

AGENDA
SPECIAL MEETING OF THE
SAN ELIJO JOINT POWERS AUTHORITY
MONDAY, OCTOBER 28, 2019 AT 8:30 A.M.
SAN ELIJO WATER RECLAMATION FACILITY – CONFERENCE ROOM
2695 MANCHESTER AVENUE
CARDIFF BY THE SEA, CALIFORNIA

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. ORAL COMMUNICATIONS (NON-ACTION ITEM)
5. AWARDS AND RECOGNITION
None
6. * **CONSENT CALENDAR**
7. * APPROVAL OF MINUTES FOR SEPTEMBER 9, 2019 MEETING
8. * APPROVAL FOR PAYMENT OF WARRANTS AND MONTHLY INVESTMENT REPORTS
9. * SAN ELIJO WATER RECLAMATION FACILITY TREATED EFFLUENT FLOWS – MONTHLY REPORT
- 10.* SAN ELIJO JOINT POWERS AUTHORITY RECYCLED WATER PROGRAM – MONTHLY REPORT
11. * SAN ELIJO JOINT POWERS AUTHORITY UPDATED EMPLOYEE HANDBOOK
12. * CONTRACT FOR PROCUREMENT OF A RECYCLED WATER PUMP AND MOTOR
13. * 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

14. **SAN ELIJO JOINT POWERS AUTHORITY AND OLIVENHAIN MUNICIPAL WATER DISTRICT RESOURCE SHARING**

1. Authorize the General Manager to execute an agreement with Olivenhain Municipal Water District for Resource Sharing that includes safety training and wastewater operator services; and
2. Discuss and take action as appropriate.

Staff Reference: General Manager

15. **FISCAL YEAR 2018-19 FINANCIAL AUDIT ACCEPTANCE**

1. Accept and file the Fiscal Year 2018-19 Audited Financial Statements for San Elijo Joint Powers Authority;
2. Accept and file the Fiscal Year 2018-19 SAS 114 Letter; and
3. Discuss and take action as appropriate.

Staff Reference: Director of Finance and Administration

16. **SAN ELIJO JOINT POWERS AUTHORITY END OF YEAR REVIEW OF THE FISCAL YEAR 2018-19 OPERATING AND DEBT SERVICE EXPENSES**

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

Staff Reference: Director of Finance and Administration

17. **PROPOSED RECYCLED WATER INFRASTRUCTURE PURCHASE**

1. Authorize the General Manager to execute the attached Pipeline Transfer and Cost Reimbursement Agreement by and between the San Elijo Joint Powers Authority and the City of Solana Beach; and
2. Discuss and take action as appropriate.

Staff Reference: General Manager

18. **CAPITAL IMPROVEMENT PROGRAM UPDATE**

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

Staff Reference: General Manager

19. GENERAL MANAGER'S REPORT

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

20. GENERAL COUNSEL'S REPORT

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

21. 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.

22. CLOSED SESSION

The Board will adjourn to Closed Session to discuss item(s) identified below. Closed Session is not open to the public; however, an opportunity will be provided at this time if members of the public would like to comment on any item listed below. (Three minute limit.) A closed session may be held at any time during this meeting of the San Elijo Joint Powers Authority for the purposes of discussing potential or pending litigation or other appropriate matters pursuant to the "Ralph M. Brown Act".

None

23. ADJOURNMENT

The next regularly scheduled San Elijo Joint Powers Authority Board Meeting will be Tuesday, November 12, 2019 at 8:30 a.m.

NOTICE:

The San Elijo Joint Powers Authority's open and public meetings meet the protections and prohibitions contained in Section 202 of the Americans With Disabilities Act of 1990 (42 U.S.C Section 12132), and the federal rules and regulations adopted in implementation thereof. Any person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting of the SEJPA Board of Directors may request such modification or accommodation from Michael T. Thornton, General Manager, (760) 753-6203 ext. 72.

The agenda package and materials related to an agenda item submitted after the packet's distribution to the Board is available for public review in the lobby of the SEJPA Administrative Office during normal business hours. Agendas and minutes are available at www.sejpa.org. The SEJPA Board meetings are held on the second Monday of the month, except August.

AFFIDAVIT OF POSTING

I, Michael T. Thornton, Secretary of the San Elijo Joint Powers Authority, hereby certify that I posted, or have caused to be posted, a copy of the foregoing agenda in the following locations:

San Elijo Water 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: October 23, 2019

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

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

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
HELD ON SEPTEMBER 9, 2019
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

David Zito, Chair

Jody Hubbard, Vice Chair

A regular meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, September 9, 2019, at 8:30 a.m., at the San Elijo Water Reclamation Facility at 2695 Manchester Avenue, Cardiff by the Sea, California.

1. CALL TO ORDER

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

2. ROLL CALL

Directors Present:

David Zito
Jody Hubbard
Kristi Becker
Catherine Blakespear

Directors Absent:

None

Others Present:

General Manager
Director of Finance & Administration
Director of Operations
Program Manager
Administrative Assistant/Board Clerk

Michael Thornton
Paul Kinkel
Chris Trees
Mike Konicke
Jennifer Basco

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Greg Moser

City of Encinitas:

Utilities Field Supervisor
IT Operations Supervisor
IT Manager

Daniel Guerra
Jessica Contreras
Wendy Flynn

City of Solana Beach:

City Manager
Director of Engineering/Public Works

Greg Wade
Mohammad "Mo" Sammak

Encinitas Ranch Community Association

Dick Stern

3. PLEDGE OF ALLEGIANCE

Chair Zito led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

Dick Stern, President of Encinitas Ranch Community Association, expressed his satisfaction with the successful completion of the Encinitas Ranch Recycled Water Expansion project. The beneficiaries of the project include providing recycled water to the greenbelts and open space associated with approximately 500 homes, City of Encinitas Lot 15 (public trail), and Fox Point Farms. Mr. Stern thanked the Board of Directors and recognized SEJPA General Manager Thornton and staff for the great partnership.

5. AWARDS AND RECOGNITION

None

6. CONSENT CALENDAR

Moved by Board Member Blakespear and seconded by Vice Chair Hubbard to approve the Consent Calendar.

Agenda Item No. 7	Approval of Minutes for the July 8, 2019 Meeting
Agenda Item No. 8	Approval for Payment of Warrants and Monthly Investment Report
Agenda Item No. 9A	San Elijo Water Reclamation Facility Treated Effluent Flows – Monthly Report (June)
Agenda Item No. 9B	San Elijo Water Reclamation Facility Treated Effluent Flows – Monthly Report (July)
Agenda Item No. 10A	San Elijo Joint Powers Authority Recycled Water Program – Monthly Report (June)
Agenda Item No. 10B	San Elijo Joint Powers Authority Recycled Water Program – Monthly Report (July)
Agenda Item No. 11	San Elijo Joint Powers Authority Contract for Procurement of Calcium Nitrate

Motion carried with the following vote of approval:

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

13. ITEMS REMOVED FROM CONSENT CALENDAR

Agenda Item No. 12 IT Managed Services Hardware and Software Upgrades.

Board Member Blakespear requested a discussion of Agenda Item No. 12. General Manager Thornton introduced Wendy Flynn, IT Manager, and Jessica Contreras, IT Operations Supervisor, from the City of Encinitas (City). The General Manager stated that the City has provided IT solutions to SEJPA for nearly 6 years. The current IT service Agreement term ends December 31, 2019 and the City has provided SEJPA with a new IT service agreement proposal. The proposed fee for the IT managed services is for an annual amount not to exceed \$92,700. Funds are available within the Supplies and Services and Contingency categories of the FY 2019-20 Budget.

Moved by Board Member Blakespear and seconded by Vice Chair Hubbard to:

1. Authorize the General Manager to enter into agreement with the City of Encinitas for IT Managed Services for an annual cost not-to-exceed \$92,700; and
2. Authorize the General Manager to procure IT Hardware, Software, and Professional Services for an amount not-to-exceed \$60,690.

Motion carried with the following vote of approval:

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

14. ENCINITAS RANCH RECYCLED WATER EXPANSION PROJECT – ACCEPTANCE OF COMPLETION AND FINAL SETTLEMENT AGREEMENT

General Manager Thornton informed the Board of Directors that the Encinitas Ranch Recycled Water Expansion project is substantially complete, with all major components installed and operational, and only minor items remain outstanding. The project expands recycled water service within the northern portion of the City of Encinitas and is expected to offset approximately 45 acre-feet per year or roughly 14.6 million gallons per year of potable water with locally produced recycled water.

During construction of underground pipelines, unforeseen conditions were encountered and the contractor, Burtech Pipeline, Inc., performed additional work in order to complete the project. The contractor submitted contract change order requests for additional costs of approximately \$133,000. Mr. Thornton stated that staff negotiated a fair and reasonable settlement amount of \$80,000 with the contractor. Acceptance of the project and the filing of the Notice of Completion will complete the contract with Burtech Pipeline, Inc. The final project cost, inclusive of all contract change orders and the proposed final construction settlement, is \$1,608,603 or \$116,033 under budget.

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

1. Authorize the General Manager to execute a Settlement and Release Agreement with Burtech Pipeline, Inc.; and
2. Authorize the General Manager to accept the Encinitas Ranch Recycled Water Expansion Project on behalf of the SEJPA and record the Notice of Completion.

Motion carried with the following vote of approval:

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

15. PRELIMINARY TREATMENT UPGRADES AND ODOR CONTROL IMPROVEMENTS PROJECT – ACCEPTANCE OF COMPLETION AND FINAL SETTLEMENT AGREEMENT

General Manager Thornton informed the Board of Directors that the Preliminary Treatment Upgrades and Odor Control Improvement project has reached substantial completion, and all major systems and components are installed and operational. The project included construction of new concrete treatment structures, installing new mechanical equipment, rehabilitation of existing concrete channels and structures, new safety improvements, and upgrades to the odor control system. The project has exceeded the contract end date and work disputes have arisen. As a result, staff negotiated a settlement and release agreement with the contractor, NEWest Construction Company, in order to cease construction activities and close out the contract for \$3,796,816 which is less than the approved contract value (including the change orders). SEJPA will pay a negotiated sum of \$120,000 as final payment for all work completed and waive any rights to liquidated and special damages. NEWest agrees to waive all claims, adjustments and liens, provide all warranties, and deliver all spare parts and project materials to SEJPA. Mr. Thornton stated that some work remains to be completed, and will be prioritized and scheduled as part of future capital improvements.

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

1. Authorize the General Manager to execute a Settlement and Release Agreement with NEWest Construction Co., Inc.; and
2. Authorize the General Manager to accept the Preliminary Treatment Upgrades and Odor Control Improvements Project on behalf of the SEJPA and record the Notice of Completion.

Motion carried with the following vote of approval:

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

16. ADOPT THE PROPOSED MITIGATED NEGATIVE DECLARATION ADDENDUM NO. 2 FOR UPGRADES AT THE SAN ELIJO WATER RECLAMATION FACILITY

General Manager Thornton provided background to the Board of Directors on the 2015 Facility Plan. This Facility Plan recommended multiple components of the SEWRF be upgraded based on a combination of factors such as risk, safety, physical condition, code compliance, and potential for improving process performance. From this Facility Plan, a capital upgrades project was identified and a Final Mitigated Negative Declaration (Final MND) was prepared in accordance with the California Environmental Quality Act (CEQA). The Final MND for the SEWRF Upgrades project was accepted by the Board of Directors in April 2016. In January 2019, the Board of Directors adopted Addendum No. 1 to the MND for minor adjustments to the project, including the addition of a shared-used bicycle/pedestrian trail, traffic safety enhancements, and a new location for solar panels. Additional minor adjustments have now been identified including the addition of a full traffic signal on Manchester Avenue, storm water improvements, and an expanded area for ground mount solar panels within the Water Campus property. These adjustments are being proposed as Addendum No. 2. Mr. Thornton stated that Addendum No. 2 documents that the revised project will not result in new significant impacts relative to the proposed project as described in the Final MND and would not alter the conclusions of the Final MND.

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

1. Adopt the Proposed Addendum No. 2 to Mitigated Negative Declaration for the San Elijo Water Reclamation Facility Upgrades.

Motion carried with the following vote of approval:

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

17. WATER CAMPUS IMPROVEMENT PROJECT DISCUSSION

General Manager Thornton informed the Board of Directors that key milestones have been met for the Water Campus Improvement project, including the completion of negotiations for project permits with all resource agencies. The project is scheduled for public review by the Encinitas Planning Commission on September 19, 2019. Based on the outcome of the Planning Commission, the project design can be completed.

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

18. GENERAL MANAGER'S REPORT

The General Manager informed the Board of Directors that SEJPA partnered on two grant applications for the Proposition 1 - Round 1 IRWM Implementation Grant Program, both of which were successful. In total, the grant award is for approximately \$7 million, which will fund water supply projects within north coastal San Diego county.

The first grant totals \$2.57 million for the North San Diego Integrated Recycled Water Project and it includes SEJPA, Olivenhain Municipal Water District, Rincon Water District, and City of Oceanside. This project intends to expand recycled water infrastructure in north county to further reduce the region's reliance on imported water. Of this grant, approximately \$300,000 is for recycled water storage evaluation by the SEJPA, which will help inform future capital investments for developing an integrated regional water storage system.

The second grant totals \$4.56 million for the North San Diego Pure Water Project and it includes SEJPA, Nature Collective, and the City of Oceanside. This project intends to build potable reuse infrastructure within the City of Oceanside, build storm water capture and reuse infrastructure by SEJPA, perform pathogen removal study of the wastewater treatment process also lead by SEJPA, and provide water education by SEJPA and the Nature Collective. Of this grant, approximately \$1.4 million is directed to the SEJPA.

The final approval of the IRWM Proposition 1 grant is required by the Department of Water Resources and further refinement of the grant applications or rejection is possible.

19. GENERAL COUNSEL'S REPORT

None

20. BOARD MEMBER COMMENTS

None

21. CLOSED SESSION

None

22. ADJOURNMENT

The meeting adjourned at 9:31 a.m. The next Board of Directors meeting will be held on Monday, October 14, 2019 at 8:30 a.m.

