and charges sufficient to generate net revenues at least equal to 115% of the loan repayments and the principal of and interest on all outstanding parity obligations coming due and payable during such fiscal year.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8 - Loan Agreement: (Continued)

Debt service requirements on the Loan Agreement are as follows:

<u>Years Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 333,000	\$ 445,497
2026	349,000	430,039
2027	365,000	413,895
2028	382,000	396,972
2029	399,000	379,293
2030 - 2034	2,292,000	1,601,237
2035 - 2039	2,874,000	1,018,775
2040 - 2043	2,816,000	297,540
	<u>\$ 9,810,000</u>	<u>\$ 4,983,248</u>

Note 9 - 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 (40) semi-annual payments of \$74,077 including principal and interest and continue through December 2031. The private placement loan payable outstanding totaled \$946,510 at June 30, 2024. Accrued interest totaled \$3,273 at June 30, 2024. 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:

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 110,003	\$ 38,151
2026	114,615	33,538
2027	119,421	28,732
2028	124,428	23,725
2029	129,645	18,507
2030 - 2032	348,398	21,986
	<u>\$ 946,510</u>	<u>\$ 164,639</u>

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 10 - Reimbursement Agreements Payable:

SFID

The Santa Fe Irrigation District (SFID) constructed a reclaimed water distribution pipeline extension of 3,400 linear feet to SEJPA's reclaimed water distribution system in order to extend SEJPA's existing recycled water distribution system and enable the SFID to serve new reclaimed water customers. SEJPA agreed to reimburse SFID for the cost of design and construction of the extension in the amount of \$526,149 and the SFID agreed to convey ownership of the extension to SEJPA. Under the terms of the agreement, the reimbursement amount shall be increased each July 1st by adding interest at the rate equivalent to the average LAIF rate for the past four quarters, but not less than 1% nor greater than 2.5% calculated on the unpaid monthly balance. SEJPA shall reimburse SFID monthly at a rate of \$450 per acre foot of recycled water delivered through the extension including water delivered to purveyors other than SFID. In addition, SEJPA made an initial down payment of \$50,000. SEJPA will further make a lump sum payment of all remaining principal and interest due after completion of the 20th year of this agreement if the average annual delivery volume of the extension from year 13 through year 15 exceeds 50 acre feet annually. Future payments on the SFID reimbursement agreement payable are contingent upon future reclaimed water sales, therefore future maturities have not been estimated and the agreement is considered noncurrent. The SFID reimbursement agreement payable totaled \$237,093 at June 30, 2024.

Solana Beach

Solana Beach constructed a reclaimed water distribution pipeline extension of 7,920 linear feet to SEJPA's reclaimed water distribution system in order to extend SEJPA's existing recycled distribution system and enable Solana Beach to serve new reclaimed water customers. SEJPA agreed to reimburse Solana Beach the cost of design and construction of the extension in the amount of \$478,319 and Solana Beach agreed to convey ownership of the extension to SEJPA. SEJPA shall reimburse Solana Beach monthly at a rate of \$450 per acre foot of recycled water delivered to any customers through the extension. The payment due for fiscal 2023-24 water sales is \$9,000 and has been included in the current liabilities section of the statement of net position. Future payments on the Solana Beach Reimbursement Agreement Payable are contingent upon future reclaimed water sales, therefore future maturities have not been estimated past fiscal year 2024-25. The Solana Beach Reimbursement Agreement Payable, including both the current portion of \$9,000, along with the noncurrent portion of \$415,544, totaled \$424,544 at June 30, 2024.

San Diego Gas & Electric Financing Agreement

On July 3, 2017, SEJPA entered into an on-bill financing loan agreement with San Diego Gas & Electric (SDG&E) in the amount of \$533,883 in order to retrofit certain electric equipment. SEJPA will pay an additional \$4,449 on their monthly SDG&E bills. This retrofitting is expected to save SEJPA \$68,120 per year and be paid off in under five years. The San Diego Gas & Electric Financing Agreement payable totaled \$160,165 at June 30, 2024.

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 10 - Reimbursement Agreements Payable: (Continued)

San Diego Gas & Electric Financing Agreement (Continued)

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

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 53,388	\$ -	\$ 53,388
2026	53,388	-	53,388
2027	53,389	-	53,389
Total	<u>\$ 160,165</u>	<u>\$ -</u>	<u>\$ 160,165</u>

Note 11 - Postemployment Benefits:

Plan Description

SEJPA provides medical insurance benefits to eligible retirees in accordance with various labor agreements subject to the SEJPA’s vesting schedule. Medical benefits are typically available at age 55 and are only available to those retirees that select CalPERS medical upon the date of retirement. The current maximum contribution by SEJPA to the retiree is \$157 per month, which is the minimum amount set by CalPERS.

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, 2024, the date of the latest actuarial valuation:

Active plan members	26
Retirees	<u>6</u>
Total	<u>32</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.

Net OPEB Liability

SEJPA’s OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2023 and projected to June 30, 2024.

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 11 - Postemployment Benefits: (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:

Discount Rate	4.21%
Inflation	2.75%
Aggregate payroll increases	2.80%
Expected long-term investment rate of return	N/A
Mortality	General SOA Pub-210 General total data set headcount weighted mortality table fully generational using scale MP 2021.
Pre-retirement turnover	Termination rates used are according to the termination rates under the 2021 CalPERS pension plan experience study.
Healthcare Trend Rate	The fiscal year 2023/2024 Healthcare Trend Rates are based on the actual rate of increase from the medical premium rates from, 2023/2024 to 2024/2025.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 through June 30, 2024. SEJPA completes a new actuarial valuation every two years. The next valuation will be dated June 30, 2025 and will be used for financial reporting for fiscal years ending June 30, 2025 and 2026.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.21% as of June 30, 2024 and 4.13% as of June 30, 2023. 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 GO 20-Bond Municipal Bond Index, and Fidelity 20-Year Go Municipal Bond Index.

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 11 - Postemployment Benefits: (Continued)

Change in the Total OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 20233	\$ 451,426	\$ -	\$ 451,426
<u>Changes Recognized for the Measurement Period:</u>			
Service cost	30,478	-	30,478
Interest	19,104	-	19,104
Change in assumptions	20,410	-	20,410
Difference between expected and actual experience	(3,166)	-	(3,166)
Contributions - Employer	-	39,066	(39,066)
Benefit payments	<u>(39,066)</u>	<u>(39,066)</u>	<u>-</u>
Net Changes	<u>27,760</u>	<u>-</u>	<u>27,760</u>
Balance at June 30, 2024	<u>\$ 479,186</u>	<u>\$ -</u>	<u>\$ 479,186</u>

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

The following presents the total OPEB liability of SEJPA, as well as what SEJPA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21 percent) or 1-percentage-point higher (5.21 percent) than the current discount rate:

	<u>Plan's Total OPEB Liability/(Asset)</u>		
	<u>Discount Rate - 1%</u>	<u>Current Discount</u>	<u>Discount Rate +1%</u>
	<u>(3.21%)</u>	<u>Rate (4.21%)</u>	<u>(5.21%)</u>
Net OPEB Liability	<u>\$ 540,819</u>	<u>\$ 479,186</u>	<u>\$ 428,358</u>

Change in Assumptions

For the measurement period ended June 30, 2024, the discount rate used to calculate the net OPEB liability changed from 4.13% to 4.21%.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 11 - Postemployment Benefits: (Continued)

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

The following presents the total OPEB liability of SEJPA, as well as what SEJPA’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50 percent decreasing to 3.50 percent) or 1 percentage point higher (7.50 percent decreasing to 4.50 percent) than the current healthcare cost trend rates:

	Plan’s Total OPEB Liability		
	Discount Rate - 1% (5.50% Decreasing to 3.5%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.5%)	Discount Rate +1% (7.50% Decreasing to 5.5%)
Net OPEB Liability	\$ <u>416,010</u>	\$ <u>479,186</u>	\$ <u>558,387</u>

OPEB Expense

For the fiscal year ended June 30, 2024, SEJPA recognized OPEB expense of \$40,965.

Deferred outflows or deferred inflows of resources associated with OPEB at June 30, 2024 were the following:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 5,803	\$ (24,148)
Changes of assumptions	54,992	(102,394)
Total	\$ <u>60,795</u>	\$ <u>(126,542)</u>

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

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources
2025	\$ (7,293)
2026	(7,287)
2027	(9,171)
2028	(9,168)
2029	(14,696)
Thereafter	(18,132)
Total	\$ <u>(65,747)</u>

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 12 - Defined Benefit Pension Plan:

General Information About the Pension Plans

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan of San Elajo Joint Powers Authority, (All Plans) a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). 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. 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 on or after July 1, 2012 participate in the miscellaneous 2% at 62 pool. Employees hired on or 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, 2024, are summarized as follows:

	Prior to July 1, 2012	Miscellaneous	
		On or After July 1, 2012 Second Tier	PEPRA
Hire date			
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	52*
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	7.96%	6.93%	7.75%
Required employer contribution rates	14.06%	10.10%	7.68%

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

In addition to the contribution rates above, SEJPA was required to make payments of \$302,541 toward the unfunded actuarial liability during the year ended June 30, 2024. The miscellaneous 2.5% at 55 pool is closed to new members that are not already CalPERS eligible participants and existing members hired on or after July 1, 2012.

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. 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 FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 12 - Defined Benefit Pension Plan: (Continued)

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

SEJPA reported the following net pension liability for its proportionate share of the net pension liability of the risk pool at June 30, 2024:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous Risk Pool	\$ <u>4,752,677</u>

SEJPA’s net pension liability for the risk pool is measured as the proportionate share of the risk pool’s net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer’s proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer’s proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer’s rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

SEJPA’s proportionate share of the net pension liability as of June 30, 2024, the measurement date, was calculated as follows:

- Each risk pool’s total pension liability was computed at the measurement date, June 30, 2023, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS’ Financial Office. The net pension liability for each risk pool at June 30, 2023, was computed by subtracting the respective risk pool’s fiduciary net pension from its total pension liability.