Respectfully submitted,

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

Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS

20-10

For the Month of September 2019

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
37624	Adler Tank Rentals	Equipment Rental/Lease	Temporary open top tank - 05/21/19 - 08/31/19	1,448.16
37625	Aflac	EE Deduction Benefits	Aflac - September	595.08
37626	Allied Storage Containers	Equipment Rental/Lease	20 ' and 40 ' storage containers - 09/01/19 - 09/30/19	172.40
37627	Aquatic Bioassay	Services - Laboratory	Toxicity testing	1,050.00
37628	AT&T	Utilities - Telephone	Alarm service - September	399.60
37629	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping; grit and screenings	2,322.32
37630	Brenntag Pacific, Inc	Supplies - Chemicals	Sodium hydroxide	1,710.50
37631	Carollo Engineers	Services - Engineering	SCADA system upgrade	2,267.00
37632	Coast Waste Management, Inc.	Services - Grit & Screenings	10 yard roll-off	3,296.74
37633	Complete Office	Supplies - Office	Paper, envelopes, and various supplies	155.34
37634	Corodata	Rent	Record storage - August	97.97
37635	County of San Diego	Fees - Permits	NOD - Addendum #2 SEWRF facility upgrades	50.00
37636	CS-Amsco	Services - Maintenance	Valve service	625.00
37637	CWEA Membership	Dues & Memberships	Membership; Electrical Grade I	281.00
37638	Dudek & Associates	Services - Professional	ESDC - Preliminary treatment upgrades	6,240.00
37639	EDCO Waste & Recycling Service	Utilities - Trash	August	257.48
37640	Encina Wastewater Authority	Service - EWA Support	Resource sharing - HR and safety	2,139.07
37641	City of Encinitas	Service - IT Support	Admin network - September	2,703.75
37642	Evantec Lab Supply	Supplies - Lab	Deionized water	571.63
37643	Forte of San Diego	Services - Janitorial	October	1,000.00
37644	Fusco Engineering	Services - Professional	Building improvement	2,262.00
37645	Global Power Group Inc.	Services - Maintenance	Generator maintenance service	661.68
37646	Grainger, Inc.	Repair Parts Expense	Air release valve, flexible coupling	253.31
37647	GC Pivotal LLC	Utilities - Internet	T-1 service - Oct.	360.57
37648	Hach Company	Supplies - Lab	Laboratory supplies	1,006.11
37649	Hardy Diagnostics	Supplies - Lab	Laboratory supplies	1,185.32
37650	Idexx Distribution, Inc.	Supplies - Lab	Laboratory supplies	919.23
37651	Industrial Maintenance Supply	Supplies - Shop & Field	Various	921.27
37652	Jennifer Basco	Subsistence - Travel	Mileage for June and July	151.58
37653	Kennedy/Jenks Consultants	Services - Engineering	CMAR-owner representative	780.00
37654	McMaster-Carr Supply Co.	Repair Parts Expense	Door closer, metal panel, pole	677.27
37655	The Nyhart Company	Services - Accounting	GASB 68 report; actuarial valuation	6,450.00
37656	Olin Corp - Chlor Alkali	Supplies - Chemicals	Sodium hypochlorite	7,047.17
37657	Olivenhain Municipal Water District	Rent	Pipeline rental payment - August	14,305.50
37658	Pacific Safety Center	Dues & Memberships	Annual membership	145.00
37659	Preferred Benefit Insurance	Dental/Vision	Vision - September	299.30
37660	ProBuild Company, LLC	Supplies - Shop & Field	Parts and supplies	619.37
37661	The Pun Group LLP	Services - Accounting	Year end audit - June 30, 2019	15,000.00
37662	Rockwell Solutions	Repair Parts Expense	Impeller and cutter	4,692.31
37663	Santa Fe Irrigation District	Utilities - Water	Recycled water	370.92
37664	Santa Fe Irrigation District	SFID Distribution Pipeline	Pipeline purchase payment - August	1,488.64
37665	San Dieguito Water District	Utilities - Water	Recycled water	2,013.05
37666	SWRCB - ELAP Fees	Fees - Permits	Certificate no. 1104	6,352.00
37667	Terminix Processing Center	Services - Maintenance	August	389.00
37668	Technology Integration Group	Services - Maintenance	Copier	143.22
37669	Christopher A. Trees	Subsistence - Travel	RWQCB meeting	80.05
37670	Trussell Technologies, Inc.	Services - Engineering	Operations plan update and training	4,521.00
37671	Unifirst Corporation	Services - Uniforms	Uniform service	230.41
37672	Underground Service Alert/SC	Services - Alarm	Dig alert - August	273.86
37673	Valve Automation & Control	Services - Maintenance	Electric actuator	805.00
37674	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA - 457	6,567.40
37675	Vantagepoint Transfer Agents	ICMA Retirement	ICMA - 401a	3,545.83
37676	Volt Management Corp	Services - Intern Program	Periods end - 08/23/19 - 09/01/2019	5,527.82
37677	Walker Process Equipment	Repair Parts Expense	Digester wall wheels	3,054.95
On-line 236	BankCard Center	Supplies - Shop & Field	Parts and supplies	4,849.33
On-line 237	Fuelman	Fuel	Fuel	1,187.87
On-line 238	Home Depot Credit Services	Supplies - Shop & Field	Tools and supplies	851.18
On-line 239	Public Employees- Retirement	Retirement Plan - PERS	Retirement - 08/24/19 - 09/06/19	14,384.95
On-line 240	San Diego Gas & Electric	Utilities - Gas & Electric	Gas and electric - 08/05/19 - 09/04/19	71,196.38
37678	AT&T	Utilities - Telephone	Phone service - 08/13/19 - 09/12/19	417.02
37679	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping	714.88
37680	Badboy Blasters, Inc.	Capital Outlay	Sandblaster	3,475.32

SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS

20-10

For the Month of September 2019

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
37681	Black & Veatch	Services - Management	Solids treatment process	7,175.00
37682	Boot World, Inc.	Uniforms - Boots	Safety boots	369.66
37683	Burtech Pipeline, Inc.	Services - Contractors	Encinitas Ranch recycled water project	142,695.98
37684	Cart Mart	Capital Outlay	Electric utility carts	25,812.62
37685	Cla-Val	Services - Maintenance	Main valve chattering	790.25
37686	Complete Office	Supplies - Office	Office supplies	83.71
37687	Denali Water Solutions LLC	Services - Biosolids Hauling	August	22,352.59
37688	DMV	Services - Other	Safety records - 08/01/19 - 08/31/19	2.00
37689	Evantec Lab Supply	Supplies - Lab	Laboratory supplies	868.84
37690	Forte of San Diego	Supplies - Janitorial	Supplies	631.36
37691	gafcon	Services - Professional	Encinitas Ranch RW expansion project	104.00
37692	Grainger, Inc.	Shop Tools and Equip.	Extension ladder	323.69
37693	Golden State Overnight	Postage/Shipping	Laboratory water samples	41.79
37694	Hardy Diagnostics	Supplies - Lab	Laboratory supplies	660.31
37695	Idexx Distribution, Inc.	Supplies - Lab	Laboratory supplies	2,398.04
37696	Kusters Zima Corporation	Repair Parts Expense	Scraper arm squeegee set	739.10
37697	Larry Walker Associates	Services - Professional	Laboratory audit and review; update QA manual	3,480.00
37698	Lee's Lock & Safe	Repair Parts Expense	Locks	200.20
37699	Marine Taxonomic Services, Ltd.	Services - Contractors	Water sample monitoring; outfall inspection	15,450.00
37700	McMaster-Carr Supply Co.	Repair Parts Expense	Various fittings, brass pipe, gaskets, couplings	916.86
37701	MetLife - Group Benefits	Dental/Vision	Dental - October	1,839.90
37702	Midas Shop	Vehicle Maintenance	Oil changes	127.20
37703	Midas	Vehicle Maintenance	A/C service, oil change	1,005.97
37704	Napa Auto Parts	Vehicle Maintenance	Fuel cap	10.97
37705	Olin Corp - Chlor Alkali	Supplies - Chemicals	Sodium hypochlorite	3,605.42
37706	Pacific Green Landscape	Services - Landscape	September	2,625.00
37707	Pacific Pipeline Supply	Shop Tools and Equip.	Valve box lifter	311.91
37708	Pall Corporation	Repair Parts Expense	Wrench module nut	867.28
37709	Polydyne Inc.	Supplies - Chemicals	Clarifloc WE-007 and C-378	13,040.80
37710	ProBuild Company, LLC	Supplies - Shop & Field	Repair parts and supplies	269.02
37711	Procopio Cory Hargreaves	Services - Legal	General; Labor & employment for August	5,727.00
37712	ReadyRefresh	Supplies - Lab	Kitchen and lab supplies	435.67
37713	Red Truck Fire & Safety Co.	Services - Maintenance	Hydrotest and recharge of fire extinguishers	627.76
37714	Rockwell Solutions	Repair Parts Expense	Casing and backplate, impeller	7,217.73
37715	Roesling Nakamura Terada Architects	Services - Professional	Building design	40,730.50
37716	Rohan & Sons, Inc.	Services - Maintenance	Area #2 and Area #3 blower repairs	3,117.14
37717	Rusty Wallis, Inc.	Repair Parts Expense	Water softener, tank service, and salt bags	163.19
37718	SAF-T-Flo Water Services	Repair Parts Expense	Check valve	508.65
37719	Sloan Electric Company	Services - Maintenance	Install two Mitsubishi VFD units	4,066.24
37720	Smart & Final	Supplies - Office	Kitchen supplies	225.75
37721	Southern California Fleet Ser.	Vehicle Maintenance	Core charge for water pump	98.02
37722	Test America	Services - Laboratory	Testing water samples	1,206.50
37723	Technology Integration Group	Services - Maintenance	Copier	180.22
37724	Traffic Safety Store	Supplies - Safety	Cones and vests	602.42
37725	Christopher A. Trees	Subsistence - Meals	LWA	74.92
37726	Trussell Technologies, Inc.	Services - Engineering	MF & RO training and data analysis; operations plan	12,185.50
37727	Unifirst Corporation	Services - Uniforms	Uniform service	229.37
37728	USP Technologies	Equipment Rental/Lease	Feed system	800.00
37729	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA - 457	6,472.23
37730	Vantagepoint Transfer Agents	ICMA Retirement	ICMA - 401a	3,475.99
37731	Verizon Wireless	Utilities - Telephone	08/11/19 - 09/10/19	341.98
37732	Verizon Wireless	Utilities - Telephone	Cell phone service - 08/08/19 - 09/07/19	964.84
37733	Volt Management Corp	Services - Intern Program	Periods ending - 08/23, 8/30, 09/06, and 09/13/19	8,450.83
37734	VWR International, Inc.	Supplies - Lab	Laboratory supplies	1,731.03
37735	WageWorks	Payroll Processing Fees	Admin and compliance fees - August	128.75
On-line 241	P.E.R.S.	Medical Insurance - Pers	Health - October	21,778.94
On-line 242	Public Employees- Retirement	Retirement Plan - PERS	Retirement - 09/07/19 - 09/20/19	14,363.51
On-line 243	Sun Life Financial	Life Insurance/Disability	Life and disability insurance	1,720.65
37736	Woodbridge Pacific Group, LLC	Other Contributions	Ground water treatment deposit refund	65,498.00
37737	1903 Solutions, LLC	Licenses	Advanced anti-phishing	920.50
37738	Adler Tank Rentals	Equipment Rental/Lease	Temporary open top tank - 09/01/19 - 09/30/19	1,034.40
37739	Affordable Pipeline Services	Services - Maintenance	Dislodge plastic bottle from recirculation line	975.00

SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS

20-10

For the Month of September 2019

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
37740	Aflac	EE Deduction Benefits	Aflac - October	595.08
37741	Allied Storage Containers	Equipment Rental/Lease	20' - 40' storage containers - 10/01/19 - 10/31/19	172.40
37742	Aquatic Bioassay	Services - Laboratory	Toxicity testing	1,050.00
37743	AT&T	Utilities - Telephone	Alarm service - October	399.60
37744	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping	714.88
37745	BAVCO	Repair Parts Expense	Watts ACV kit	596.94
37746	Brenntag Pacific, Inc.	Supplies - Chemicals	Sodium hydroxide	2,090.60
37747	Brewer Crane and Rigging	Equipment Rental/Lease	Tank dome removal	2,421.30
37748	California Water Technologies	Supplies - Chemicals	Ferric chloride	12,969.32
37749	Carollo Engineers	Services - Engineering	SCADA upgrades	8,781.30
37750	Coast Waste Management, Inc.	Services - Grit & Screenings	10 yd roll-off	1,468.83
37751	Corodata	Rent	Record storage - September	94.82
37752	CWEA Membership	Dues & Memberships	Membership; Plant Maintenance Grade I	281.00
37753	Dell Marketing L.P.	Capital Outlay	Computer upgrades and monitors	11,313.61
37754	DHK Engineers, Inc.	Services - Engineering	Odor control system	7,560.00
37755	EDCO Waste & Recycling Service	Utilities - Trash	September	257.48
37756	City of Encinitas	Service - IT Support	Admin network - October	2,703.75
37757	Fisher Scientific	Supplies - Lab	Laboratory supplies	895.18
37758	Forte of San Diego	Supplies - Janitorial	November	1,000.00
37759	Fuscoe Engineering	Services - Professional	Building improvement	16,738.00
37760	GC Pivotal LLC	Utilities - Internet	T-1 service - October	355.24
37761	Hardy Diagnostics	Supplies - Lab	Laboratory supplies	1,692.87
37762	Idexx Distribution, Inc.	Supplies - Lab	Laboratory supplies	248.12
37763	Jennifer Basco	Subsistence - Travel	September mileage	83.67
37764	JWC Environmental	Services - Maintenance	Maintenance service for grinders	808.13
37765	LiftOff, LLC	Licenses	Office Pro Plus	3,300.00
37766	McMaster-Carr Supply Co.	Repair Parts Expense	Tubing and V-belt, pipe fitting	838.93
37767	Olin Corp - Chlor Alkali	Supplies - Chemicals	Sodium hypochlorite	3,597.98
37768	Olivenhain Municipal Water District	Rent	Pipeline rental payment - September	12,910.50
37769	Pacific Safety Center	Training - Safety	Forklift training	595.00
37770	Preferred Benefit Insurance	Dental/Vision	Vision - October	299.30
37771	Random Deeds Media LLC	Accrued Liabilities	Olivenhain Municipal Water District	3,000.00
37772	Robert Half Technology	Service - IT Support	Temporary services - IT upgrades	1,200.00
37773	Roesling Nakamura Terada Architects	Services - Professional	Building improvement	28,677.50
37774	Santa Fe Irrigation District	Utilities - Water	Recycled water	2,786.40
37775	SCAP	Dues & Memberships	Annual membership dues FY 2019/2020	8,570.00
37776	The San Diego Union-Tribune	Subscriptions	Subscription plan	716.75
37777	San Dieguito Water District	Utilities - Water	Recycled water	1,541.29
37778	San Dieguito Water District	Utilities - Water	Recycled water	2,013.05
37779	Smart & Final	Supplies - Office	Kitchen supplies	51.92
37780	Terminix Processing Center	Services - Maintenance	September	389.00
37781	Unifirst Corporation	Services - Uniforms	Uniform service	229.72
37782	UPS	Postage/Shipping	Mailing parts	23.27
37783	Underground Service Alert/SC	Services - Alarm	Dig alert - September	214.46
37784	USA Bluebook	Supplies - Shop & Field; Lab	Sludge Judge tube	1,141.67
37785	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA - 457	6,469.85
37786	Vantagepoint Transfer Agents	ICMA Retirement	ICMA - 401a	3,470.08
37787	Vaughn Irrigation Services, Inc.	Repair Parts Expense	Pilot controls assembly kit	2,864.82
37789	Volt Management Corp	Services - Intern Program	Periods end - 09/20/19, 09/27/19, and 09/27/19	9,295.40
37790	VWR International, Inc.	Supplies - Lab	Laboratory supplies	1,227.09
37791	Water Systems Consulting, Inc.	Services - Professional	Strategic communications	2,087.50
37792	World Water Works, Inc.	Repair Parts Expense	Pump cover	1,920.47
On-line 244	BankCard Center	Supplies - Safety	Security, parts, and supplies	4,542.84
On-line 245	Fuelman	Fuel	September	875.01
On-line 246	Home Depot Credit Services	Supplies - Shop & Field	Tools, office supplies, and parts	2,428.85
On-line 247	Public Employees- Retirement	Retirement Plan - PERS	Retirement - 09/21/19 - 10/04/19	14,038.96
On-line 248	San Diego Gas & Electric	Utilities - Gas & Electric	Gas and electric - 09/04/19 - 10/03/19	67,389.62
On-line 249	Board of Equalization	Accrued Sales Tax Payable	Sales tax - 07/01/19 - 09/30/19	1,099.00
	San Elijo Payroll Account	Payroll	Payroll - 09/13/2019	75,061.00
	San Elijo Payroll Account	Payroll	Payroll - 09/27/2019	71,847.93
	San Elijo Payroll Account	Payroll	Payroll - 10/11/2019	72,783.81
				<u><u>\$ 1,157,203.90</u></u>