- The individual employer risk pool’s proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2023, was calculated by applying SEJPA’s proportionate share percentage as of the valuation date (described above) to the total pension liability and fiduciary net position as of June 30, 2023, to obtain the total pension liability and fiduciary net position as of June 30, 2023. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 12 - Defined Benefit Pension Plan: (Continued)

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

The District's proportionate share percentage of the net position liability as of June 30, 2022 and 2023 was as follows:

	Miscellaneous Risk Pool
Proportionate at Measurement Date - June 30, 2022	0.093295
Proportionate at Measurement Date - June 30, 2023	0.095046
Change - Increase (Decrease)	0.001751

For the year ended June 30, 2024, SEJPA recognized pension expense of \$899,994. At June 30, 2024, SEJPA reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 588,658	\$ -
Changes in assumptions	286,940	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	120,517	(260,984)
Changes in proportions	183,484	(85,131)
Differences between actual and expected experience	205,130	-
Net difference between projected and actual earnings on plan investments	769,500	-
Total	\$ 2,154,229	\$ (346,115)

The \$588,658 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Years Ended June 30		
2025	\$	363,275
2026		247,191
2027		586,910
2028		22,080
Total	\$	1,219,456

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 12 - Defined Benefit Pension Plan: (Continued)

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

Actuarial Assumptions - The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	2.5% @ 55	2% @ 60	2% @ 62
Valuation Date	June 30, 2022	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2023	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry-Age Cost Method	Entry-Age Cost Method	Entry-Age Cost Method
Actuarial Assumptions:			
Discount Rate	6.9%	6.9%	6.9%
Inflation	2.3%	2.3%	2.3%
Payroll Growth	3.0%	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2%(1)	3.3% - 14.2%(1)	3.3% - 14.2%(1)
Investment Rate of Return	7.5% (2)	7.5% (2)	7.5% (2)
Mortality	CalPERS Specific	CalPERS Specific	CalPERS Specific

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing none of the tested employer rate plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not deemed necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2023 based on June 30, 2022 Valuations*, that can be obtained from the CalPERS' website.

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 12 - Defined Benefit Pension Plan: (Continued)

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

Actuarial Assumptions (Continued) - 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.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return^{1, 2}</u>
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.27%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporations	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

⁽¹⁾ An expected price inflation of 2.3% used for this period

⁽²⁾ Figures are based on 2021-22 Asset Liability Management study

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 risk pool, as of the measurement date calculated using the discount rate as well as what SEJPA's proportionate share of 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:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
SEJPA's proportionate share of the miscellaneous risk pool's pension liability	\$ <u>7,341,832</u>	\$ <u>4,752,677</u>	\$ <u>2,621,580</u>

**SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Note 13 - Commitments and Contingencies:

Contracts

SEJPA has entered into various contracts for the purchase of materials and construction of capital assets. The amounts contracted are based on the contractor's estimated cost of construction. At June 30, 2024, the total unpaid amount on these contracts is approximately \$11,029,683.

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.

Cell Site Lease

The SEJPA has entered into a Communications Site License Agreement as lessor with an initial five-year renewal lease term, with five (5) five-year options to renew. The lessees are required to make annual fixed payments starting at \$20,400 and increasing 3% annually. At June 30, 2024, the lease receivable totaled \$424,300 and deferred inflows related to leases totaled \$391,146. The District recognized \$28,933 in lease revenue during the year ended June 30, 2024.

Assignment and Assumption Agreement

In June 2022, the Authority entered into an Assignment and Assumption Agreement ("Agreement") with the San Dieguito Water District ("San Dieguito") which was consented to by Olivenhain Municipal Water District. Per the Agreement, San Dieguito assigns to the Authority all rights, title, and interest to its 1/3 capacity of the J.C. Wanket Reservoir, an approximately 3 million gallon tank, in exchange for the Authority fully and forever waiving and discharging the \$136,796 owed by San Dieguito for annual minimum recycled water purchases for fiscal year 2019-20. This Assignment effectuated by this Agreement may be revoked by Olivenhain and San Dieguito if the Authority abandons or ceases to maintain and operate the reservoir for any consecutive period of seven years or more. In the event of such revocation, all rights, title, and interest to the Authority's capacity in the reservoir shall revert to San Dieguito.

Note 14 - New Governmental Accounting Standards:

GASB No. 94

In March 2020, the Governmental Accounting Standards Board issued Statement No. 94 "Public - Private and Public - Public Partnerships and Availability Payment Arrangements". The requirements of this statement are effective for fiscal years beginning after June 15, 2022. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. As used in this pronouncement these Partnerships are an arrangement in which the government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset such as infrastructure or other capital assets for a period of time in an exchange or an exchange-like transaction. The statement also provides guidance on accounting and financial reporting for availability payment arrangements in which the government compensates the operator for services that may include the designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This pronouncement did not have a material effect on the financial statements of SEJPA in the year of implementation.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 14 - New Governmental Accounting Standards: (Continued)

GASB No. 99

In April 2022, the Governmental Accounting Standards Board issued Statement No. 99 “Omnibus 2022”. This statement enhances the comparability in accounting and financial reporting and improves consistency in authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this pronouncement are effective on various dates ranging from upon issuance through fiscal years beginning through fiscal years beginning after June 2023. This pronouncement did not have a material effect on the financial statements of SEJPA in the year of implementation.

GASB No. 100

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100 “Accounting Changes and Error Corrections an amendment of GASB Statement No. 62”. This statement defined accounting changes. This statement also addresses corrections of errors in previously issued financial statements. The requirements of this statement effective for fiscal years ending after June 15, 2023. This pronouncement did not have a material effect on the financial statements of SEJPA in the year of implementation.

GASB No. 101

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101 “Compensated Absences”. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this statement effective for fiscal years ending after December 15, 2023. This pronouncement did not have a material effect on the financial statements of SEJPA in the year of implementation.

GASB No. 102

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102 “Certain Risk Disclosures.” This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources; and defines a constraint as a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Under this standard, if a government determines that the criteria for disclosure have been met for a concentration or constraint; it should disclose information in the notes to the financial statements in sufficient detail to enable users to understand the nature and circumstances disclosed and the vulnerability to the risk of a substantial impact. The requirements of this statement are effective for fiscal years beginning after June 15, 2024.

SAN ELIJO JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 14 - New Governmental Accounting Standards: (Continued)

GASB No. 103

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103 “Financial Reporting Model Improvements.” In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund’s current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund’s current or future pricing policies, and (3) all other transfers. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB No. 104

In September 2024, the Governmental Accounting Standards Board issued Statement No. 103 “Disclosure of Certain Capital Assets.” This Statement requires certain types of capital assets to be disclosed separately in the capital assets note, including Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

**SAN ELIJO JOINT POWERS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

**SCHEDULES OF PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN YEARS**

	Measurement Date <u>June 30, 2023</u>	Measurement Date <u>June 30, 2022</u>	Measurement Date <u>June 30, 2021</u>	Measurement Date <u>June 30, 2020</u>	Measurement Date <u>June 30, 2019</u>
Proportion of the Net Pension Liability	0.095046%	0.093295%	0.099195%	0.085799%	0.082537%
Proportionate Share of the Net Pension Liability	\$ 4,752,677	\$ 4,365,491	\$ 1,883,516	\$ 3,619,079	\$ 3,305,214
Covered Payroll - Measurement Period	\$ 2,572,479	\$ 2,420,193	\$ 2,286,481	\$ 2,118,208	\$ 2,072,596
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	184.75%	180.38%	82.38%	170.86%	159.47%
Plan's Fiduciary Net Position	\$ 14,391,401	\$ 13,770,398	\$ 14,615,225	\$ 11,895,680	\$ 11,362,690
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.17%	75.93%	88.58%	76.67%	77.47%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 598,275	\$ 714,281	\$ 574,840	\$ 531,495	\$ 470,825
	Measurement Date <u>June 30, 2018</u>	Measurement Date <u>June 30, 2017</u>	Measurement Date <u>June 30, 2016</u>	Measurement Date <u>June 30, 2015</u>	Measurement Date <u>June 30, 2014</u>
Proportion of the Net Pension Liability	0.079550%	0.081861%	0.079200%	0.089800%	0.081140%
Proportionate Share of the Net Pension Liability	\$ 2,998,025	\$ 3,227,017	\$ 2,924,994	\$ 2,463,640	\$ 1,937,636
Covered Payroll - Measurement Period	\$ 1,930,102	\$ 1,916,333	\$ 1,829,430	\$ 1,718,001	\$ 1,707,696
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	155.33%	168.40%	159.89%	143.40%	113.46%
Plan's Fiduciary Net Position	\$ 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 Plan's Total Pension Liability	77.71%	75.07%	74.35%	76.91%	80.46%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 398,079	\$ 367,677	\$ 315,703	\$ 308,067	\$ 215,709

Notes to Schedules:

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

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

Omitted Years - GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

*Fiscal year 2015 was the first year of implementation.

**SAN ELIJO JOINT POWERS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

**SCHEDULES OF CONTRIBUTIONS TO THE PENSION PLAN
LAST TEN YEARS**

	Fiscal Year 2023- 2024	Fiscal Year 2022 - 2023	Fiscal Year 2021 - 2022	Fiscal Year 2020 - 2021	Fiscal Year 2019 - 2020
Actuarially Determined Contribution	\$ 588,658	\$ 561,778	\$ 511,854	\$ 466,121	\$ 403,880
Contributions in Relation to the Actuarially Determined Contributions	<u>(588,658)</u>	<u>(561,778)</u>	<u>(511,854)</u>	<u>(466,121)</u>	<u>(404,110)</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (230)</u>
Covered Payroll - Fiscal Year	<u>\$ 2,983,713</u>	<u>\$ 2,572,479</u>	<u>\$ 2,420,193</u>	<u>\$ 2,286,481</u>	<u>\$ 2,118,208</u>
Contributions as a Percentage of Covered Payroll	19.73%	21.84%	21.15%	20.39%	19.08%
Valuation Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
	Fiscal Year 2018 - 2019	Fiscal Year 2017 - 2018	Fiscal Year 2016 - 2017	Fiscal Year 2015 - 2016	Fiscal Year 2014 - 2015
Actuarially Determined Contribution	\$ 356,338	\$ 302,451	\$ 302,683	\$ 286,852	\$ 267,504
Contributions in Relation to the Actuarially Determined Contributions	<u>(356,338)</u>	<u>(302,451)</u>	<u>(437,683)</u>	<u>(441,852)</u>	<u>(267,504)</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (135,000)</u>	<u>\$ (125,000)</u>	<u>\$ -</u>
Covered Payroll - Fiscal Year	<u>\$ 2,072,596</u>	<u>\$ 1,930,102</u>	<u>\$ 1,916,333</u>	<u>\$ 1,829,430</u>	<u>\$ 1,718,001</u>
Contributions as a Percentage of Covered Payroll	17.19%	15.67%	22.84%	22.51%	15.57%
Valuation Date	June 30, 2017	June 30, 2016	June 20, 2015	June 20, 2014	

Notes to Schedules:

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age
Amortization Method	Level Percentage of Payroll
Asset Valuation Method	Market Value
Discount Rate	6.9%
Projected Salary Increase	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.3%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual production inflation growth of 0.25%

Omitted Years - GASB Statement No. 68 was implemented during the year ended June 30, 2015, thus information prior to this date was not presented.