SAN ELIJO JOINT POWERS AUTHORITY

PAYMENT OF WARRANTS SUMMARY

**For the Month of September 2019
As of October 17, 2019**

PAYMENT OF WARRANTS

\$ 1,157,203.90

Reference Number 20-10

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



Paul F. Kinkel
Director of Finance & Administration

STATEMENT OF FUNDS AVAILABLE FOR PAYMENT OF WARRANTS
AND INVESTMENT INFORMATION
As of October 17, 2019

FUNDS ON DEPOSIT WITH	AMOUNT
LOCAL AGENCY INVESTMENT FUND	
<i>(SEPTEMBER 2019 YIELD 2.280%)</i>	
RESTRICTED SRF RESERVE	\$ 630,000.00
UNRESTRICTED DEPOSITS	\$ 8,869,980.81
CALIFORNIA BANK AND TRUST	
<i>(SEPTEMBER 2019 YIELD 0.01%)</i>	
REGULAR CHECKING	\$ 79,798.10
PAYROLL CHECKING	\$ 5,000.00
UNION BANK - TRUSTEE (BOND FUNDS)	
BLACKROCK	\$ 276,259.33
<i>(SEPTEMBER 2019 YIELD 1.99%)</i>	
LAIF	\$ 14,766,359.22
<i>(SEPTEMBER 2019 YIELD 2.280%)</i>	
PARS - TRUSTEE (POST-EMPLOYMENT BENEFITS TRUST)	\$ 51,234.74
<i>(Q1 2019 ANNUALIZED 7.99% NET OF FEES)</i>	
TOTAL RESOURCES	<u>\$ 24,678,632.20</u>

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 28, 2019

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO WATER RECLAMATION FACILITY TREATED EFFLUENT FLOWS
– MONTHLY REPORT

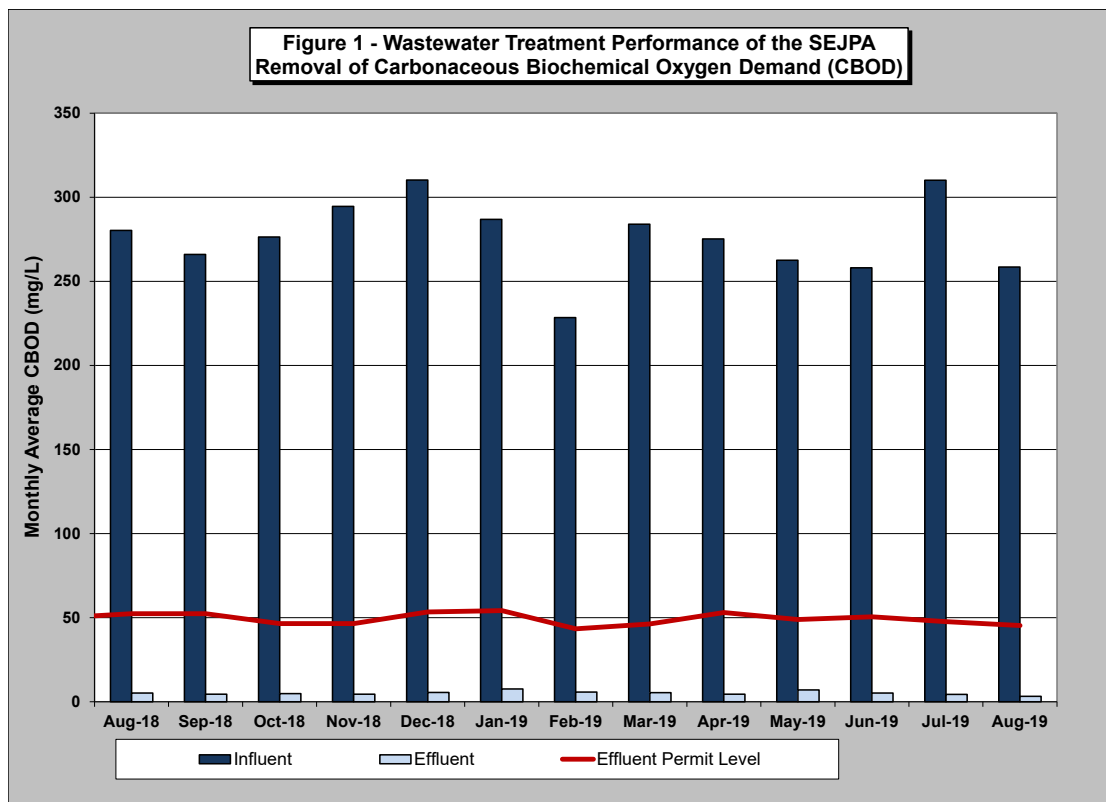
RECOMMENDATION

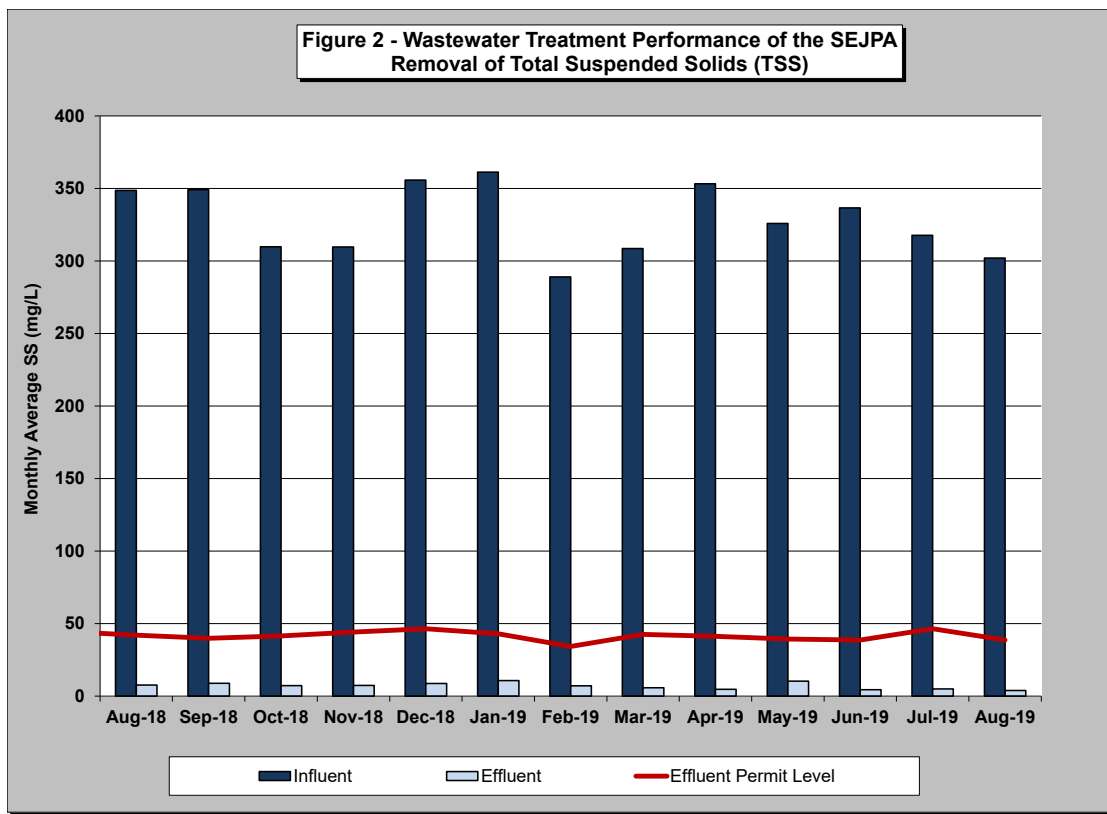
No action required. This memorandum is submitted for information only.

DISCUSSION

Monthly Treatment Plant Performance and Evaluation

Wastewater treatment for the San Elijo Joint Powers Authority (SEJPA) met all National Pollutant Discharge Elimination System (NPDES) ocean effluent limitation requirements for the month of August 2019. The primary indicators of treatment performance include the removal of Carbonaceous Biochemical Oxygen Demand (CBOD) and Total Suspended Solids (TSS). The SEJPA is required to remove a minimum of 85 percent of the CBOD and TSS from the wastewater. Treatment levels for both CBOD and TSS were 98.7 percent removal (as shown in Figure 1 and Figure 2).





Member Agency Flows

Presented below are the influent and effluent flows for the month of August. Average daily influent flows were recorded for each Member Agency. Total effluent flow was calculated for the San Elijo Water Reclamation Facility.

	August	
	<u>Influent (mgd)</u>	<u>Effluent (mgd)*</u>
Cardiff Sanitary Division	1.148	0.478
City of Solana Beach	0.938	0.391
Rancho Santa Fe SID	0.126	0.053
City of Del Mar	0.567	0.236
Total San Elijo WRF Flow	2.779	1.158

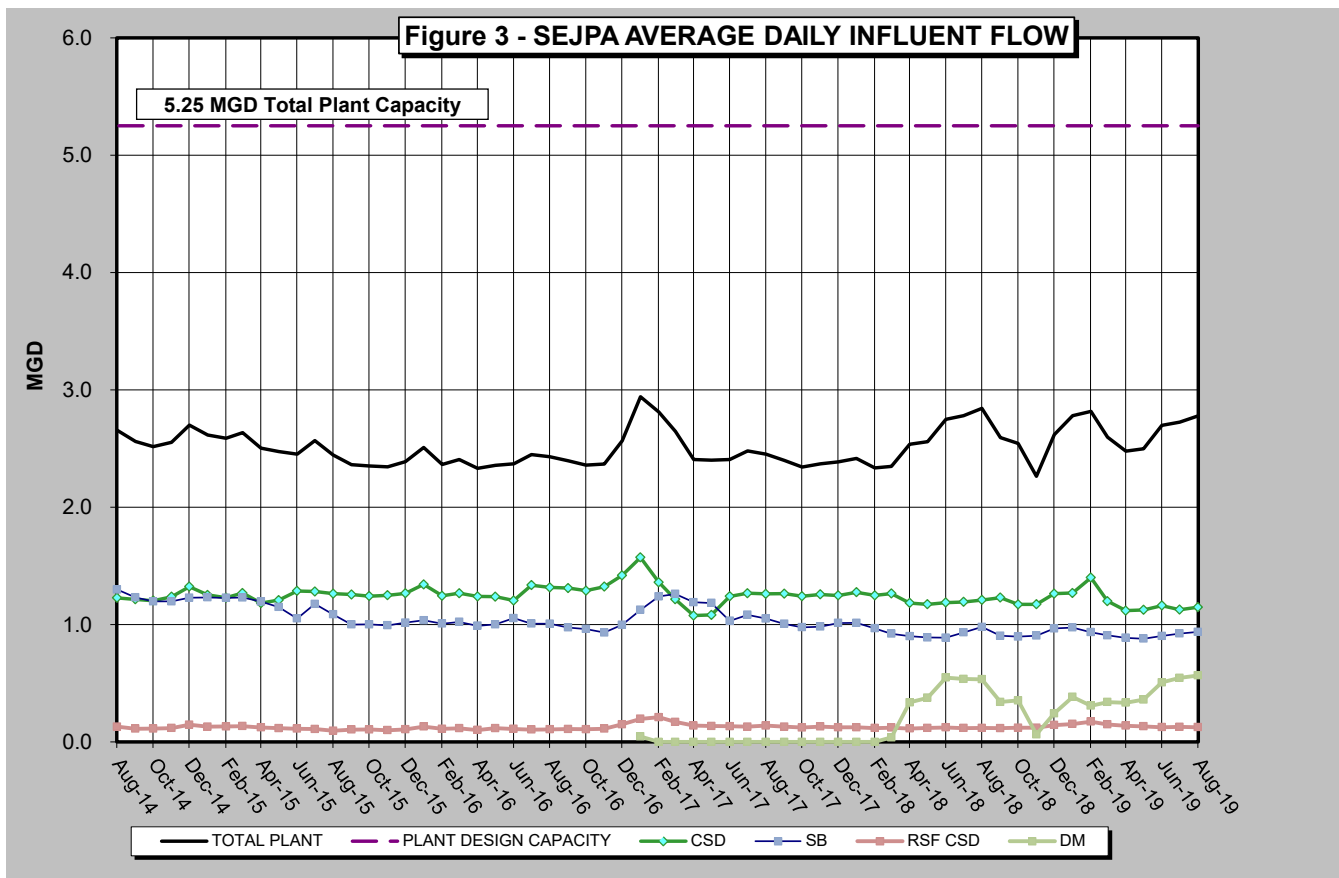
* Effluent is calculated by subtracting the recycled water production from the influent wastewater.