**SAN ELIJO JOINT POWERS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

**SCHEDULES OF CHANGES IN THE AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS**

Measurement Period	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability										
Service cost	\$ 30,478	\$ 21,712	\$ 32,952	\$ 27,919	\$ 23,405	\$ 19,445	\$ 18,879	\$ 18,267	\$ N/A	\$ N/A
Interest	19,104	19,564	13,498	13,759	15,314	15,625	14,565	13,926	N/A	N/A
Change of benefit terms	-	-	-	-	-	-	-	-	N/A	N/A
Differences between expected and actual experience	(3,166)	(21,354)	(6,277)	6,728	-	8,259	-	-	N/A	N/A
Changes of assumptions	20,410	(10,789)	(140,644)	22,755	49,719	6,771	(9,274)	-	N/A	N/A
Benefit payments	(39,066)	(28,370)	(24,405)	(18,556)	(16,528)	(12,096)	(14,170)	(13,242)	N/A	N/A
Net Change in Total OPEB Liability	<u>27,760</u>	<u>(19,237)</u>	<u>(124,876)</u>	<u>52,605</u>	<u>71,910</u>	<u>38,004</u>	<u>10,000</u>	<u>18,951</u>	<u>N/A</u>	<u>N/A</u>
Total OPEB Liability - Beginning	<u>451,426</u>	<u>470,663</u>	<u>595,539</u>	<u>542,934</u>	<u>471,024</u>	<u>433,020</u>	<u>423,020</u>	<u>404,069</u>	<u>N/A</u>	<u>N/A</u>
Total OPEB Liability - Ending (a)	<u>\$ 479,186</u>	<u>\$ 451,426</u>	<u>\$ 470,663</u>	<u>\$ 595,539</u>	<u>\$ 542,934</u>	<u>\$ 471,024</u>	<u>\$ 433,020</u>	<u>\$ 423,020</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 39,066	\$ 28,370	\$ 24,405	\$ 18,556	\$ 16,528	\$ 12,096	\$ 14,170	\$ 13,242	\$ N/A	\$ N/A
Net investment income	-	-	-	-	-	-	-	-	N/A	N/A
Benefit payments	(39,066)	(28,370)	(24,405)	(18,556)	(16,528)	(12,096)	(14,170)	(13,242)	N/A	N/A
Administrative expense	-	-	-	-	-	-	-	-	N/A	N/A
Net Change in Plan Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>	<u>N/A</u>
Plan Fiduciary Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>	<u>N/A</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 479,186</u>	<u>\$ 451,426</u>	<u>\$ 470,663</u>	<u>\$ 595,539</u>	<u>\$ 542,934</u>	<u>\$ 471,024</u>	<u>\$ 433,020</u>	<u>\$ 423,020</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
Covered Employee Payroll - Measurement Period	<u>\$ 3,303,416</u>	<u>\$ 2,869,777</u>	<u>\$ 2,420,193</u>	<u>\$ 2,188,001</u>	<u>\$ 2,104,992</u>	<u>\$ 2,043,682</u>	<u>\$ N/A</u>	<u>\$ 1,856,890</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Net OPEB Liability as a Percentage of Covered - Employee Payroll	14.50%	15.70%	19.45%	27.22%	25.79%	23.05%	N/A	22.78%	N/A	N/A

**SAN ELIJO JOINT POWERS AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

**SCHEDULES OF CHANGES IN THE AUTHORITY’S NET OPEB LIABILITY AND RELATED
RATIOS
LAST TEN YEARS**

Notes to Schedules:

Valuation Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Measurement Period - Fiscal Year Ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2018	June 30, 2017	June 30, 2016		
Measurement Period - Fiscal Year Ended	June 30, 2019	June 30, 2018	June 30, 2017		

Benefit Changes - None

Changes in Assumptions - During 2018, the discount rate was changed from 7.5% to 7.0%

Omitted Years - GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

**SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2024**

ASSETS

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 14,116,194	\$ 4,391,527	\$ 18,507,721
Due from other government agencies	1,685,388	1,126,754	2,812,142
Accrued interest receivable	396,358	88,697	485,055
Prepaid expenses	84,644	32,262	116,906
Current portion of loan receivable	510,000	-	510,000
Total Current Assets	<u>16,792,584</u>	<u>5,639,240</u>	<u>22,431,824</u>
<u>Noncurrent Assets:</u>			
Restricted Assets:			
Cash and cash equivalents	<u>1,909</u>	<u>10,453,764</u>	<u>10,455,673</u>
Total Restricted Assets	<u>1,909</u>	<u>10,453,764</u>	<u>10,455,673</u>
Lease receivable	424,300	-	424,300
Loans receivable, net of current portion	19,295,000	-	19,295,000
Capital Assets:			
Nondepreciable	3,670,650	1,371,418	5,042,068
Depreciable, net of accumulated depreciation	<u>43,152,212</u>	<u>15,831,376</u>	<u>58,983,588</u>
Total Capital Assets	<u>46,822,862</u>	<u>17,202,794</u>	<u>64,025,656</u>
TOTAL ASSETS	<u>83,336,655</u>	<u>33,295,798</u>	<u>116,632,453</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	1,806,794	347,435	2,154,229
Deferred outflows related to OPEB	52,146	8,649	60,795
Total Deferred Outflows of Resources	<u>\$ 1,858,940</u>	<u>\$ 356,084</u>	<u>\$ 2,215,024</u>

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF NET POSITION (CONTINUED)
JUNE 30, 2024

LIABILITIES

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<u>Current Liabilities:</u>			
Accounts payable	\$ 799,514	\$ 598,497	\$ 1,398,011
Accrued liabilities	68,325	19,937	88,262
Accrued interest payable	276,192	40,715	316,907
Unearned revenue	-	1,736,702	1,736,702
Current portion of noncurrent liabilities	879,931	452,003	1,331,934
Total Current Liabilities	<u>2,023,962</u>	<u>2,847,854</u>	<u>4,871,816</u>
<u>Noncurrent Liabilities:</u>			
Long-Term Debt:			
Revenue bonds, net of current portion	20,910,151	-	20,910,151
Loan payable	-	9,477,000	9,477,000
Private placement loan payable, net of current portion	-	836,507	836,507
SFID reimbursement agreement payable	-	237,093	237,093
Solana Beach reimbursement agreement payable	-	415,544	415,544
SDG&E financing agreement, net of current portion	106,777	-	106,777
Total Long-Term Debt	<u>21,016,928</u>	<u>10,966,144</u>	<u>31,983,072</u>
Other Noncurrent Liabilities:			
Net pension liability	3,984,999	767,678	4,752,677
Net OPEB obligation	403,882	75,304	479,186
Compensated absences, net of current portion	217,019	92,239	309,258
Total Other Noncurrent Liabilities	<u>4,605,900</u>	<u>935,221</u>	<u>5,541,121</u>
Total Noncurrent Liabilities	<u>25,622,828</u>	<u>11,901,365</u>	<u>37,524,193</u>
Total Liabilities	<u>27,646,790</u>	<u>14,749,219</u>	<u>42,396,009</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred inflows related to pensions	290,737	55,378	346,115
Deferred inflows related to OPEB	107,561	18,981	126,542
Deferred inflows related to leases	391,146	-	391,146
Total Deferred Inflows of Resources	<u>789,444</u>	<u>74,359</u>	<u>863,803</u>
<u>NET POSITION:</u>			
Net investment in capital assets	25,244,455	16,238,411	41,482,866
Unrestricted	31,514,906	2,589,893	34,104,799
Total Net Position	<u>\$ 56,759,361</u>	<u>\$ 18,828,304</u>	<u>\$ 75,587,665</u>

SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<u>Operating Revenues:</u>			
Charges for services to other government agencies	\$ 2,716,001	\$ 3,198,229	\$ 5,914,230
Contributions from City of Encinitas	2,865,817	-	2,865,817
Contributions from City of Solana Beach	2,192,886	-	2,192,886
Total Operating Revenues	<u>7,774,704</u>	<u>3,198,229</u>	<u>10,972,933</u>
<u>Operating Expenses:</u>			
Personnel costs	3,979,615	977,565	4,957,180
Depreciation and amortization	2,125,749	756,702	2,882,451
Contracted services	1,023,702	399,660	1,423,362
Utilities	849,533	454,834	1,304,367
Supplies	783,237	277,772	1,061,009
Repair parts expense	387,844	83,119	470,963
Disposal services	277,867	-	277,867
Permit/purveyor fees	112,101	70,049	182,150
Insurance	140,368	30,396	170,764
Rent	13,847	94,608	108,455
Miscellaneous	142,618	30,217	172,835
Total Operating Expenses	<u>9,836,481</u>	<u>3,174,922</u>	<u>13,011,403</u>
Operating Loss	<u>(2,061,777)</u>	<u>23,307</u>	<u>(2,038,470)</u>
<u>Nonoperating Revenues (Expenses):</u>			
Investment income	1,484,917	670,549	2,155,466
Federal grants	44,313	503,953	548,266
State grants	98,481	122,710	221,191
Other	8,561	6,029	14,590
Rental income	43,765	-	43,765
Interest expense	(771,418)	(514,741)	(1,286,159)
Total Nonoperating Revenues (Expenses)	<u>908,619</u>	<u>788,500</u>	<u>1,697,119</u>
Loss Before Capital Contributions	<u>(1,153,158)</u>	<u>811,807</u>	<u>(341,351)</u>
<u>Capital Contributions:</u>			
Member agency assessments	1,819,884	-	1,819,884
Total Capital Contributions	<u>1,819,884</u>	<u>-</u>	<u>1,819,884</u>
Change in Net Position	666,726	811,807	1,478,533
Net Position at Beginning of Year	<u>56,092,635</u>	<u>18,016,497</u>	<u>74,109,132</u>
NET POSITION AT END OF YEAR	<u><u>\$ 56,759,361</u></u>	<u><u>\$ 18,828,304</u></u>	<u><u>\$ 75,587,665</u></u>

**SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<u>Cash Flows From Operating Activities:</u>			
Cash received from customers	\$ 6,044,378	\$ 1,921,938	\$ 7,966,316
Cash payments to suppliers for goods and services	(3,084,115)	(1,054,709)	(4,138,824)
Cash payments to employees for services	<u>(4,383,386)</u>	<u>(938,093)</u>	<u>(5,321,479)</u>
Net Cash Used in Operating Activities	<u>(1,423,123)</u>	<u>(70,864)</u>	<u>(1,493,987)</u>
<u>Cash Flows From Noncapital and Related Financing Activities:</u>			
Rental and other nonoperating income	<u>52,326</u>	<u>6,029</u>	<u>58,355</u>
Net Cash Provided by Noncapital and Related Financing Activities	<u>52,326</u>	<u>6,029</u>	<u>58,355</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>			
Acquisition and construction of capital assets	(2,421,509)	(1,174,133)	(3,595,642)
Principal paid on long-term debt	(543,388)	(441,164)	(984,552)
Interest paid on long-term debt	(848,175)	(517,791)	(1,365,966)
Proceeds of federal and state grants	142,794	626,663	769,457
Capital contributions	<u>1,819,884</u>	<u>-</u>	<u>1,819,884</u>
Net Cash Used in Capital and Related Financial Activities	<u>(1,850,394)</u>	<u>(1,506,425)</u>	<u>(3,356,819)</u>
<u>Cash Flows From Investing Activities:</u>			
Proceeds from loans receivable	490,000	-	490,000
Investment income	<u>1,518,622</u>	<u>616,532</u>	<u>2,135,154</u>
Net Cash Provided by Investing Activities	<u>2,008,622</u>	<u>616,532</u>	<u>2,625,154</u>
Net Decrease in Cash and Cash Equivalents	(1,212,569)	(954,728)	(2,167,297)
Cash and Cash Equivalents at Beginning of Year	<u>15,330,672</u>	<u>15,800,019</u>	<u>31,130,691</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 14,118,103</u>	<u>\$ 14,845,291</u>	<u>\$ 28,963,394</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

**SAN ELIJO JOINT POWERS AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Used in Operating Activities:</u>			
Operating loss	\$ (2,061,777)	\$ 23,307	\$ (2,038,470)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	2,125,749	756,702	2,882,451
Change in assets and liabilities:			
Due from other governmental agencies	(1,613,002)	(446,291)	(2,059,293)
Prepaid expenses	(21,265)	2,196	(19,069)
Lease receivable	19,244	-	19,244
Deferred outflows related to pensions	(346,497)	(75,469)	(421,966)
Deferred outflows related to OPEB	(129,372)	(23,032)	(152,404)
Accounts payable	668,267	383,750	1,052,017
Accrued liabilities	(369,744)	(21,462)	(391,206)
Due to other government agencies	(106,434)	-	(106,434)
Due to PARS Trust fund	(302,819)	(6,181)	(309,000)
Unearned revenue	(1,200)	(830,000)	(831,200)
Net pension liability	304,890	82,296	387,186
Net OPEB obligation	23,330	4,430	27,760
Compensated absences	18,143	4,531	22,674
Deferred inflows related to pensions	290,737	55,378	346,115
Deferred inflows related to OPEB	107,561	18,981	126,542
Deferred inflows related to leases	(28,934)	-	(28,934)
Net Cash Used in Operating Activities	<u>\$ (1,423,123)</u>	<u>\$ (70,864)</u>	<u>\$ (1,493,987)</u>

The accompanying notes are an integral part of the financial statements.

SAN ELIJO JOINT POWERS AUTHORITY
SCHEDULE OF OPERATING BUDGET COMPARISON - WASTEWATER
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Operating Revenues:</u>			
Charges for services to other government agencies	\$ 2,632,774	\$ 2,716,001	\$ 83,227
Contributions from the City of Encinitas	2,774,858	2,865,817	90,959
Contributions from the City of Solana Beach	2,091,435	2,192,886	101,451
Total Operating Revenues	<u>7,499,067</u>	<u>7,774,704</u>	<u>275,637</u>
<u>Operating Expenses:</u>			
Personnel costs	3,665,007	3,979,615	(314,608)
Utilities	810,821	849,533	(38,712)
Contracted services	1,147,287	1,023,702	123,585
Miscellaneous	232,253	142,618	89,635
Supplies	504,575	783,237	(278,662)
Rent	9,443	13,847	(4,404)
Repair parts expense	185,400	387,844	(202,444)
Insurance	137,600	140,368	(2,768)
Disposal services	304,455	277,867	26,588
Permit/purveyor fees	98,650	112,101	(13,451)
Contingency	159,000	-	159,000
Total Operating Expenses	<u>7,254,491</u>	<u>7,710,732</u>	<u>(456,241)</u>
Depreciation and Amortization	-	2,125,749	(2,125,749)
Operating Expenses, Net	<u>7,254,491</u>	<u>9,836,481</u>	<u>(2,581,990)</u>
Operating Income (Loss)	<u>\$ 244,576</u>	<u>\$ (2,061,777)</u>	<u>\$ (2,306,353)</u>

SAN ELIJO JOINT POWERS AUTHORITY
SCHEDULE OF OPERATING BUDGET COMPARISON - RECYCLED
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Operating Revenues:</u>			
Charges for services to other government agencies	\$ 4,803,713	\$ 3,198,229	\$ (1,605,484)
Total Operating Revenues	<u>4,803,713</u>	<u>3,198,229</u>	<u>(1,605,484)</u>
<u>Operating Expenses:</u>			
Personnel costs	945,399	977,565	(32,166)
Utilities	490,940	454,834	36,106
Contracted services	421,676	399,660	22,016
Miscellaneous	39,362	30,217	9,145
Supplies	508,455	277,772	230,683
Rent	127,350	94,608	32,742
Repair parts expense	55,000	83,119	(28,119)
Insurance	29,500	30,396	(896)
Permit/purveyor fees	52,450	70,049	(17,599)
Contingency	50,000	-	50,000
Total Operating Expenses	<u>2,720,132</u>	<u>2,418,220</u>	<u>301,912</u>
Depreciation and Amortization	-	756,702	(756,702)
Operating Expenses, Net	<u>2,720,132</u>	<u>3,174,922</u>	<u>(454,790)</u>
Operating Income (Loss)	<u>\$ 2,083,581</u>	<u>\$ 23,307</u>	<u>\$ (2,060,274)</u>



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

To the Board of Directors
San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff By The Sea, California 92007

We have audited the financial statements of the business-type activities, and the aggregate remaining fund information of San Elijo Joint Powers Authority (“SEJPA”) for the year ended June 30, 2024. 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 planned scope and timing of our audit. We have communicated such information in our letter to you dated May 8, 2024. Professional standards also required that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SEJPA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2024. We noted no transactions entered into by 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 SEJPA’s financial statements were:

- Management’s estimate of the useful lives assigned to capital assets are based upon the intended use of the assets as well as management’s experience with similar assets.
- Management’s estimate that no long-lived assets have been impaired is based upon their assessment of currently known facts which could have an affect on the value of long-lived assets.
- The fair value of investments is reported to SEJPA on the valuation methodologies deemed appropriate by the California Local Agency Investment Fund (LAIF) and the fund managers. SEJPA reviews and evaluates the values provided by the LAIF and the fund managers.

- Management's estimate of the net OPEB obligation is based upon an actuarial study performed by the actuarial consultant.
- Management's estimate of the net pension liability is based upon the actuarial study performed by CalPERS.

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

- Cash and Cash Equivalents (Note 2)
- Due From Other Government Agencies (Note 3)
- Capital Assets (Note 5)
- Revenue Bonds (Note 7)
- Loan Agreement (Note 8)
- Postemployment Benefits (Note 11)
- Defined Benefit Pension Plan (Note 12)

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 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 each opinion unit's financial statements taken as a whole. (See Attached)

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 19, 2024.

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 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 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 Required Supplementary Information (RSI) as described in the table of contents to the audited financial statements 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, 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.

We were engaged to report on the combining schedules and budget comparisons, 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 San Elijo Joint Powers Authority and is not intended to be and should not be used by anyone other than these specified parties.

Leaf & Cole LLP

San Diego, California
November 19, 2024

Attachment : Corrected and Uncorrected Misstatements

Corrected and Uncorrected Misstatements Attachment

Client: SAN ELIJO JOINT POWE
 Report: Journal Entry

Account	Description	Debit	Credit	Net Income Effect
CJE 01				
To record client prepared adjustment correcting City of Del Mar reclaimed water billing for double billing.				
20-4953	Reclaimed Water Sales - Del Ma	18,805.00	0.00	
20-1110	Due from Other Gov. Agencies	0.00	17,035.00	
20-1110	Due from Other Gov. Agencies	0.00	1,770.00	
Total		18,805.00	18,805.00	(18,805.00)
GRAND TOTAL		18,805.00	18,805.00	(18,805.00)

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2024

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR 2023-24 FINANCIAL
PERFORMANCE REVIEW

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 Services
- Ocean Outfall
- Cardiff Sanitary Division Pump Stations
- Encinitas Sanitary Division Pump Station
- City of Encinitas Urban & Stormwater Services
- City of Solana Beach Pump Stations
- City of Solana Beach Generator Maintenance Services
- City of Del Mar Pump Station
- 22nd District Agricultural Association (Del Mar Fairgrounds)
- Leucadia Wastewater District Technical Support Services
- 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 served. Cost allocations are applied based on actual flows treated or level of effort provided. The total operating budget for FY 2023-24 was \$9,974,623.