Table 1 (below) presents the historical average, maximum, and unit influent and effluent flow rates per month for each of the Member Agencies during the past 5 years. It also presents the number of connected Equivalent Dwelling Units (EDUs) for each of the Member Agencies during this same time period.

TABLE 1 - SAN ELIJO WATER RECLAMATION FACILITY MONTHLY REPORT - FLOWS AND EDUS

MONTH	AVERAGE DAILY INFLUENT FLOW RATE (MGD)					AVERAGE DAILY EFFLUENT FLOW RATE (MGD)					CONNECTED EDUs					AVERAGE UNIT INFLUENT FLOW RATE (GAL/EDU/DAY)							
	CSD	RSF	CSD	SB	DM	TOTAL PLANT	CSD	RSF	CSD	SB	DM	TOTAL PLANT	CSD EDUS	RSF EDUS	CSD EDUS	SB EDUS	DM	TOTAL EDUS	CSD	RSF	SB	DM	TOTAL PLANT
Jun-14	1.341	0.126	1.188			2.655	0.207	0.020	0.183			0.410	8,333	498	7,728			16,559	161	253	154		160
Jul-14	1.271	0.130	1.307			2.708	0.232	0.024	0.239			0.495	8,338	499	7,728			16,565	152	261	169		163
Aug-14	1.228	0.130	1.298			2.656	0.227	0.024	0.239			0.490	8,345	500	7,728			16,573	147	260	168		160
Sep-14	1.215	0.113	1.232			2.560	0.211	0.019	0.214			0.444	8,351	500	7,728			16,579	145	226	159		154
Oct-14	1.204	0.114	1.198			2.516	0.394	0.038	0.392			0.824	8,353	500	7,728			16,581	144	228	155		152
Nov-14	1.237	0.118	1.198			2.553	0.667	0.063	0.646			1.376	8,354	502	7,728			16,584	148	235	155		154
Dec-14	1.323	0.147	1.229			2.699	1.163	0.129	1.081			2.373	8,355	502	7,728			16,585	158	293	159		163
Jan-15	1.253	0.130	1.232			2.615	0.984	0.102	0.967			2.053	8,359	503	7,977			16,838	150	259	154		155
Feb-15	1.229	0.132	1.228			2.589	0.757	0.081	0.757			1.595	8,361	504	7,977			16,841	147	262	154		154
Mar-15	1.269	0.135	1.231			2.635	0.583	0.062	0.566			1.211	8,365	504	7,977			16,846	152	268	154		156
Apr-15	1.183	0.124	1.196			2.503	0.350	0.036	0.354			0.740	8,366	504	7,977			16,847	141	246	150		149
May-15	1.209	0.117	1.149			2.475	0.545	0.053	0.518			1.116	8,367	505	7,977			16,848	144	232	144		147
Jun-15	1.287	0.113	1.052			2.452	0.362	0.032	0.296			0.690	8,369	506	7,977			16,852	154	224	132		146
Jul-15	1.282	0.110	1.176			2.568	0.392	0.034	0.359			0.785	8,370	510	8,003			16,883	153	216	147		152
Aug-15	1.264	0.095	1.087			2.446	0.315	0.023	0.271			0.609	8,371	510	8,003			16,884	151	186	136		145
Sep-15	1.256	0.105	1.001			2.362	0.457	0.038	0.364			0.859	8,372	511	8,003			16,885	150	206	125		140
Oct-15	1.243	0.106	1.002			2.351	0.681	0.058	0.549			1.288	8,373	511	8,003			16,886	148	208	125		139
Nov-15	1.250	0.100	0.994			2.344	0.792	0.063	0.630			1.485	8,376	511	8,003			16,889	149	196	124		139
Dec-15	1.266	0.107	1.016			2.389	0.971	0.082	0.780			1.833	8,377	511	8,003			16,891	151	210	127		141
Jan-16	1.342	0.131	1.037			2.510	1.189	0.116	0.918			2.223	8,380	511	8,003			16,894	160	257	130		149
Feb-16	1.245	0.112	1.008			2.365	0.780	0.070	0.631			1.481	8,383	512	8,003			16,897	149	219	126		140
Mar-16	1.267	0.116	1.023			2.406	0.763	0.070	0.616			1.449	8,388	512	8,003			16,903	151	227	128		142
Apr-16	1.240	0.102	0.990			2.332	0.675	0.055	0.539			1.269	8,389	512	8,003			16,904	148	199	124		138
May-16	1.238	0.117	1.002			2.357	0.505	0.048	0.409			0.962	8,389	512	8,003			16,904	148	229	125		139
Jun-16	1.205	0.111	1.055			2.371	0.362	0.033	0.317			0.712	8,390	514	8,003			16,907	144	216	132		140
Jul-16	1.336	0.105	1.008			2.449	0.586	0.046	0.442			1.074	8,392	514	8,020			16,926	159	204	126		145
Aug-16	1.317	0.107	1.007			2.431	0.647	0.053	0.495			1.195	8,393	516	8,020			16,929	157	207	126		144
Sep-16	1.311	0.110	0.975			2.396	0.601	0.050	0.447			1.098	8,394	516	8,020			16,930	156	213	122		142
Oct-16	1.289	0.108	0.962			2.359	0.521	0.043	0.389			0.953	8,397	517	8,020			16,933	154	209	120		139
Nov-16	1.323	0.113	0.932			2.368	0.730	0.062	0.514			1.306	8,403	517	8,020			16,940	157	219	116		140
Dec-16	1.419	0.150	0.998			2.567	1.179	0.125	0.829			2.133	8,406	549	8,020			16,975	169	273	124		151
Jan-17	1.572	0.197	1.125	0.047		2.941	1.489	0.186	1.066	0.045		2.786	8,409	549	8,020	1,716		18,694	187	359	140	142	157
Feb-17	1.361	0.211	1.240	0.000		2.812	1.236	0.192	1.126	0.000		2.554	8,409	549	8,020	1,716		18,694	162	384	155	0	166
Mar-17	1.215	0.170	1.261	0.000		2.646	0.856	0.120	0.889	0.000		1.865	8,413	550	8,020	1,716		18,698	144	309	157	0	156
Apr-17	1.077	0.139	1.190	0.000		2.406	0.841	0.108	0.929	0.000		1.878	8,414	551	8,020	1,716		18,700	128	252	148	0	142
May-17	1.082	0.136	1.184	0.000		2.402	0.842	0.106	0.922	0.000		1.870	8,416	551	8,049	1,716		18,732	129	247	147	0	141
Jun-17	1.241	0.134	1.032	0.000		2.407	0.980	0.106	0.815	0.000		1.901	8,420	551	8,049	1,716		18,737	147	243	128	0	141
Jul-17	1.267	0.130	1.083	0.000		2.480	0.802	0.082	0.685	0.000		1.569	8,421	551	8,061	1,716		18,749	150	236	134	0	146
Aug-17	1.262	0.139	1.051	0.000		2.452	0.852	0.094	0.709	0.000		1.655	8,423	553	8,061	1,716		18,753	150	251	130	0	144
Sep-17	1.264	0.130	1.006	0.000		2.400	0.866	0.089	0.689	0.000		1.644	8,427	555	8,061	1,716		18,759	150	234	125	0	141
Oct-17	1.242	0.123	0.977	0.000		2.342	0.543	0.053	0.427	0.000		1.023	8,431	555	8,061	1,716		18,763	147	222	121	0	137
Nov-17	1.257	0.131	0.983	0.000		2.371	0.661	0.069	0.517	0.000		1.247	8,431	554	8,061	1,716		18,762	149	237	122	0	139
Dec-17	1.248	0.125	1.014	0.000		2.387	0.693	0.070	0.563	0.000		1.326	8,431	554	8,061	1,716		18,762	148	226	126	0	140
Jan-18	1.276	0.125	1.015	0.000		2.416	0.886	0.087	0.705	0.000		1.678	8,435	555	8,061	1,716		18,767	151	225	126	0	142
Feb-18	1.249	0.118	0.968	0.000		2.335	0.601	0.056	0.466	0.000		1.123	8,441	555	8,061	1,716		18,773	148	213	120	0	137
Mar-18	1.265	0.122	0.922	0.039		2.348	0.857	0.083	0.625	0.026		1.591	8,451	555	8,061	1,716		18,782	150	220	114	149	125
Apr-18	1.184	0.115	0.901	0.337		2.537	0.627	0.061	0.477	0.179		1.344	8,451	559	8,061	1,716		18,786	140	206	112	129	135
May-18	1.173	0.119	0.890	0.376		2.558	0.566	0.057	0.430	0.182		1.235	8,461	562	8,061	1,716		18,799	139	212	110	144	136
Jun-18	1.188	0.124	0.888	0.549		2.749	0.557	0.058	0.417	0.258		1.290	8,466	562	8,061	1,716		18,804	140	221	110	210	146
Jul-18	1.193	0.118	0.933	0.537		2.781	0.619	0.061	0.484	0.278		1.442	8,478	562	8,083	2,611		19,733	141	210	115	206	141
Aug-18	1.210	0.119	0.980	0.534		2.843	0.686	0.067	0.555	0.303		1.611	8,481	563	8,083	2,611		19,737	143	212	121	205	144
Sep-18	1.230	0.117	0.905	0.341		2.593	0.677	0.064	0.498	0.188		1.427	8,481	563	8,083	2,611		19,737	145	208	112	131	131
Oct-18	1.172	0.121	0.897	0.354		2.544	0.529	0.054	0.405	0.160		1.148	8,481	564	8,083	2,611		19,738	138	215	111	136	129
Nov-18	1.173	0.121	0.906	0.064		2.264	0.495	0.051	0.383	0.027		0.956	8,488	565	8,083	2,611		19,746	138	214	112	136	129
Dec-18	1.264	0.144	0.967	0.244		2.619	1.017	0.116	0.778	0.196		2.107	8,491	566	8,083	2,611		19,751	149	255	120	136	138
Jan-19	1.269	0.153	0.975	0.384		2.781	1.221	0.147	0.938	0.369		2.675	8,491	566	8,083	2,611		19,751	149	271	121	147	141
Feb-19	1.400	0.173	0.935	0.309		2.817	1.256	0.156	0.839	0.277		2.528	8,492	566	8,083	2,611		19,752	165	306	116	137	145
Mar-19	1.200	0.149	0.908	0.340		2.597	0.956	0.119	0.724	0.271		2.070	8,493	568	8,083	2,611		19,755	141	263	112	132	132
Apr-19	1.119	0.138	0.887	0.334		2.478	0.330	0.040	0.262														

Figure 3 (below) presents the 5-year historical average daily flows per month for each Member Agency. This is to provide a historical overview of the average treated flow by each agency. Also shown in Figure 3 is the total wastewater treatment capacity of the plant, 5.25 mgd, of which each Member Agency has the right to 2.2 mgd, Rancho Santa Fe Community Service District leases 0.25 mgd, and the City of Del Mar leases 0.60 mgd.



City of Escondido Flows

The average and peak flow rate for the month of August 2019 from the City of Escondido's Hale Avenue Resource Recovery Facility, which discharges through the San Elijo Ocean Outfall, is reported below.

	Flow (mgd)
Escondido (Average flow rate)	7.52
Escondido (Peak flow rate)	17.6

Connected Equivalent Dwelling Units

The City of Solana Beach and the City of Del Mar updated the connected EDUs number that is reported to the SEJPA in September 2019. The City of Encinitas and Rancho Santa Fe CSD report their connected EDUs every month. The number of EDUs connected for each of the Member Agencies and lease agencies is as follows:

	Connected (EDU)
Cardiff Sanitary Division	8,505
Rancho Santa Fe SID	570
City of Solana Beach	7,768
San Diego (to Solana Beach)	337
City of Del Mar	2,612
Total EDUs to System	19,792

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 28, 2019

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO WATER RECLAMATION PROGRAM – MONTHLY REPORT

RECOMMENDATION

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

DISCUSSION

Recycled Water Production

For the month of August 2019, recycled water demand was 204.48 acre-feet (AF), which was met using 202.85 AF of recycled water and 1.63 AF supplementation with potable water.

August demand was approximately 7% below budget expectations, which appears to be a result of moderate temperatures for August and reduced recycled water use at the San Elijo Water Campus. The reduction in water usage at the Water Campus is two fold; first, some water savings are a result of landscaped areas that are no longer irrigated due to pending construction and, second, the installation of more water efficient equipment as part of the recently completed Preliminary Treatment Upgrades project. The total water production for the new fiscal year is slightly below budget (4%) for the first two months.

Figure 1 (attached) provides monthly demands for recycled water since deliveries began in September 2000. Figure 2 (attached) provides a graphical view of annual recycled water demand spanning the last 19 fiscal years. Figure 3 (attached) shows the monthly recycled water demand for each August since the program began. Figure 4 (attached) compares budget versus actual recycled water sales for FY 2019-20.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Figure 1 - MONTHLY RECYCLED WATER DEMAND

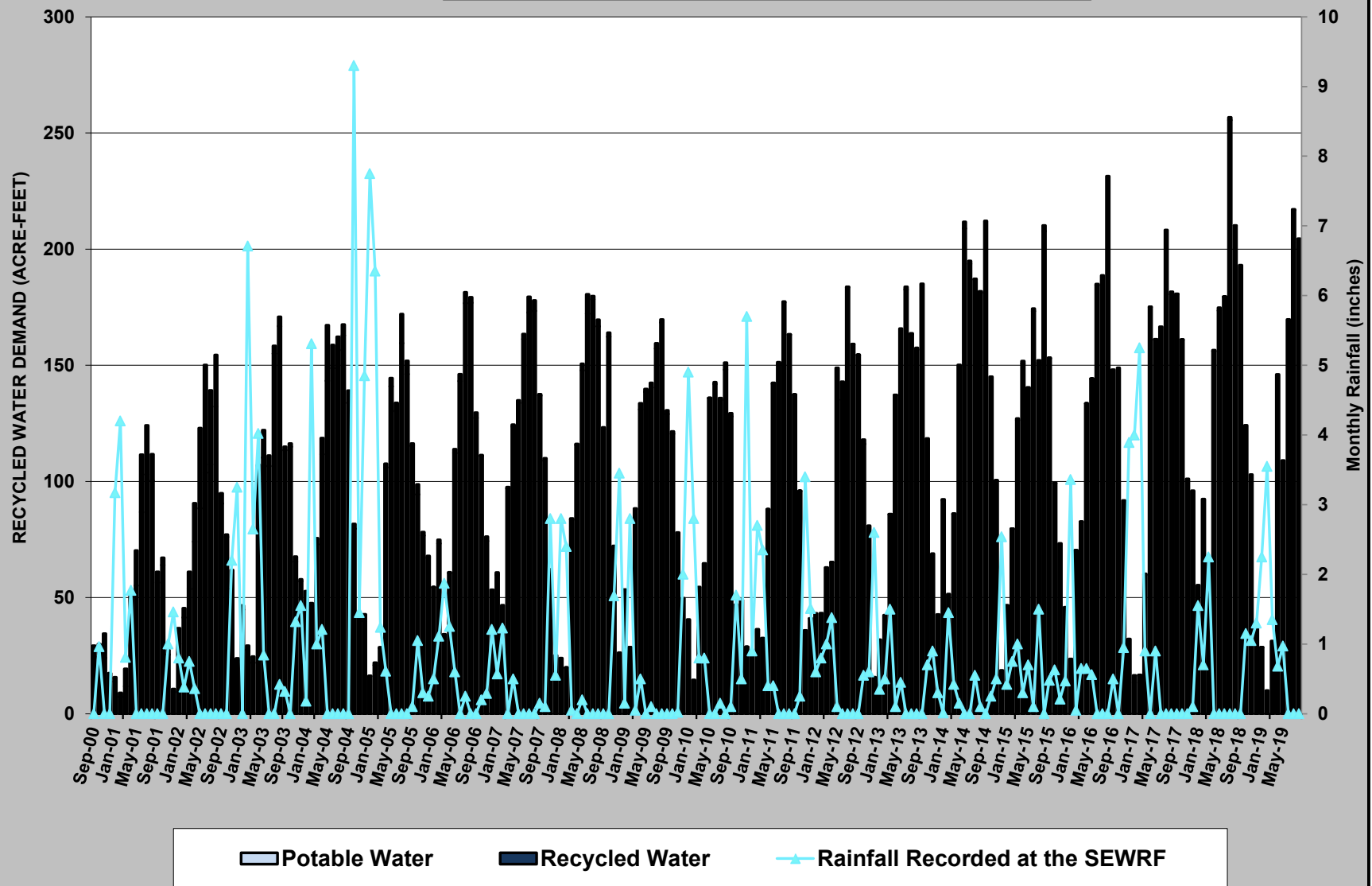


Figure 2 - RECYCLED WATER DEMAND by FISCAL YEAR

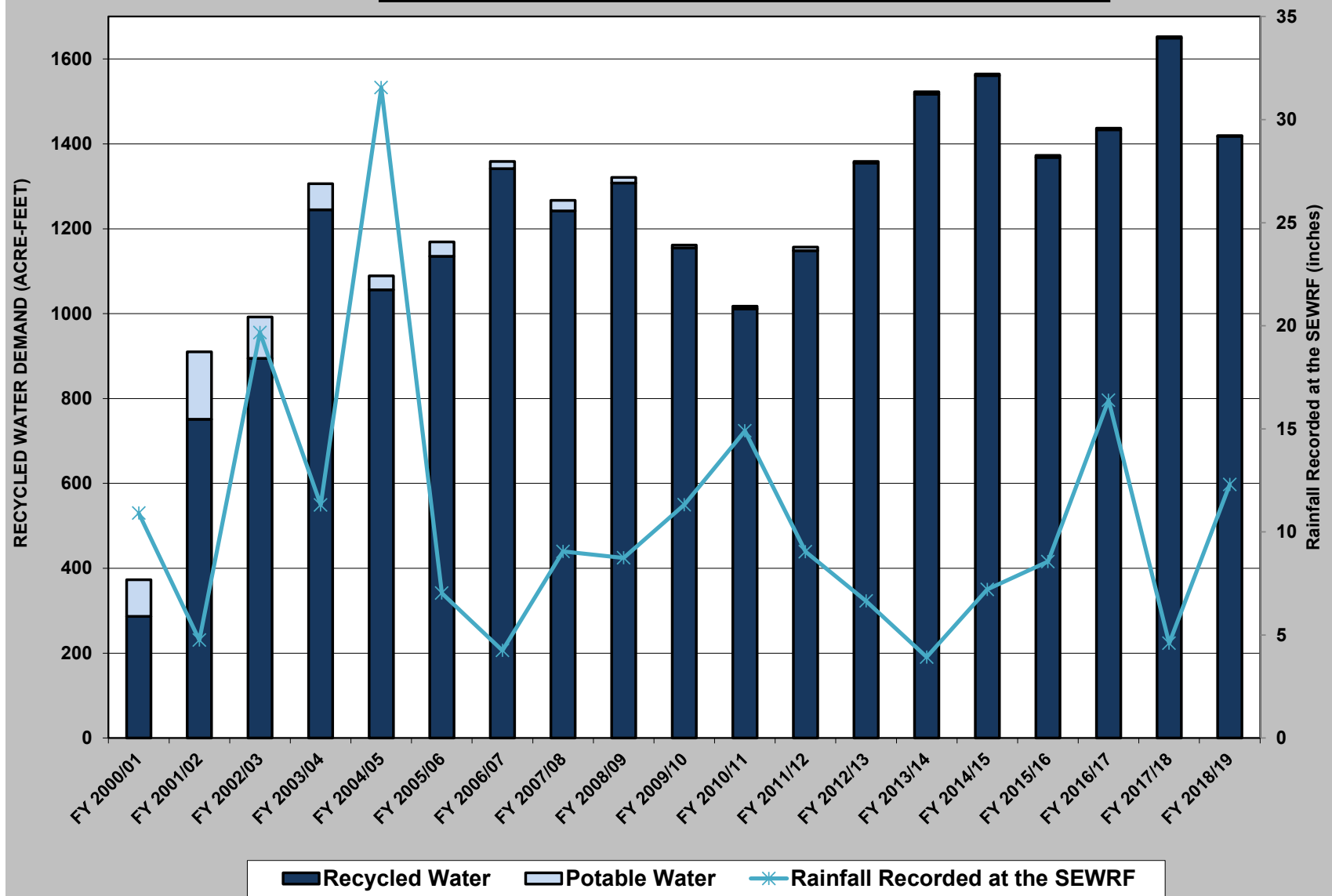


Figure 3 - AUGUST RECYCLED WATER DEMAND

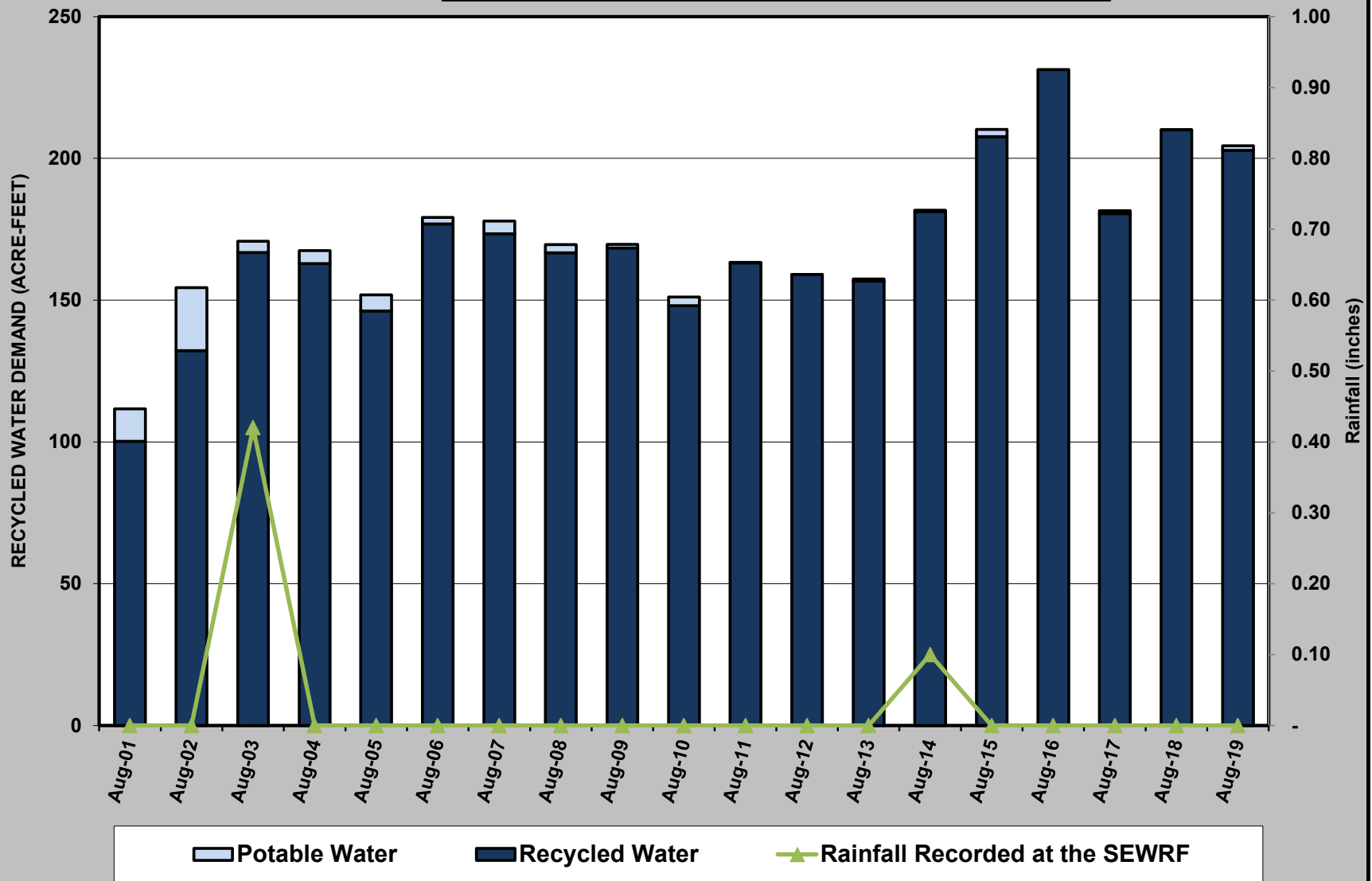
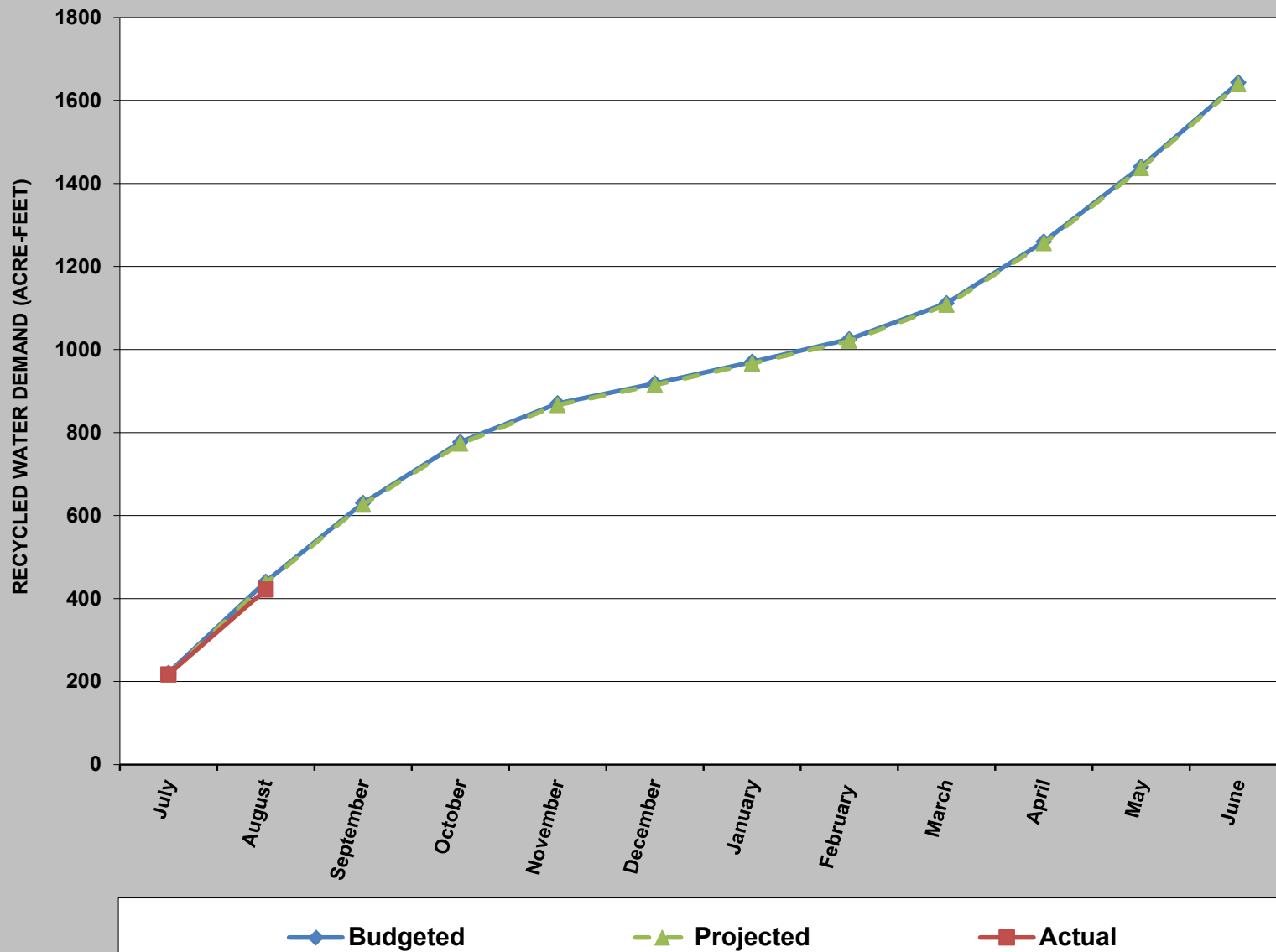


Figure 4 - RECYCLED WATER DEMAND BUDGET vs ACTUAL



SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 28, 2019

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO JOINT POWERS AUTHORITY UPDATED EMPLOYEE HANDBOOK

RECOMMENDATION

It is recommended that the Board of Directors:

1. Accept and File the Updated Employee Handbook; and
2. Discuss and take action as appropriate.

BACKGROUND

Employee Handbooks are documents that communicate agency policies, state and federal employment laws, and promote fairness and consistency in the workplace. In addition to these important functions, San Elijo Joint Powers Authority (SEJPA) utilizes the handbook to communicate its business and employment philosophies, employment values, and history of the agency. Furthermore, the handbook helps define the legal relationship between the employer and the employee, and highlights employee's workplace rights and responsibilities.