DISCUSSION

The following information represents the audited operating and debt service expenses for FY 2023-24, which ended June 30, 2024.

SUMMARY OF EXPENSES

The table below summarizes program expenses and the corresponding budget variance for FY 2023-24. SEJPA programs were collectively \$33,971 or 0.3% under budget. The Wastewater Treatment and Disposal program, including pump stations and other services, was \$252,842 or 3.5% over budget. Recycled Water was \$286,813 or 10.5% under budget. Below is a summary table of all SEJPA programs followed by detailed discussion of each program.

Program	Budget FY 2023-2024	Actual FY 2023-2024	(Over)/Under Budget	% Budget Spent
Wastewater Treatment	\$ 3,963,797	\$ 4,149,073	\$ (185,276)	105%
Laboratory Services	955,076	972,314	(17,238)	102%
Ocean Outfall	1,031,230	968,852	62,378	94%
Cardiff Sanitary Division Pump Stations	376,168	358,477	17,691	95%
Encinitas Sanitary Division Pump Station	167,778	211,036	(43,258)	126%
City of Encinitas Urban & Stormwater	55,516	59,531	(4,015)	107%
City of Solana Beach Pump Stations	463,274	513,190	(49,916)	111%
City of Solana Beach Generator Services	15,507	11,229	4,278	72%
City of Del Mar Pump Station	66,390	64,675	1,715	97%
22nd District Agricultural Association (Del Mar Fairgrounds)	136,954	168,355	(31,401)	123%
Leucadia Wastewater District	22,800	30,600	(7,800)	134%
Total Wastewater Programs	\$ 7,254,490	\$ 7,507,332	\$ (252,842)	103%
Recycled Water Programs	2,720,131	2,433,318	286,813	89%
Total All Programs	\$ 9,974,621	\$ 9,940,650	\$ 33,971	100%

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 District, with the effluent being recycled or disposed into the ocean. Wastewater biosolids are treated, dewatered, and then hauled by contractors to Arizona for beneficial reuse through land application.

Wastewater Treatment finished the fiscal year over budget by \$185,276 or 5%. This increase of actuals over budget is mainly due to the following: Personnel expenses ending the year were \$62,509 or 4% over budget as a result of continued wage and labor supply pressures. Supplies & Services ended the year \$187,674 or 9% over budget, representing the net of higher than anticipated repair part costs and service maintenance costs, offset by lower than anticipated spend on multi-year engineering service contracts. Capital Outlay was over budget as a planned equipment purchase for FY 2022-23 arrived after the end of the fiscal year and was reflected in FY 2023-24.

Expense Category	Budget FY 2023-2024	Actual FY 2023-2024	(Over)/Under Budget	% Budget Spent
Personnel	\$ 1,699,035	\$ 1,761,544	\$ (62,509)	104%
Supplies & Services	2,153,762	2,341,436	(187,674)	109%
Capital Outlay	35,000	46,093	(11,093)	132%
Contingency	76,000	-	76,000	0%
Total Wastewater Treatment	\$ 3,963,797	\$ 4,149,073	\$ (185,276)	105%

LABORATORY SERVICES

The laboratory located at the San Elijo Water Campus provides analytical laboratory services for the SEJPA Wastewater Treatment, Ocean Outfall, and Recycled Water programs as well as to other entities through contract agreements. For FY 2023-24, contract agreements include the Fairbanks Ranch Community Services District, the Nature Collective, the Rancho Santa Fe Community Services District, the Santa Fe Valley Community Services District, San Ysidro Point of Entry treatment facility, and the Whispering Palms Community Services District. Overall Laboratory Services expenses were over budget by \$17,238 or 2%. Personnel ended the year under budget because of vacant positions during the year. The higher Supplies and Services expenses for lab supplies and temporary staffing services correlates with the increased level of services provided to the outside laboratories mentioned above and temporary staffing needs during the recruitment process to fill vacant positions. These higher expenses were offset by higher laboratory revenue collected for the additional services.

Expense Category	Budget		Actual		(Over)/Under Budget	% Budget Spent
	FY 2023-2024		FY 2023-2024			
Personnel	\$	677,074	\$	648,045	\$ 29,029	96%
Supplies & Services	\$	273,002	\$	323,474	(50,472)	118%
Capital Outlay		-		794	(794)	-100%
Contingency		5,000		-	5,000	0%
Total Laboratory Services	\$	955,076	\$	972,314	\$ (17,238)	102%

OCEAN OUTFALL

This program captures costs for all operation and maintenance services related to the ocean outfall system. These activities include secondary effluent pump station operations and maintenance; ocean monitoring; sampling and testing; and biannual 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 2023-24 cost share was 86% City of Escondido and 14% SEJPA).

Ocean Outfall ended the year under budget by \$62,378 or 6%. This was primarily due to the lower than anticipated spending on multi-year engineering service contracts.

Expense Category	Budget		Actual		(Over)/Under Budget	% Budget Spent
	FY 2023-2024		FY 2023-2024			
Personnel	\$	534,110	\$	535,513	\$ (1,403)	100%
Supplies & Services		472,120		429,855	42,265	91%
Capital Outlay		-		3,484	(3,484)	-100%
Contingency		25,000		-	25,000	0%
Total Ocean Outfall	\$	1,031,230	\$	968,852	\$ 62,378	94%

CARDIFF SANITARY DIVISION PUMP STATIONS

This program reflects pump station maintenance and operation services provided by SEJPA to the City of Encinitas' Cardiff Sanitary Division (CSD). These facilities include the Cardiff, Coast Highway, and Olivenhain pump stations. All costs incurred are borne solely by CSD.

This program was under budget by \$17,691 or 5% mostly as a result of unspent budgeted contingency funds.

Expense Category	Budget	Actual	(Over)/Under	% Budget
	FY 2023-2024	FY 2023-2024	Budget	Spent
Personnel	\$ 185,221	\$ 185,354	\$ (133)	100%
Supplies & Services	171,447	173,122	(1,675)	101%
Capital Outlay	-	-	-	0%
Contingency	19,500	-	19,500	0%
Total Cardiff Sanitary Division Pump Stations	\$ 376,168	\$ 358,477	\$ 17,691	95%

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. All actual costs incurred are the sole responsibility of ESD.

The program was over budget by \$43,258 or 26%. This increase primarily relates to unanticipated repairs and replacements of a failed variable frequency drive and the rebuilding of a pump at the station.

Expense Category	Budget	Actual	(Over)/Under	% Budget
	FY 2023-2024	FY 2023-2024	Budget	Spent
Personnel	\$ 88,189	\$ 90,781	\$ (2,592)	103%
Supplies & Services	69,589	120,254	(50,665)	173%
Capital Outlay	-	-	-	0%
Contingency	10,000	-	10,000	0%
Total Encinitas Sanitary Division Pump Station	\$ 167,778	\$ 211,036	\$ (43,258)	126%

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, the Cardiff Stormwater Diversion Structure, and the Storm Drain Sediment Drying and Disposal program. The actual costs incurred are the sole responsibility of the City of Encinitas. This program was \$4,015 or 7% over budget primarily due to an increase in repair part expenses for a pump controller and increased staffing costs.

Expense Category	Budget	Actual	(Over)/Under	% Budget
	FY 2023-2024	FY 2023-2024	Budget	Spent
Personnel	\$ 34,423	\$ 36,627	\$ (2,204)	106%
Supplies & Services	19,593	22,904	(3,311)	117%
Capital Outlay	-	-	-	0%
Contingency	1,500	-	1,500	0%
Total City of Encinitas Urban & Stormwater	\$ 55,516	\$ 59,531	\$ (4,015)	107%

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 expenses incurred are the sole responsibility of the City of Solana Beach. This program was \$49,917 or 11% over budget, primarily due to increased repair part expenses at three of the pump stations and rebuilt pump costs of \$20,922 at the Eden Gardens pump station.

Expense Category	Budget	Actual	(Over)/Under	% Budget
	FY 2023-2024	FY 2023-2024	Budget	Spent
Personnel	\$ 244,573	\$ 247,503	\$ (2,930)	101%
Supplies & Services	198,702	265,689	(66,987)	134%
Capital Outlay	-	-	-	0%
Contingency	20,000	-	20,000	0%
Total City of Solana Beach Pump Stations	\$ 463,275	\$ 513,192	\$ (49,917)	111%

CITY OF SOLANA BEACH GENERATOR SERVICES

This program provides generator services to the Solana Beach City Hall and the Lomas Santa Fe Fire Station. This program was \$4,279 or 28% under budget with the main driver of the lower than budget spend related to savings of \$4,908 or 60% in the Supplies & Services category. Costs incurred by this program are the sole responsibility of the City of Solana Beach.

Expense Category	Budget	Actual	(Over)/Under	% Budget
	FY 2023-2024	FY 2023-2024	Budget	Spent
Personnel	\$ 7,384	\$ 8,013	\$ (629)	109%
Supplies & Services	8,123	3,215	4,908	40%
Capital Outlay	-	-	-	0%
Contingency	-	-	-	0%
Total City of Solana Beach Generator Services	\$ 15,507	\$ 11,228	\$ 4,279	72%

DEL MAR PUMP STATION SERVICES

Under this program, SEJPA provides pump station operation and maintenance services to the City of Del Mar. FY 2023-24 expenses were \$1,715 or 3% under budget, mostly due to unspent budgeted contingency funds. Costs incurred by this program are the sole responsibility of the City of Del Mar.

Expense Category	Budget	Actual	(Over)/Under	% Budget
	FY 2023-2024	FY 2023-2024	Budget	Spent
Personnel	\$ 46,519	\$ 46,635	\$ (116)	100%
Supplies & Services	17,871	18,040	(169)	101%
Capital Outlay	-	-	-	0%
Contingency	2,000	-	2,000	0%
Total City of Del Mar Pump Station	\$ 66,390	\$ 64,675	\$ 1,715	97%

22ND DISTRICT AGRICULTURE ASSOCIATION (DEL MAR FAIRGROUNDS)

Under this program, SEJPA provides support to the Del Mar Fairgrounds with their Stormwater Treatment system. Actual costs incurred are paid for by the 22nd District Agriculture Association (Del Mar Fairgrounds). This program ended the year \$31,401 or 23% over budget. However, during the fiscal year, additional work was requested by the Del Mar Fairgrounds. The adopted budget of \$136,954 shown in the table below reflects anticipated costs prior to the increase in service levels. All originally contracted and additional work is the sole responsibility of the Del Mar Fairgrounds.