The employee handbook also provides set standards related to employment practices, compensation and timekeeping, employment benefits, leaves of absence, employee relations and conduct standards, employee health and safety, and other employment policies. The handbook appendixes include alcohol and drug use policies, administrative policies, employer-employee organization relations, and labor agreement resolutions, which provide a central location for important employee information.

DISCUSSION

SEJPA retained the services of Procopio Cory Hargreaves & Savitch, LLP to perform legal counsel review of the employee handbook for employment law compliance. In addition, the handbook was reviewed by the SEJPA management team for consistency and effective communication.

Revisions included the following:

- ✓ Employment Practices
 - Updated protected categories (e.g. immigration status, victims of human trafficking and features of ancestry)
 - Updated harassment, discrimination and retaliation complaint procedure (combined procedure that meets procedural and notice/reporting requirements)
 - Added/updated lactation accommodation (right to take breaks to express breastmilk, facility standards and notice requirements)
- ✓ Compensation and Timekeeping
 - Added/updated sick leave sharing policy compliant with IRS regulations
- ✓ Leaves of Absence
 - Added/updated baby bonding leave
- ✓ Employee Health and Safety
 - Updated drug and alcohol policies
- ✓ Employee Salary and Benefit
 - Inclusion of Resolution No. 2019-03: Employee Salary and Benefits for Fiscal Years FY2019-20, 2020-21, and 2021-22

FINANCIAL IMPACT

There is no financial impact associated with accepting and filing the Updated Employee Handbook.

It is, therefore, recommended that the Board of Directors:

1. Accept and File the Updated Employee Handbook; and
2. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton
General Manager

Attachment 1: Employee Handbook, September 2019

ATTACHMENT 1



EMPLOYEE HANDBOOK

SEPTEMBER 2019

Notice of Proprietary Information, Supersedure and Authority to Change

This Employee Handbook is the property of San Elijo Joint Powers Authority (SEJPA). The information contained herein is proprietary and may not be copied or reproduced without the express written permission of SEJPA. This Handbook has been prepared for the express use of personnel employed by SEJPA.

The contents of this Handbook supersede all previously issued personnel, employment, and human resource related policies and practices as of this date, and they may be interpreted and/or amended by the General Manager or a duly authorized designee. Further, the contents of this Handbook are for general information purposes only and do not necessarily express all procedural or processing conditions, eligibility standards, and other qualifying information that may be associated with our employment policies and practices. Employees who have questions concerning specific policies, practices or standards should contact the General Manager or Designee for more detailed information.

TABLE OF CONTENTS

A WELCOME FROM THE GENERAL MANAGER

MISSION AND VISION STATEMENT

ATTACHMENT 1	1
SAN ELIJO JOINT POWERS AUTHORITY INFORMATION	8
INTRODUCTION: SAN ELIJO JOINT POWERS AUTHORITY BACKGROUND	8
SCOPE, AUTHORITY AND APPLICATION.....	8
CONTRACT DISCLAIMER.....	9
SEJPA RIGHTS	9
CUSTOMER SERVICE RELATIONS	10
EMERGENCY PLANNING / DISASTER PREPAREDNESS	10
EMPLOYMENT PRACTICES.....	12
EQUAL EMPLOYMENT OPPORTUNITY.....	12
AMERICANS WITH DISABILITIES ACT	12
UNLAWFUL HARASSMENT INCLUDING SEXUAL HARASSMENT	12
RETALIATION.....	14
COMPLAINT PROCEDURE – HARASSMENT, DISCRIMINATION AND RETALIATION	14
GOVERNMENTAL ADMINISTRATIVE REMEDIES FOR DISCRIMINATION AND HARASSMENT	15
IMMIGRATION LAW COMPLIANCE	15
JOB DUTIES AND JOB DESCRIPTIONS.....	15
HIRING OF NEW, RE-EMPLOYED, OR REINSTATED EMPLOYEES	16
EMPLOYMENT OF RELATIVES.....	16
JOB POSTINGS	17
MERIT SYSTEM OF EMPLOYMENT.....	17
PERFORMANCE EVALUATIONS	18
PERFORMANCE IMPROVEMENT PLANS (PIP).....	18
PROMOTIONS, TRANSFERS AND DEMOTIONS	19
EMPLOYEE RECORDS	19
EMPLOYEE INFORMATION / EMERGENCY DATA	20
EMPLOYMENT VERIFICATIONS	20
OUTSIDE EMPLOYMENT.....	20
USE OF SEJPA VEHICLES	20
USE OF PERSONAL VEHICLE FOR SEJPA BUSINESS	22
REIMBURSEMENT OF BUSINESS EXPENSES	23
BUSINESS RELATED TRAVEL	23
CONFLICTS OF INTEREST	24
CONFIDENTIALITY	25
SEPARATION OF EMPLOYMENT	25
REDUCTION IN FORCE/LAYOFF	26
COMPENSATION AND TIMEKEEPING	27
CLASSIFICATION AND COMPENSATION – APPENDIX B – SEJPA ADMINISTRATIVE POLICY B.1	27
COMPENSATION PLAN.....	27
WORK SCHEDULES, WORK WEEK AND HOURS OF WORK	27
PAYDAYS	27

TIMEKEEPING / TIMESHEETS.....	28
REST AND MEAL PERIODS	28
OVERTIME – APPENDIX B – SEJPA ADMINISTRATIVE POLICY B.3	29
COMPENSATORY (“COMP”) TIME – APPENDIX B – SEJPA ADMINISTRATIVE POLICY B.3.....	29
MAKE-UP TIME.....	29
PAYROLL DEDUCTIONS	30
PAYCHECK DIRECT DEPOSIT	30
AUTHORIZED PAYCHECK PICK-UP	30
PAY ADVANCES	31
SHOW-UP AND REPORTING PAY	31
CALL-BACK PAY – APPENDIX C - SALARY AND BENEFITS RESOLUTION	31
ON-CALL/STANDBY PAY – APPENDIX C - SALARY AND BENEFITS RESOLUTION	32
SHIFT DIFFERENTIAL PAY/A SCHEDULED WORK SHIFT – APPENDIX C - SALARY AND BENEFITS RESOLUTION.....	32
WORKING OUT-OF-POSITION-SPECIFICATION – APPENDIX C - SALARY AND BENEFITS RESOLUTION	32
ATTENDANCE AND PUNCTUALITY.....	33
APPROVED TIME OFF	33
SICK LEAVE SHARING.....	33
EMPLOYMENT BENEFITS.....	35
HEALTHCARE: GENERAL INFORMATION AND ELIGIBILITY.....	35
FLEXIBLE SPENDING ACCOUNT — SECTION 125 PLAN	36
CONTINUATION OF GROUP HEALTH INSURANCE (COBRA).....	36
RETIREMENT PLAN.....	37
DEFERRED COMPENSATION PLAN	37
WORKERS’ COMPENSATION INSURANCE	37
LIFE INSURANCE – APPENDIX C - SALARY AND BENEFITS RESOLUTION.....	38
SHORT TERM DISABILITY INSURANCE	38
LONG TERM DISABILITY INSURANCE.....	39
UNEMPLOYMENT INSURANCE	39
ADMINISTRATIVE LEAVE – APPENDIX C - SALARY AND BENEFITS RESOLUTION	39
HOLIDAYS – APPENDIX C - SALARY AND BENEFITS RESOLUTION	39
VACATION – APPENDIX C - SALARY AND BENEFITS RESOLUTION.....	39
SICK LEAVE – APPENDIX C - SALARY AND BENEFITS RESOLUTION	40
BEREAVEMENT LEAVE – APPENDIX C - SALARY AND BENEFITS RESOLUTION	40
JURY DUTY.....	40
WITNESS DUTY AND SUBPOENAS	41
SEMINAR ATTENDANCE AND CONTINUING EDUCATION – ALSO SEE APPENDIX C - SALARY AND BENEFITS RESOLUTION	41
PROFESSIONAL CERTIFICATIONS.....	43
EMPLOYEE ASSISTANCE PROGRAM	44
LEAVES OF ABSENCE	45
GENERAL INFORMATION	45
PREGNANCY DISABILITY LEAVE	45
PARENTAL LEAVE FOR NEW PARENTS.....	46
MEDICAL LEAVE OF ABSENCE.....	47
OTHER DISABILITY LEAVE	48
PERSONAL LEAVE OF ABSENCE	48
WORKERS’ COMPENSATION LEAVE	49
MILITARY LEAVE.....	49
MILITARY SPOUSE LEAVE	50
DOMESTIC VIOLENCE AND SEXUAL ASSAULT LEAVE	50
VICTIMS OF CRIME LEAVE	51
ADULT LITERACY LEAVE.....	51

ALCOHOL AND DRUG REHABILITATION LEAVE.....	52
EMERGENCY DUTY/TRAINING LEAVE.....	52
LEAVE FOR BONE MARROW AND ORGAN DONORS.....	52
RETURNING FROM A LEAVE OF ABSENCE	53
TERMINATION DURING A LEAVE OF ABSENCE	53
SUSPENDED PUPIL/CHILD LEAVE	53
SCHOOL ACTIVITIES TIME OFF.....	54
TIME OFF TO VOTE	54
CIVIL AIR PATROL LEAVE.....	54
EMPLOYEE RELATIONS AND CONDUCT STANDARDS.....	55
EMPLOYER-EMPLOYEE ORGANIZATION RELATIONS – APPENDIX B – ADMINISTRATIVE POLICY B.2	55
OPEN DOOR / SUGGESTIONS AND QUESTIONS/REPORTING FINANCIAL IMPROPRIETIES	55
COMMUNICATIONS / BULLETIN BOARDS	55
WORKING RELATIONS.....	56
PERSONAL POSSESSIONS	56
PERSONAL MAIL, TELEPHONE CALLS, AND VISITORS	56
PERSONAL USE OF SEJPA PROPERTY	57
SOLICITATION/DISTRIBUTION OF LITERATURE	57
TECHNOLOGY AND COMMUNICATION.....	57
RETENTION OF E-MAIL	59
SOCIAL MEDIA.....	59
INSPECTION OF FACILITIES/RIGHT TO SEARCH.....	59
USE OF FACILITIES – OFF DUTY	59
FALSIFICATION OF RECORDS.....	59
SMOKING AND TOBACCO PRODUCTS.....	60
DRESS CODE	60
UNIFORMS – APPENDIX C – SALARY AND BENEFITS RESOLUTION	60
IDENTIFICATION.....	60
USE OF TOOLS AND EQUIPMENT	61
CELL PHONE USAGE	61
PRIVACY	61
STANDARD OF CONDUCT AND CORRECTIVE ACTIONS.....	61
DISCIPLINE	63
INVESTIGATIONS.....	64
OPEN DOOR POLICY, PROBLEM SOLVING AND HOT LINE.....	65
PERFORMANCE/SAFETY INCENTIVE PROGRAMS – APPENDIX C – SALARY AND BENEFITS RESOLUTION	67
EMPLOYEE HEALTH AND SAFETY.....	68
DRUG AND ALCOHOL POLICY	68
FITNESS FOR DUTY	68
OCCUPATIONAL HEALTH AND SAFETY/JOB INJURIES.....	69
GENERAL HOUSEKEEPING.....	70
WORKPLACE SECURITY AND MONITORING	71
EMERGENCY ACTION	71
MISCELLANEOUS POLICIES.....	73
SEJPA SPONSORED SOCIAL EVENTS	73
CELLULAR PHONE PLAN	73
LACTATION ACCOMMODATION	75
MEDIA CONTACT/PUBLIC REQUESTS FOR INFORMATION	76
VISITORS	76
GIFT/GRATUITY ACCEPTANCE.....	76

POLITICAL ACTIVITIES.....	76
ACKNOWLEDGEMENT OF RECEIPT OF EMPLOYEE HANDBOOK	78
APPENDIX A - ALCOHOL AND DRUG ABUSE POLICY AND TESTING PROTOCOL POLICY	79
APPENDIX B-1 - ADMINISTRATIVE POLICY: CLASSIFICATION AND COMPENSATION	87
APPENDIX B-2 - EMPLOYER-EMPLOYEE ORGANIZATION RELATIONS.....	90
APPENDIX B-3 - ADMINISTRATIVE POLICY: OVERTIME AND COMPENSATING TIME OFF	91
APPENDIX C – RESOLUTION 2019-03	93

A Welcome from the General Manager

Welcome to San Elijo Joint Powers Authority (herein referred to as "SEJPA"). SEJPA is a joint powers authority between the Cities of Encinitas and Solana Beach (member agencies) and was founded as a county sanitation district. In addition to providing wastewater treatment and disposal to our member agencies, SEJPA provides regional services such as ocean outfall management, analytical laboratory services, and water recycling. We play an important role in the protection of the public's health and safeguarding the environment from water pollution, while emphasizing resource recovery and recycling in our treatment processes. SEJPA has received industry recognition and awards for innovation, performance, and safety, which is a direct reflection on the work ethic and dedication of our staff. Our employees have been the basis of our success and are the foundation of our future.

The purpose of this Employee Handbook is to help you become acquainted with SEJPA, our employment policies, employee benefits, and operating practices. It summarizes the programs and key policies currently in effect at SEJPA, and explains your responsibilities as an employee. This Handbook supersedes and replaces any and all previously issued employment handbooks and human resource policies and practices concerning the subject matter contained herein.

This Handbook does not cover every aspect of your employment with SEJPA, and it is not intended to provide in detail all policies, practices, and procedures. Consequently, the contents of this Handbook may be amended at any time by SEJPA at its sole discretion. SEJPA retains the right to change, modify, add, suspend, interpret or discontinue any of its policies, procedures, practices, work rules or benefits that are stated in this Handbook as required by changes in law or business conditions. Changes to this Handbook will be communicated through a memo or Handbook update.

Many of the guidelines and benefits contained in this Handbook have been summarized from policy statements, insurance contracts, and legal plan documents. Should there be a difference between the contents of this Handbook and the contents of any current plan document, summary plan description, policy, or contract, then the current plan document or contract will prevail. When questions arise that are not answered in this Handbook, please do not hesitate to contact your supervisor, a director or me for assistance.



Michael T. Thornton
General Manager

Mission of San Elijo Joint Powers Authority

To serve our communities by providing safe and reliable recycled water and wastewater services in order to protect the environment and public health.

Vision

We pursue innovative practices to produce clean water in an environmentally, socially, and fiscally responsible manner.

As an organization, San Elijo Joint Powers Authority values:

Public Trust - Honor and promote public confidence through transparency, personal character, and the highest level of professional behavior.

Honesty and Integrity - Be truthful and factual in upholding the values and ethics of the agency.

Responsibility - Be accountable for one's conduct and actions.

Loyalty - Faithfully and reliably promote the best interests of the agency and fellow employees.

Courtesy - Be respectful, considerate, aware, and caring.

Human Value - Provide equal opportunity for all employees to succeed and grow professionally and personally.

Safety - Ensure individual safety and the safety of co-workers and the public, without compromise.

Community - Demonstrate leadership and stewardship in serving the community and protecting the environment.

Value - Provide superior service to the community in a safe, reliable, and cost-effective manner.

SAN ELIJO JOINT POWERS AUTHORITY INFORMATION

INTRODUCTION: SAN ELIJO JOINT POWERS AUTHORITY BACKGROUND

Our Background

SEJPA was created in 1963 by the Cardiff and Solana Beach Sanitation Districts to address wastewater disposal needs for the coastal communities of Cardiff by the Sea and Solana Beach. The County of San Diego operated and maintained SEJPA's facilities from 1965 until 1987. In 1987, the communities of Encinitas and Solana Beach became cities and gained local control of the wastewater facilities they owned. At that time, the San Elijo Water Pollution Control Facility only provided primary wastewater treatment prior to ocean disposal. In 1991, the water pollution control facility was upgraded to secondary treatment for compliance with the Federal Clean Water Act. In 2000, SEJPA added tertiary treatment and renamed the facility the San Elijo Water Reclamation Facility (SEWRF).

Currently, the SEWRF serves as a regional wastewater treatment facility for a service area encompassing approximately 19 square miles, a population of over 40,000 people, and has a primary and secondary treatment capacity of 5.25 million gallons per day (mgd). Wastewater service is provided to the cities of Encinitas, Del Mar, and Solana Beach, as well as to the community of Rancho Santa Fe.

SEJPA's recycled water treatment system produces up to 3.02 mgd of recycled water, which is conveyed to four water districts through 20 miles of pipelines. The recycled water treatment includes advanced water purification (AWP) that produces up to 0.5 mgd of highly treated water utilizing microfiltration and reverse osmosis systems.

For disposal of wastewater that is not recycled, SEJPA jointly owns the San Elijo Ocean Outfall with the City of Escondido. The ocean outfall has a rated capacity of 25.5 mgd; however, the average daily flow discharged to the ocean is much less as both SEJPA and the City of Escondido operate recycled water programs.

SEJPA prides itself on providing safe and reliable recycled water and wastewater services in order to protect the environment and public health, while providing equal opportunity for all employees to succeed and grow professionally and personally.

SCOPE, AUTHORITY AND APPLICATION

SEJPA's Employee Handbook (Handbook) sets forth employment and human resource policies and procedures of SEJPA. This Handbook is intended to provide for a fair and equitable system of human resource management. The human resource system is based on the principles of a merit system of employment. Therefore, the hiring, retention, and promotion of employees shall be based upon merit, including job-related knowledge, experience, ability, performance, aptitude, attitude, and other factors as SEJPA may deem necessary and appropriate for each position.

The provisions of this Handbook have been adopted by resolution of SEJPA's Board of Directors through the authority of the General Manager as authorized by the Board. This Handbook does not limit the development of internal rules and operating procedures for specific

SEJPA departments, or the development of administrative procedures governing the implementation of these policies and procedures.

This Handbook shall apply to all departments, positions, and employees in the service of SEJPA except:

- Elected officers;
- Members of appointment boards, commissions, and committees; and
- Persons engaged under contract for construction, supplies, or expert professional or technical services for a definite period of time except as otherwise herein provided.

CONTRACT DISCLAIMER

This Handbook is not an employment contract. It should not be interpreted to create any expressed or implied contractual rights between SEJPA and any employee; nor should it be construed as a guarantee of continued employment.

The laws of the State of California affirm that employees of SEJPA are hired and serve at the pleasure of SEJPA. The General Manager is fully authorized to appoint and terminate all persons employed by SEJPA. Therefore, the employment relationship is considered to be “at-will”, meaning the employment relationship may be terminated at any time either by the employee or by SEJPA for any reason (unless prohibited by law), with or without advance notice. Any verbal or written representations to the contrary are invalid and should not be relied upon by current or prospective employees. Exception to the continuing at-will status of any employee may exist where the Board of Directors expressly authorizes the General Manager to enter into a written employment agreement, the terms of which may alter or modify the at-will employment provision for a period of time.

SEJPA RIGHTS

SEJPA has the right and responsibility to operate its business, which includes but is not limited to the exclusive right to determine, change, discontinue, alter, or modify in whole or in part, temporarily or permanently, any of the following:

1. The number, location, or types of facilities;
2. Operational and administrative standards, methods, and procedures;
3. The subcontracting of facility construction and maintenance, or work that may be required to be performed by SEJPA through subcontract, outsource, or independent contractors;
4. SEJPA's supplies, tools, vehicles, equipment, and machinery;
5. The promotion, demotion, transfer, discipline, termination, and other performance corrective actions of all employees;
6. The number of employees, including the number of employees assigned to any particular department or shift, and whether, when, or where there is a job opening;

7. Reasonable standards of performance, and whether any employee meets such standards;
8. The need for and the administration of physical examinations or psychological tests, background information, criminal record, or drug screening of employees;
9. The direction, work assignments, and supervision of all employees;
10. The policies, practices, rules, and regulations for all employees;
11. When overtime or on call assignments shall be worked or rescinded;
12. The hiring of full-time, part-time, and temporary employees;
13. The funding of each benefit, including the identity and selection of each carrier, insurer, fiduciary, administrator or trustee, and benefit plan design;
14. The security of the employees, premises, facilities, and property of SEJPA;
15. The utilization of all SEJPA premises, equipment, and facilities; and
16. The job classifications and the content and required qualifications of all SEJPA employees.

CUSTOMER SERVICE RELATIONS

Satisfied customers are an important means by which SEJPA can measure its success. All employees contribute to satisfying our customers through responsive, cooperative, and thorough work results, as well as skillful interaction with customers, co-workers, management, Board Members, and others in the community we serve. Therefore, it is the responsibility of every employee to be pleasant, have a positive attitude, and provide prompt and professional services to our customers at all times.

EMERGENCY PLANNING / DISASTER PREPAREDNESS

SEJPA provides vital public services which affect the health and safety of our customers and the communities we serve. Emergencies such as severe weather, flooding, fires, power failures, earthquakes, or civil disturbances can disrupt SEJPA operations, or the services of other public entities that rely on our services. To deal effectively with such conditions, SEJPA has adopted an Emergency/Disaster Operations Plan in accordance with the Emergency Services Act (Gov't. Code § 8550 et seq.) that enables us to be prepared for conditions that may disrupt service to our customers.

During your introductory employment period, you should become familiar with SEJPA's Emergency/Disaster Operations Plan through discussion with your supervisor/manager. It is imperative that each employee knows his/her role during such an event, including how other aspects of SEJPA operations will perform in order to properly coordinate our work under these conditions. Employees should also understand that it is our public service duty to promptly report to work, and/or call your supervisor/manager or SEJPA office to confirm activation of SEJPA's Emergency/Disaster Operations Plan, in order to expedite service recovery or provide mutual aid to our neighboring agencies.

There may also be instances in which public service or safety of our services is not in jeopardy, but other conditions may require the closing of SEJPA offices and/or operations. When the decision to close is made, employees will receive official notification from management, and

time worked will be paid. When the decision to close is made before the workday begins, time off from scheduled work will be unpaid for non-exempt employees and paid for exempt. Non-exempt employees may use available paid leave time, such as unused vacation, holidays, and comp time benefits. Employees in essential operations may be asked to work on a day when operations are officially closed. In these circumstances, employees who work will receive regular pay.

EMPLOYMENT PRACTICES

EQUAL EMPLOYMENT OPPORTUNITY

SEJPA is an Equal Opportunity Employer and makes employment decisions on the basis of merit. SEJPA's policy prohibits unlawful discrimination based on race (including hair texture and protective hairstyles), color, age, religion, religious creed (which includes religious dress and grooming practices), gender (which includes gender identity and gender expression), sexual orientation, national origin or ancestry (which includes, but is not limited to, national origin groups and aspects of national origin, such as height, weight, accent, or language proficiency), immigration/citizenship status (which includes undocumented individuals and human trafficking), marital status, military or veteran status (including state and federal active and reserve members as well as those ordered to duty or training), sex (including pregnancy, childbirth, breastfeeding and related medical conditions), physical or mental disability, medical condition, including genetic characteristics, or any other consideration made unlawful by federal, state, or local laws. It also includes a perception that anyone has any of those characteristics or is associated with a person who has or is perceived as having any of these characteristics. All such discrimination is unlawful. SEJPA maintains a zero tolerance for violations of this nondiscrimination policy by any employee or other persons doing business with SEJPA, and will take prompt and appropriate measures to enforce an atmosphere of non-discrimination in the workplace. Any employee who believes he/she has been subjected to unlawful discrimination should follow the complaint procedure outlined below.

AMERICANS WITH DISABILITIES ACT

The employment-related provisions of the Americans with Disabilities Act (ADA) and the California Fair Employment and Housing Act (FEHA) apply to all employees and job applicants seeking employment with SEJPA. Under the ADA and FEHA, a qualified individual with a disability is an individual who, with or without reasonable accommodation, can perform the essential functions of the position for which he/she is employed or for which he/she has applied.

SEJPA has a legal obligation to inquire if it becomes aware of a potential disability. SEJPA will attempt to provide reasonable accommodation for known physical or mental disabilities if a job applicant or employee is otherwise qualified, unless undue hardship related to the necessity of business operations would result. An applicant or employee who requires accommodation in order to perform the essential functions of the job should inform SEJPA to request an evaluation of such an accommodation.

Contact the General Manager for further information.

UNLAWFUL HARASSMENT INCLUDING SEXUAL HARASSMENT

SEJPA is committed to maintaining a work environment that is free of any form of harassment. In keeping with this commitment, we will not tolerate harassment of employees by anyone, including any supervisor, manager, co-worker, customer, supplier, vendor, independent contractor, or visitor. Similarly, any employee's harassment of persons seeking employment with SEJPA, or harassment of our customers, suppliers, vendors, visitors, independent

contractors, or anyone else who conducts, attempts to conduct, or is solicited for business with SEJPA will not be tolerated.

SEJPA is equally committed to providing a workplace that is free from sexual harassment, as well as unlawful harassment based on race (including hair texture and protective hairstyles), color, age, religion, religious creed (which includes religious dress and grooming practices), gender (which includes gender identity and gender expression), sexual orientation, national origin or ancestry (which includes, but is not limited to, national origin groups and aspects of national origin, such as height, weight, accent, or language proficiency), immigration/citizenship status (which includes undocumented individuals and human trafficking), religion, marital status, military or veteran status (including state and federal active and reserve members as well as those ordered to duty or training), sex (including pregnancy childbirth, breastfeeding and related medical conditions), physical or mental disability, medical condition, including genetic characteristics, or any other basis protected by federal, state, or local law, ordinance, or regulation. It also prohibits unlawful harassment based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. All such harassment is unlawful, and therefore deemed to be a form of gross misconduct.

Sexual harassment is one specifically prohibited type of harassment. Unwelcome or unwanted sexual advances, requests for sexual favors, and other physical, verbal, or visual conduct based on sex constitute sexual harassment. It is harassment when, for example:

- Submission to the conduct is an explicit or implicit term or condition of employment;
- Submission to, or rejection of, the conduct is used as the basis for an employment decision; or,
- The conduct has the effect of creating an intimidating, hostile, or offensive working environment or unreasonably interfering with an individual's work performance.

Examples of types of unlawful harassment include:

- Verbal Conduct such as epithets, derogatory or offensive comments, slurs, comments about an individual's body or dress, dirty jokes, persistent request for dates, or unwanted sexual advances, invitations, or comments (including, but not limited to, threats of deportation against applicants and employees and family members of applicants and employees, derogatory comments about immigration status, or mockery of an accent or a language or its speakers).
- Visual Conduct such as derogatory or offensive cartoons, pictures, photographs, drawings, or gestures.
- Physical Conduct such as assault, blocking normal movement, or interference with work directed at an individual because of his/her sex or other protected basis.
- Threats and Demands to submit to sexual requests in order to keep a job or avoid some other loss, and offers of job benefits in return for sexual favors.
- Retaliation for having reported harassment.

Reporting Procedures

All employees are responsible for helping to ensure a workplace free of harassment. Any employee who believes he/she has been subjected to unlawful harassment should follow the complaint procedure outlined below. Employees must report conduct prohibited by this policy whether or not they are personally involved.

Employees should contact the General Manager directly with any questions.

RETALIATION

SEJPA prohibits retaliation against any employee because of the employee's opposition to a practice or conduct the employee reasonably believes to be unlawful or because of the employee's lawfully protected participation in an investigation or proceeding. Any retaliatory adverse action because of such opposition or participation may be unlawful and will not be tolerated.

Employees who believe they have been subjected to unlawful retaliation should follow the complaint procedure outlined below.

COMPLAINT PROCEDURE – HARASSMENT, DISCRIMINATION AND RETALIATION

Employees must report all incidents believed to be unlawful discrimination, harassment, or retaliation, regardless of whether they are the alleged victim, a witness, a bystander, or otherwise. If an employee believes he/she has been subjected to any form of such unlawful conduct, or has knowledge of such unlawful conduct, the employee must submit a complaint, preferably in writing, to his or her supervisor or the General Manager. If these individuals are not available, or in the event the employee believes that one of these individuals has engaged in inappropriate behavior in violation of these policies, should submit a complaint to any other supervisor as soon as possible. Supervisors must report any and all conduct of which they are made aware, which violates, or may violate, policies regarding unlawful discrimination, harassment, or retaliation to the Director of Finance and Administration, the Director of Operations, or the General Manager, as appropriate.