Expense Category	Budget	Actual	(Over)/Under	% Budget
	FY 2023-2024	FY 2023-2024	Budget	Spent
Personnel	\$ 125,680	\$ 138,949	\$ (13,269)	111%
Supplies & Services	11,274	29,406	(18,132)	261%
Capital Outlay	-	-	-	0%
Contingency	-	-	-	0%
Total 22nd District Agriculture Association	\$ 136,954	\$ 168,355	\$ (31,401)	123%

LEUCADIA WASTEWATER DISTRICT TECHNICAL SUPPORT SERVICES

This is a new program developed to support the Leucadia Wastewater District (LWD) with technical support services for the Forest R. Gafner Water Reclamation Facility. The actual costs incurred are borne solely by the Leucadia Wastewater District. This program was \$7,800 or 34% over budget, primarily related to direct labor costs. Reflected in the numbers below are additional costs resulting from a contract amendment to add cross connection testing and inspection services for the Omni La Costa Resort & Spa golf course. All originally contracted and additional work is the sole responsibility of LWD.

Expense Category	Budget FY 2023-2024	Actual FY 2023-2024	(Over)/Under Budget	% Budget Spent
Personnel	\$ 22,800	\$ 30,000	\$ (7,200)	132%
Supplies & Services	-	600	(600)	100%
Capital Outlay	-	-	-	0%
Contingency	-	-	-	0%
Total Leucadia WD Technical Support Services	\$ 22,800	\$ 30,600	\$ (7,800)	134%

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, and, also, provides interruptible 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.

Total FY 2023-24 operating expenses (excluding debt service) for the Recycled Water program were \$2,433,318, \$286,813 or 11% under budget.

Personnel expenses were slightly under budget. Supplies and Services were under budget due to unspent retrofit expenses as well as reduced chemical and utility costs driven by lower recycled water consumption in FY2023-24 as it was a wet year. Wet years typically see a reduced demand for recycled water needs. The reduced demand also required less chemical treatment. Capital Outlay costs were over budget due to a filter feed pump replacement and a recycled water pump rebuild.

Total revenue for the Recycled Water program was approximately \$3.4 million, including San Diego County Water Authority and Metropolitan Water District incentive revenues and interest income. SEJPA recycled water sales were budgeted at 1,670 acre-feet (AF) but ended the year with 1,566 AF of actual water sales. Overall, actual revenue collected was under the anticipated budget due to relatively wet weather conditions from multiple atmospheric rivers passing through the area during the winter months and hurricane-related wet weather in the summer.

Program revenues exceeded total operational expenditures, and debt service by \$2,785. These funds will be placed in the Recycled Water program reserve for future capital projects.

Below are tables showing Recycled Water expenses, revenues, and total revenue over expenses.

FY 2023-24 Recycled Water Expenses

Expense Category	Budget	Actual	(Over)/Under	% Budget
	FY 2023-2024	FY 2023-2024	Budget	Spent
Personnel	\$ 945,399	\$ 914,980	\$ 30,419	97%
Supplies & Services	1,684,732	1,438,524	246,208	85%
Capital Outlay	40,000	79,814	(39,814)	200%
Contingency	50,000	-	50,000	-100%
Total Recycled Water Operating Expenses	\$ 2,720,131	\$ 2,433,318	\$ 286,813	89%

FY 2023-24 Recycled Water Revenues

Revenue Category	Budget	Actual	(Over)/Under	% Budget
	FY 2023-2024	FY 2023-2024	Budget	Spent
Sante Fe Irrigation District	\$ 1,096,044	\$ 900,693	\$ 195,351	82%
San Dieguito Water District	746,634	723,830	22,804	97%
City of Del Mar	165,510	166,965	(1,455)	101%
Encinitas Ranch Golf Course	327,503	327,504	(1)	100%
Olivenhain Municipal Water District	548,022	379,937	168,085	69%
Total Customers	\$ 2,883,713	\$ 2,498,929	\$ 384,784	87%
MWD/CWA Incentives	720,000	699,300	20,700	97%
Interest Income	12,000	202,779	(190,779)	0%
Total Revenues	\$ 3,615,713	\$ 3,401,008	\$ 214,705	94%

FY 2023-24 Recycled Water Revenues over Expenses

Category	Budget	Actual
	FY 2023-2024	FY 2023-2024
Revenue	\$ 3,615,713	\$ 3,401,008
Operating Expenses	(2,720,131)	(2,433,318)
Debt Service	(981,985)	(964,905)
Total Recycled Water Revenue Over (Under) Expenses	\$ (86,403)	\$ 2,785

DEBT SERVICE

SEJPA's long-term debt service requirements include one bond issuance, four capital loans, and one financing program. The 2017 Revenue Bonds (Clean Water Bonds) were issued in FY 2016-17 to provide the primary funding source for SEJPA's Capital Improvement Program needs at the time. 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 District (SFID) 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 the pipeline and therefore the debt does not have a predetermined retirement date. The City of Solana Beach loan funded the purchase of a recycled water distribution pipeline designed along the southern border of the City to service the Coastal Rail Trail through Solana Beach. The repayment of this loan is also based on the volume of recycled water sold via the 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 efficiency improvements to reduce energy consumption. The payments are included in the monthly billing and the debt will be paid in full during FY 2026-27. The 2023 Recycled Water Loan in the amount of \$10,120,000 was issued in May 2023 to fund Recycled Water capital program projects.

All 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 during FY2023-24 on each loan.

Long-Term Debt	Original Balance	Principal Paid In Prior Years	Principal Paid In 2023-24	Outstanding Balance 6/30/2024
2017 Revenue Bonds (Clean Water)	\$ 22,115,000	\$ 1,820,000	490,000	\$ 19,805,000
2023 Recycled Water Loan	10,120,000	-	310,000	9,810,000
Private Placement Loan (AWP)	2,000,000	947,914	105,576	946,510
Santa Fe Irrigation District Loan	526,149	263,468	25,588	237,093
Solana Beach Pipeline Reimbursement	1,191,652	759,108	8,000	424,544
SDG&E On Bill Financing	533,883	320,329	53,388	160,166
	\$36,486,684	\$ 4,110,819	\$ 992,552	\$ 31,383,313

CalPERS UNFUNDED LIABILITY

SEJPA's Unfunded Accrued Liability (UAL), measured on June 30, 2023 for each of the three CalPERS plans are shown below. The UAL is a measure of funded status and can be viewed as employer debt. In 2019, SEJPA Board established an irrevocable pension reserve, PARS trust, to address the unfunded liability of the pension program. There was no contribution to the PARS trust for FY2023-24. The PARS account balance as of June 30, 2024, was \$1,002,682. When considering the PARS trust value to the UAL, the unfunded liability adjusts as follows:

Plan	Unfunded Accrued Liability (UAL)*	Funded Ratio	PARS Trust Value**	UAL Less PARS	Funded Ratio with PARS
Tier 1 - Classic	\$ 5,045,591	71.7%	\$ 753,552	\$ 4,292,039	75.9%
Tier 2 - Modified Classic	87,185	85.3%	87,185	-	100.0%
Tier 3 - PEPPRA	161,945	85.9%	161,945	-	100.0%
	\$ 5,294,721	72.9%	\$ 1,002,682	\$ 4,292,039	78.1%

* UAL value as of June 30, 2023 per CalPERS Actuarial Report dated July 2024

** PARS Trust value as of June 30, 2024 per PARS Statement

OVERALL SUMMARY

In summary, Wastewater Treatment, Laboratory Services, Pump Stations, Ocean Outfall, and Storm Water programs were over budget by \$252,842 or 3.5%. Recycled Water expenditures were \$286,813 or 10.5% under budget. Overall, SEJPA was below budget by \$33,971 or 0.3%. All debt service payments were paid according to the terms of the loan agreements.

RECOMMENDATION

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

Respectfully submitted,



Kevin Lang, CPA
Director of Finance & Administration

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2024

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Infrastructure and Sustainability

SUBJECT: RATIFY AND AUTHORIZE CHANGE ORDERS FOR THE BIOSOLIDS
DEWATERING FACILITY IMPROVEMENT PROJECT CONTRACT

RECOMMENDATION

It is recommended that the Board of Directors:

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

BACKGROUND

The Biosolids Dewatering Facilities Improvements Project (Biosolids Project) consists of two major components – (1) replacement of the aging biosolids dewatering equipment, polymer system, electrical systems, and biosolids handling systems, and rehabilitation of the dewatering building and ancillary systems and structures; (2) replacement of Main Switchboard No. 2 (MS-2) which feeds secondary, tertiary, Advanced Water Purification (AWP), and solids treatment processes. The biosolids facility and MS-2 were originally constructed in 1991 and are approaching the end of their service life and the building is exhibiting extensive deterioration.

The project was publicly bid and SEJPA awarded a contract to GSE Construction, Inc. (GSE) in January 2023 in the amount of \$8,687,200. SEJPA has authorized Contract Change Order (CCO) Nos. 1 through 6 to date totaling \$247,916.35 and granted time extension of 125 calendar days.

DISCUSSION

CCO No. 7 (net increase of \$8,657.29) and CCO No. 8 (net increase of \$26,768.00) authorized necessary changes to the project including:

- Deletion of tempered water system and addition of heat trace to provide code-compliant potable water supply to existing emergency eyewash/shower;
- Extend existing concrete equipment pads to accommodate new longer sludge feed pumps;
- Removal of landscaped island in the dewatering area to provide safe access for SEJPA's O&M team to the temporary facilities during construction; and
- Locating and revising wiring for existing systems discovered during the demolition work;
- Replacement of non-operable, existing non-potable water valves to allow system isolation for demolition activities;
- Demolition of abandoned control panel;
- Re-routing duct bank from MS-2 to intermediate handhole to avoid buried conflicts;
- Modifications to temporary power system to accommodate existing equipment;
- Modifications to existing building to resolve discrepancies in field conditions.

CCO No. 9 will increase the contractor's scope to include resurfacing, preparation of, and coating the existing dewatering building concrete floor with a non-slick, corrosion-resistant coating. The existing protective floor coating is deteriorating and the current building renovations provide an ideal opportunity to remove and replace the coating. CCO No.9 will increase the contract value \$71,546.00 and add 0 calendar days to the contract duration.

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

Original project work included removing rust and recoating the existing roof structure. As work progressed the interior of the roof structure was found to be significantly more corroded than anticipated. The Engineer evaluated the condition and performed evaluation of the structure identifying concerns with lateral loading given the deteriorated roof condition. The Engineer considered complete roof replacement (most conservative solution estimated to cost \$600,000 and significant project delay) and options for reinforcing the roof structure. SEJPA has requested a cost proposal from GSE to complete the Engineer's recommendations for rehabilitating existing surfaces and structural modifications necessary to comply with current codes. The actual cost for this additional work is anticipated to exceed the General Manager's signing authority, requiring Board approval. Since this work affects the critical path with implications for schedule delays, SEJPA staff is seeking authorization to negotiate and direct this additional work that is estimated to cost \$160,000.

FISCAL IMPACT

The Biosolids Project construction phase was budgeted at \$11.2 million, including \$1.02 million in contingency, and is fully funded from the Wastewater Capital Program. Upon executing CCO No. 9 (\$71,546.00) and providing authority to the General Manager to negotiate and finalize a change order for the rehabilitation and reinforcement of the Biosolids Building roof (not-to-exceed \$160,000), contingency funds will be reduced to approximately \$505,000 for the remainder of the project, which is approximately 60% complete. No additional capital appropriations are needed at this time.

RECOMMENDATION

It is therefore recommended that the Board of Directors:

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

Respectfully submitted,




Thomas C. Falk, P.E., PMP
Director of Infrastructure and Sustainability

Attachment 1: Contract Change Order No. 7

Attachment 2: Contract Change Order No. 8

Attachment 3: Contract Change Order No. 9

 <p>SAN ELIJO JOINT POWERS AUTHORITY 2695 Manchester Avenue Cardiff by the Sea, CA 92007</p>	Contract Change Order (CCO) No. 7
	Contract Name: Biosolids Dewatering Facility Improvement
	Contract No.: 2023-026 SC Program Code: 13019
Contractor: GSE Construction Construction	Created By: George Foote
Date: September 5, 2024	Reviewed By: Tom Falk
Status:	Accepted By:
Revision:	Approved By:
Time Change (Days) Zero	CCO Amount: \$8,657.29
Summary <ol style="list-style-type: none"> 1. PCO #04-Add heat trace to existing eye wash line per RFI #2.0 & 2.1-Add \$15,708.00. 2. PCO #12-Delete Tempered Water System-Deduct (\$19,094). 3. PCO #14-Extend equipment pad concrete for new sludge pumps-Add \$2,769.29. 4. PCO #16-Remove Island near dewatering building to facilitate temporary centrifuge trucking-Add \$7,615.00. 5. PCO #17-T&M for electrical subcontractor to field investigate wiring not shown on as-builts-Add \$1,659.00. 	
Attachments: PCO #04, 12, 14, 16, and 17.	
<i>To Contractor: You are hereby directed to make the herein described changes from the Contract Documents. Note: This CCO is not effective until approved by San Elijo Joint Power Authority's General Manager.</i>	
CCO SCOPE OF WORK DESCRIPTION	
<p>The scope of this work includes all work described in:</p> <ol style="list-style-type: none"> 1. PCO #04(add)-The contract drawing indicated that the existing eye wash tempered water line be utilized, but there was no requirement for heat trace or pipe insulation, so this change added those requirements. 2. PCO #12(deduct)-It was determined by SEJPA that the existing water temperature for the tempered water system doesn't require to be heated which resulted in deleting water heaters, recirculation pumps, blending valves, and pipe. 3. PCO #14(add)-The existing sludge pumps are being replaced with new owner furnished pumps, however the pump dimensions are different than the existing, so this change modified the pump pad by making them larger to accommodate the new pumps. 4. PCO #16(add)-It was determined by SEJPA staff that the existing island near the dewatering building should be removed to accommodate sludge truck access to both the existing scale and the temporary centrifuge. 	





5. PCO #17(add)-This change was necessary for the contractors electrical subcontractor to complete their terminations for the temporary power because the as-built drawings did not provide this information.

CCO COST (ADD/DEDUCT/NET) DESCRIPTION

CONTRACT SUMMARY


Original Contract Amount.....	\$	8,687,200.00
Net Change from Previous CCOs (1-6).....	\$	247,916.35
Contract Amount Prior to this CCO (1-6).....	\$	8,935,116.35
Contract Amount Change by this CCO (7).....	\$	8,657.29
New Contract Amount (1-7).....	\$	8,943,773.64
In Words: Eight Million, Nine Hundred Forty-Three Thousand, Seven Hundred Seventy-Three Dollars and 64/100ths Dollars		
Notice to Proceed Date.....		March 15, 2023
Original Contract Time.....		700 Calendar Days
Original Contract Completion Date.....		February 11, 2025
Contract Time Change from Previous CCOs.....		125 Days
Contract Completion Date Prior to this CCO.....		June 17, 2025
Contract Time Change by this CCO.....		0 Calendar Days
New Contract Completion Date.....		June 17, 2025

APPROVALS

Contractor	By: 	Date: 10/2/2024
	Steven Villanueva, PM, GSE Construction	
Construction Manager	By: 	Date: 10/2/24
	George Foote Construction Manager, Valley CM	
SEJPA	By: 	Date: 10/02/2024
	Thomas Falk, Director of Infrastructure and Sustainability, San Elijo Joint Powers Authority	
SEJPA	By: 	Date: 10/02/2024
	Michael Thornton, General Manager, San Elijo Joint Powers Authority	

Notes:

1. It is understood and agreed that the above adjustments constitute compensation in full on behalf of the Contractor, its Subcontractors and Suppliers for all costs and markups directly or indirectly attributed to the change ordered, for all time impacts and work sequencing related thereto and all extended overhead costs, and for performance of all remaining and change order Work within the Contract Time stated.
2. All other Contract Work and Terms and Conditions of the Contract remain unchanged.
3. If the Contractor does not sign acceptance of this CCO, attention is directed to the requirements of the Contract Documents as to proceeding with the ordered Work and filing a written protest within the time stipulated.

 <p>SAN ELIJO JOINT POWERS AUTHORITY 2695 Manchester Avenue Cardiff by the Sea, CA 92007</p>	Contract Change Order (CCO) No. 8
	Contract Name: Biosolids Dewatering Facility Improvement
	Contract No.: 2023-026 SC Program Code: 13019
Contractor: GSE Construction Construction	Created By: George Foote
Date: November 22, 2024	Reviewed By: Tom Falk
Status:	Accepted By:
Revision:	Approved By:
Time Change (Days) Zero	CCO Amount: \$26,768.00
Summary <ol style="list-style-type: none"> 1. PCO #21-Add for rerouting electrical ductbank RFI #52.0-Add \$11,970.00. 2. PCO #22-Modify Temp starter at DAF Pump No.1-Zero (\$0.00). 3. PCO #24-Dewatering temp Skid Breaker Modification-Add \$1,000.00. 4. PCO #25-Skylite curb steel plate RFI #24.1-Add \$1,966.00. 5. PCO #18-Replace 2 each existing 4" NPW underground valves 	
Attachments: PCO #21, 22, 24, 18, & 25.	
<p><i>To Contractor: You are hereby directed to make the herein described changes from the Contract Documents. Note: This CCO is not effective until approved by San Elijo Joint Power Authority's General Manager.</i></p>	
CCO SCOPE OF WORK DESCRIPTION	
<p>The scope of this work includes all work described in:</p> <ol style="list-style-type: none"> 1. PCO #21(add)-For rerouting electrical ductbank because the way it was designed couldn't be built due to existing utility conflicts reference RFI #52. 2. PCO #22(zero)-The temporary DAF drive motor starter was designed for 120v but the existing equipment was 480 volt so the starter had to be modified. 3. PCO #24(add)-The contract drawings defined the temporary breaker size to be 50 amps for the temporary centrifuge, however the breaker size required was 125 amp so this was modified. 4. PCO #25(add)-The existing curb for the skylight was supposed to be concrete but field investigation determined it to be wood, so a steel plate needed to be added to the wood curb for seismic design. Reference RFI #24.1. 5. PCO #18(add)-The 2 each existing 4" underground valves that isolate the dewatering building were inoperable so these required replacing to facilitate construction of the NPW line at the dewatering building. 	
CCO COST (ADD/DEDUCT/NET) DESCRIPTION	
CONTRACT SUMMARY	


Original Contract Amount.....	\$	8,687,200.00
Net Change from Previous CCOs (1-7).....	\$	256,573.64
Contract Amount Prior to this CCO (1-7).....	\$	8,943,773.64
Contract Amount Change by this CCO (8).....	\$	26,768.00
New Contract Amount (1-8).....	\$	8,979,541.64
In Words: Eight Million, Nine Hundred Seventy Nine Thousand, Five Hundred Forty-One Dollars and 64/100ths Dollars		
Notice to Proceed Date.....		March 15, 2023
Original Contract Time.....		700 Calendar Days
Original Contract Completion Date.....		February 11, 2025
Contract Time Change from Previous CCOs.....		125 Days
Contract Completion Date Prior to this CCO.....		June 17, 2025
Contract Time Change by this CCO.....		0 Calendar Days
New Contract Completion Date.....		June 17, 2025

APPROVALS

Contractor	By:	Date:
	Steven Villanueva, PM, GSE Construction	
Construction Manager	By:	Date:
	George Foote Construction Manager, Valley CM	
SEJPA	By:	Date:
	Thomas Falk, Director of Infrastructure and Sustainability, San Elijo Joint Powers Authority	
SEJPA	By:	Date:
	Michael Thornton, General Manager, San Elijo Joint Powers Authority	

Notes:

- It is understood and agreed that the above adjustments constitute compensation in full on behalf of the Contractor, its Subcontractors and Suppliers for all costs and markups directly or indirectly attributed to the change ordered, for all time impacts and work sequencing related thereto and all extended overhead costs, and for performance of all remaining and change order Work within the Contract Time stated.*
- All other Contract Work and Terms and Conditions of the Contract remain unchanged.*
- If the Contractor does not sign acceptance of this CCO, attention is directed to the requirements of the Contract Documents as to proceeding with the ordered Work and filing a written protest within the time stipulated.*

 <p>SAN ELIJO JOINT POWERS AUTHORITY 2695 Manchester Avenue Cardiff by the Sea, CA 92007</p>	Contract Change Order (CCO) No. 9
	Contract Name: Biosolids Dewatering Facility Improvement
	Contract No.: 2023-026 SC Program Code: 13019
Contractor: GSE Construction Construction	Created By: George Foote
Date: November 22, 2024	Reviewed By: Tom Falk
Status:	Accepted By:
Revision:	Approved By:
Time Change (Days) Zero	CCO Amount: \$71,546.00
Summary 1. PCO #23-Floor coatings in existing centrifuge room (add) \$71,546.00	
Attachments: PCO #23	
<i>To Contractor: You are hereby directed to make the herein described changes from the Contract Documents. Note: This CCO is not effective until approved by San Elijo Joint Power Authority's General Manager.</i>	
CCO SCOPE OF WORK DESCRIPTION	
The scope of this work includes all work described in: 1. PCO #23(add)-The plans and specifications didn't require that the existing floor in the centrifuge be coated with a non-slip coating. This change adds to the requirement.	
CCO COST (ADD/DEDUCT/NET) DESCRIPTION	
CONTRACT SUMMARY	
Original Contract Amount.....	\$ 8,687,200.00
Net Change from Previous CCOs (1-8)	\$ 283,341.64
Contract Amount Prior to this CCO (1-8).....	\$ 8,970,541.64
Contract Amount Change by this CCO (9).....	\$ 71,546.00
New Contract Amount (1-9).....	\$ 9,042,087.64
In Words: Nine Million, Forty-two Thousand, Eighty-seven Dollars and 64/100ths Dollars	
Notice to Proceed Date.....	March 15, 2023
Original Contract Time.....	700 Calendar Days
Original Contract Completion Date.....	February 11, 2025
Contract Time Change from Previous CCOs.....	125 Days
Contract Completion Date Prior to this CCO.....	June 17, 2025
Contract Time Change by this CCO.....	0 Calendar Days
New Contract Completion Date.....	June 17, 2025

APPROVALS	
Contractor	By: _____ Date: _____ Steven Villanueva, PM, GSE Construction
Construction Manager	By: _____ Date: _____ George Foote Construction Manager, Valley CM
SEJPA	By: _____ Date: _____ Thomas Falk, Director of Infrastructure and Sustainability, San Elijo Joint Powers Authority
SEJPA	By: _____ Date: _____ Michael Thornton, General Manager, San Elijo Joint Powers Authority
<p><i>Notes:</i></p> <ol style="list-style-type: none"> <i>It is understood and agreed that the above adjustments constitute compensation in full on behalf of the Contractor, its Subcontractors and Suppliers for all costs and markups directly or indirectly attributed to the change ordered, for all time impacts and work sequencing related thereto and all extended overhead costs, and for performance of all remaining and change order Work within the Contract Time stated.</i> <i>All other Contract Work and Terms and Conditions of the Contract remain unchanged.</i> <i>If the Contractor does not sign acceptance of this CCO, attention is directed to the requirements of the Contract Documents as to proceeding with the ordered Work and filing a written protest within the time stipulated.</i> 	

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2024

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Infrastructure and Sustainability

SUBJECT: REJECT CONSTRUCTION BIDS FOR THE STORMWATER CAPTURE AND REUSE AND SITE WATER QUALITY IMPROVEMENTS PROJECT

RECOMMENDATION

It is recommended that the Board of Directors:

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

BACKGROUND

In March 2023, SEJPA's Board approved the Phase 4 Capital Projects, including the Stormwater Capture, Reuse, and Site Water Quality Improvements Project (Stormwater Project) which will provide new source water for recycling, improve water campus drainage to manage runoff and erosion, protect downstream water quality, and align with industrial stormwater permit requirements.

The most recent project budget for the Stormwater Project was estimated at \$1.6 million, with estimated construction costs of approximately \$1.1M. Based on these budget projections, the Stormwater Project has qualified for up to \$1.5 million in state and federal grant funding. The remaining budgeted project cost will be funded equally by the Wastewater and Recycled Water Program(s). The project will divert stormwater from the regional storm channel including pumping dry weather and first-flush storm flows and skimming peak storm flows to existing onsite bioretention basin. Onsite infrastructure will collect and convey runoff to the existing onsite bioretention and pumping into the headworks for treatment. This captured water will reduce pollutant load to the lagoon and provide up to 19 acre-feet per year of recycled water supply.

DISCUSSION

The request for bids (RFB) for the Stormwater Project was posted through SEJPA's online procurement portal, Planet Bids on September 30, 2024 and publicly advertised in Coast News on October 4, 2024 and October 18, 2024. A pre-bid meeting and job walk was conducted on October 17, 2024. A total of 49 entities accessed the bidding documents via Planet Bids during the 6-week bid period including 13 contractors registered as "prime" bidders. On November 14, 2024, two (2) construction bids for the Stormwater Project were received, as shown in **Table 1**. The bids were evaluated by SEJPA for compliance with the advertised bid requirements, the contractor's ability to perform the work, and submitted bid price.

Table 1 – Stormwater Project Bid Tabulation

Company	Bid Price (low to high)
Palm Engineering Construction Company, Inc.	\$ 1,577,700
Fordyce Construction, Inc.	\$ 1,972,596

The Engineer's Opinion of Probable Construction Cost (EOPCC) for the project was \$1.1 million. The remaining \$0.5 million of the budget covers non-construction costs, such as planning, design, bidding administration, and contingency fees. However, the low bid for construction work by Palm Engineering Construction Company, Inc., totaling \$1,577,700, exceeded the EOPCC by \$477,700 (43% higher than expected), which would bring the total estimated project cost to \$2.1 million. SEJPA thoroughly reviewed the bid documents, consulted with the Engineer, and followed up with the low bidder to understand the reasons for the higher bid. Contributing factors to the higher-than-expected construction bid values include ongoing inflation in materials and services, a tight construction market, the labor-intensive grading required for onsite stormwater conveyance, and compliance with federal funding requirements.

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

FINANCIAL IMPACT

This action to reject bids and subsequent rebid will result in costs on the order of \$10,000 associated with SEJPA staff time, consultant and legal support, and advertising expenses. These capital project expenses will be paid by available capital funds and are reimbursable through the grant programs upon project completion.

RECOMMENDATION

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "T. Falk", is written above a solid black horizontal line.

Thomas C. Falk, P.E., PMP
Director of Infrastructure and Sustainability

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2024

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: BIOLOGICAL TREATMENT CAPITAL PROJECT UPDATE

RECOMMENDATION

It is recommended that the Board of Directors:

1. Postpone the Biological Treatment Improvement Project to allow for the completion of the 2025 Facility Plan and development of a capital program funding strategy in collaboration with SEJPA member agencies;
2. Discuss and take action as appropriate.

BACKGROUND

At the October 2024 Board meeting, staff conducted a Capital Program Workshop to review planned capital projects and discuss a funding gap that will affect the delivery of certain projects, most notably the Biological Treatment Improvement project. This critical project aims to enhance water quality for recycling, reuse, and ocean disposal, with the goal of ensuring compliance with current and future water quality requirements. It also serves as a foundational step toward SEJPA's potable reuse objectives.

The funding gap, estimated in September 2024 at \$7 million, is primarily attributed to escalating construction costs and, to a lesser extent, the timing of grant disbursements. The workshop was informational, and no Board action was requested.

In November 2024, staff presented options to the Board to address this funding gap, including seeking \$7 million in external financing to maintain the project's current schedule or delaying the project until sufficient funding is secured. The Board directed staff to collaborate with member agency staff to explore potential funding sources and return with findings at the December 2024 Board meeting.

DISCUSSION

To address the funding shortfall, staff engaged with member agency representatives to evaluate potential solutions, including the availability of agency reserves and their organization's capacity to issue new debt.

Discussions were also held with Fieldman/Rolapp & Associates, SEJPA's financial advisor for previous debt issuances. These initial conversations focused on using debt issuance to close the gap, with the recommendation to ensure sewer rates are approved and in place to support anticipated debt service obligations before proceeding with financing.

Additionally, staff requested a time extension for the grant funding associated with the Biological Treatment Improvement project. Initial feedback indicates that the extension is likely to be approved.

Finally, SEJPA recently received bids for another capital project, with the lowest bid exceeding the engineer's opinion of probable cost by more than 40%. This significant discrepancy suggests that the construction market remains highly volatile. Staff interprets this trend as an indicator that the projected \$7 million funding shortfall for the Biological Treatment Improvement project could increase substantially if the project were to be bid in the current market conditions.

Based on these efforts and information, staff recommends postponing the Biological Treatment Improvement project until the 2025 Facility Plan is completed. This comprehensive plan will prioritize SEJPA's future capital needs and provide a framework for aligning with member agencies' sewer cost of service studies and rate-setting processes. Postponement allows SEJPA to:

- Develop a robust capital financial strategy that integrates rate studies, capital requirements, and potential debt funding.
- Complete ongoing projects and address miscellaneous capital needs through pay-as-you-go funding.

FISCAL IMPACT

The financial implications of postponing the Biological Treatment Improvement project are uncertain. Delays could jeopardize the currently secured grant funding, estimated at \$2.6 to \$3.0 million, due to required delivery schedules. However, construction cost volatility has significantly impacted recent bids, with prices exceeding engineers' estimates by over 40%. Applying similar increases to this project could negate the value of the grant funding.

Postponing the project enables a thorough evaluation and prioritization of SEJPA's capital needs through the completion of the 2025 Facility Plan. It also provides member agencies with the time needed to finalize sewer rates that can support future debt issuances for this and other capital projects.

Further funding recommendations will be presented as part of the capital planning process following the 2025 Facility Plan's completion.

RECOMMENDATION

It is recommended that the Board of Directors:

1. Postpone the Biological Treatment Improvement Project to allow for the completion of the 2025 Facility Plan and development of a capital program funding strategy in collaboration with SEJPA member agencies; and
2. Discuss and take action as appropriate.

Respectfully submitted,

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

Michael Thornton, P.E.
General Manger