All complaints submitted pursuant to this policy should be done in writing, but they may be done verbally. Complaints should be specific and should include the names of the individuals involved and the names of any witnesses.

SEJPA encourages all employees to immediately report any incidents of unlawful discrimination, harassment, and/or retaliation so that complaints can be quickly and fairly resolved. All complaints will be handled as confidentially as possible and information will be disclosed only as it is necessary to complete the investigation and resolve the matter.

Upon notice of such a complaint, SEJPA will attempt to resolve the situation by promptly undertaking an effective, thorough, and objective investigation through the use of "qualified personnel" and using methods that provide all parties with "appropriate due process." During the investigation, SEJPA will provide regular progress updates, as appropriate, to those directly involved. SEJPA will strive to complete its investigation as efficiently as possible in light of the allegations and will reach any conclusions based on the evidence collected.

If SEJPA determines that unlawful conduct or a violation of applicable policies has occurred, appropriate remedial measures will be taken in accordance with the circumstances involved.

Any employee determined by SEJPA to be responsible for unlawful discrimination, harassment, and/or retaliation will be subject to appropriate disciplinary action, up to and including termination. Appropriate action will also be taken to deter future conduct.

There will be no retaliation against any employee who brings a complaint in good faith or who honestly assists in investigating such a complaint, even if the investigation produces insufficient evidence that there has been a violation, or if the charges cannot be proven.

GOVERNMENTAL ADMINISTRATIVE REMEDIES FOR DISCRIMINATION AND HARASSMENT

In addition to notifying SEJPA about discrimination, harassment, or retaliation complaints, affected employees may also direct their complaints to the California Department of Fair Employment and Housing (DFEH), which has the authority to conduct investigations. Generally, the deadline for filing complaints with the DFEH is one year from the date of the alleged unlawful conduct. Employees can contact the nearest DFEH office or the Equal Employment Opportunity Commission (EEOC) at locations listed in EEO posters located within SEJPA facility, their respective websites, or the state government listings in the local telephone directory.

IMMIGRATION LAW COMPLIANCE

SEJPA is committed to employing only those individuals who are authorized to work in the United States, and does not unlawfully discriminate on the basis of citizenship or national origin. In compliance with the Immigration Reform and Control Act, each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form (I-9) and present documentation establishing identity and employment eligibility no later than three days following date of hire. If appropriate documentation is not received within this time, the employment relationship may be terminated.

JOB DUTIES AND JOB DESCRIPTIONS

SEJPA maintains job descriptions/position classifications for every distinct job. Such job descriptions contain, at a minimum, a general summary of the job duties, minimum and desired qualifications and background, essential job functions, and physical/environmental factors associated with performance of the job. Job descriptions are used for such purposes as employment advertising, pay rate assignment, selection, testing (including pre-employment medical assessments and work-related injury assessments), and performance evaluations.

An employee's job responsibilities that are within the general scope, responsibilities, and skills required may change at any time during employment. From time to time, an employee may be asked to work on special projects or to assist with other work if necessary or important to the operation of a department or SEJPA. An employee's cooperation and assistance in performing such additional work is expected.

SEJPA reserves the right to alter or change job responsibilities, reassign or transfer job positions, or assign additional job responsibilities within the general and reasonable scope of each employee's job. Employees are encouraged to ask their supervisor/manager any questions to become better informed about their job responsibilities and SEJPA operations.

Additionally, work hours and/or schedules may be subject to change at any time during employment. Employees are expected to cooperate and perform additional work or work a different schedule as requested.

HIRING OF NEW, RE-EMPLOYED, OR REINSTATED EMPLOYEES

All job applicants will be subject to a thorough, job-related employment screening and testing process to ascertain the relative merit of their education/training, prior experience, skills, knowledge, and abilities to perform the essential and more demanding aspects of the job for which they have applied. Examples of the selection testing include interviews, submission or preparation of work samples, task demonstrations, written examinations and/or exercises, reference and background checks, and pre-employment medical assessment, including drug and alcohol testing. If hired, an introductory period of employment and other job-related tests may also be used.

Former employees who have resigned from their employment with SEJPA may be eligible for re-employment, and those employees who were laid off may be eligible for reinstatement. Consideration will be given to factors concerning prior work experience, the former employee's work record, and circumstances involving the prior separation from SEJPA. At SEJPA's discretion, former employees being considered for re-employment or reinstatement may be subject to the same pre-employment testing processes as potential new hires.

The General Manager and the hiring supervisor/manager must review each candidate before a final determination is made with respect to rehiring any former employee. The General Manager must give final approval on all rehires.

Employees who become re-employed or reinstated shall be considered new employees subject to all related policies and procedures unless rehired within one year from a reduction in force.

EMPLOYMENT OF RELATIVES

On occasion, qualified applicants for job openings at SEJPA may be relatives of present employees.

A relative is defined as any person related to an employee by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage. The policy applies to all employees without regard to the gender or sexual orientation of the individuals involved. Applicants must identify any individual who is a relative, as defined above, who is employed by SEJPA at the time he/she applies for employment.

Relatives will not be given preferential treatment. SEJPA reserves the right to refuse employment of an employee's relative where such employment would or could reasonably compromise the safety, security, supervision, or morale of SEJPA operations. Should a relative be hired, the new employee will not be employed in the same department or work group as his/her relative or in a direct reporting relationship with a related employee.

In cases where a conflict or the potential for conflict arises such as might occur through a romantic relationship or marriage between two employees, even if there is no managerial relationship involved, the parties may be separated by reassignment or terminated from employment. If the relationship is established after employment, the individuals concerned may decide who is to be transferred or terminated from employment. If that decision is not made

within 30 calendar days, management will make the final determination based on operational priorities and other objective factors as deemed appropriate.

JOB POSTINGS

Whenever practical, job openings will be posted on SEJPA bulletin board. Employees who wish to be considered for posted jobs should comply with the application process and submit an application form to the General Manager. All employees applying for any posted position must meet at least the minimum qualifications of the position description.

In the selection process, SEJPA may consider a number of factors, including the employee's applicable skills, knowledge and education, performance and conduct record, time in current position, length of service, and other relevant factors.

MERIT SYSTEM OF EMPLOYMENT

Employment with SEJPA is based on merit system principles, including job-related knowledge, experience, ability, performance, aptitude, attitude, and such other factors as deemed appropriate to SEJPA operations. The methods used in the employee selection process shall be impartial and of a relevant nature so as to fairly measure the capabilities of job applicants to perform the duties and responsibilities of the position for which they have applied.

"Merit increase" is defined as "a pay increase within the existing salary range". Merit increases are not automatic but are based on job performance. Prior to receiving the merit increase, the employee must receive an Employee Performance Evaluation, approved by the General Manager and the Director of Finance or their delegates, recommending the merit increase.

In addition to or in lieu of the merit increase, an employee may receive an incentive award, which is based on an employee's outstanding performance, as evaluated against the achievements of their annual goals. Incentive payouts are one-time payments. No employee shall be awarded incentive compensation in an amount greater than five percent of that employee's base salary.

Promotion – An employee who is promoted to a position with a higher salary range than his/her current salary range will be placed at least at the minimum range for the new classification. A promotional pay rate increase is given based on related experience, internal equity, and the length of time since the employee's last performance evaluation. Salary increases due to promotion are typically between five and ten percent, but can be influenced by other factors.

If an employee is promoted during or prior to his/her performance review date and is eligible for a merit increase, the employee's supervisor shall complete a performance evaluation and make a recommendation regarding the merit increase prior to promotion. If a merit increase is granted, the employee's salary in the new classification shall be based on the salary placement after the increase is applied to the employee's current salary. Merit increases are effective on the employee's performance review date or as specified on the review form, or as designated by the General Manager.

Employee review dates will be at the discretion of the General Manager; however, the desired review date shall be the employee's hire date or the date of promotion.

PERFORMANCE EVALUATIONS

Performance evaluations are generally conducted annually for all regular full-time and part-time employees. These evaluations are completed in writing, and discussed in a meeting with the employee, his/her supervisor/manager, department director, and the General Manager. During the performance evaluation process, employees and their supervisor/manager should discuss work completed and in progress, successes and lessons learned, strengths and weaknesses, and future goals.

There is no guarantee that a performance evaluation will result in a wage or salary increase. Wage or salary increases are based on merit, as well as budget allowances.

PERFORMANCE IMPROVEMENT PLANS (PIP)

Periodically it may be necessary or appropriate for a supervisor/manager to implement a PIP for an employee. The purpose of a PIP is to provide a mechanism for performance correction when an employee's job performance falls below established standards in one or more essential job duties or responsibilities. Failure to achieve satisfactory performance as defined in a PIP may lead to disciplinary action as deemed appropriate by the General Manager. The following steps should be considered when implementing performance improvement measures, including a PIP:

1. Managers/supervisors should first counsel unsatisfactory performers as frequently as is reasonable to assist in the improvement of performance, unless circumstances warrant an immediate PIP.
2. If an employee continues to demonstrate unsatisfactory performance, the manager/supervisor must complete a PIP explaining to the employee the areas of deficiency, performance expectations, available assistance, and future consequences if significant specified improvements in performance do not occur. Assistance may include additional training.
3. Typically employees will be placed on a 90-day PIP, although the duration of the PIP may vary depending on the circumstances. If during the PIP, the employee does not show signs of improvement, the employee may be transferred, reclassified, demoted, or terminated from employment.
4. The PIP may be extended at the sole discretion of SEJPA for not more than 120 days. If the employee fails to improve within the 120-day time period, the employee may be transferred, reclassified, demoted, or terminated from employment.

If at any point during the performance improvement period or otherwise, it is determined that the employee's performance is not meeting expectations, or if the employee violates any of SEJPA's policies or procedures, further disciplinary action may be taken, up to and including immediate termination of employment. A PIP does not alter the at-will nature of employment, which means the employee or SEJPA may terminate the relationship at any time, with or without notice or cause.

PROMOTIONS, TRANSFERS AND DEMOTIONS

Definitions

A promotion is defined as a move up in pay grade, position responsibilities, and skill requirements; a transfer is defined as a lateral move within the same pay grade; and a demotion is defined as a move to a position in a lower pay grade, or a lower pay position having lesser responsibilities and/or required skills.

Promotions

It is SEJPA's desire to promote from within the organization whenever it is operationally efficient and appropriate based on the skills, knowledge, and other competencies of employees as they relate to vacant position requirements and as they compare to external qualified applicants.

Transfers

Generally, an employee who requests a transfer to a similar position with the same or a different department is given preference over external applicants, provided the employee is equally or better qualified, and his/her work performance has been exemplary. In order to be eligible for a transfer, an employee must have successfully completed a minimum of 12 months of continuous employment in his/her current position, unless the managers involved in the transfer mutually agree to waive this requirement. An employee on a PIP or disciplinary action is ineligible for transfer unless approved by the General Manager.

Demotions

SEJPA regards demotions as rare and imposes them only under unusual circumstances. Demotions may be voluntary or involuntary but in either case the affected employee will normally be provided with advance notice of the change of classification. However, SEJPA reserves the right to determine, on an individual basis, how a demotion will affect pay and under what circumstances it is in SEJPA's best interests to demote an employee.

EMPLOYEE RECORDS

SEJPA maintains files of current and former employees and restricts disclosure of employee files only to authorized individuals and as required by law.

Employees wishing to review their personnel file must request an appointment to do so with the General Manager. Such appointments should be made during normal working hours. Files will be reviewed under the supervision of the General Manager or designated SEJPA representative.

Employees may take notes related to documents in their employee file; however, no alterations of these records are permitted nor can a document be added to or removed from the file at the time of an employee's review. Employees may request and receive a copy of any document in their employee file.

EMPLOYEE INFORMATION / EMERGENCY DATA

All employees are required to promptly notify SEJPA's Director of Finance and Administration or designee of any changes to their personal information, including:

- Name
- Home and/or Mailing Address
- Telephone Numbers
- Number, Names, and Status of Dependents
- Change of Emergency Contact Information
- Educational Accomplishments
- Marital Status (including pending divorce proceedings)
- Payroll Deductions
- Benefit Plan Beneficiary

EMPLOYMENT VERIFICATIONS

All employment verification requests, either verbal or written, must be forwarded to SEJPA's Director of Finance and Administration or designee for response. Responses by SEJPA to such requests will be restricted to dates of employment and the last or current job title held by an employee. Requests for salary and any other additional information must be made in writing and accompanied by the employee's signed authorization to release this information except where disclosure is otherwise required by law.

OUTSIDE EMPLOYMENT

Employees may engage in work outside their regular work schedule at SEJPA, provided this work does not detract from their job performance, is not harmful to SEJPA's best interests, and does not present a conflict of interest with their employment at SEJPA. Any outside employment or business activity must be considered secondary to employment with SEJPA. Employees cannot work for a service provider of SEJPA.

SEJPA's workers' compensation insurance will not pay for an illness or injury arising from outside employment or business activity.

Employees who are unable to maintain acceptable performance standards while engaged in outside employment or business activity may be subject to corrective action up to and including termination of employment.

USE OF SEJPA VEHICLES

For the purpose of this section, vehicles are defined as licensed California Department of Motor Vehicles that are allowed to operate on public roads and highways. Other vehicles such as bobcats, forklifts, electric utility carts and other "vehicles" are considered equipment which are subject to SEJPA policies including safety and training policies prior to an employee operating.

Before an employee is allowed to operate any vehicle for SEJPA business, a valid California driver's license, proof of current insurance, and a DMV motor vehicle report must be on file with the General Manager. In addition, employees are responsible for immediately reporting to their supervisor/manager and the General Manager any changes in their automobile insurance policy or the status of their driver's license such as suspension or revocation. Employees who are uninsurable or who create the potential for an increase in SEJPA's liability insurance premiums may be terminated. Any questions regarding this policy should be directed to the General Manager.

SEJPA, will access Department of Motor Vehicle records for verification of valid California driver licenses, proof of insurance, and to review driving records.

In addition to applying good common sense regarding the safe operation of vehicles, the following rules apply when operating all types of vehicles:

- Any employee who is under the influence of or impaired by any illegal drug, alcoholic beverage or any legal drug that may impair an employee's abilities must not operate any vehicle.
- SEJPA vehicles are to be used by employees only for official business purposes. Only designated employees may drive SEJPA vehicles.
- Use of any vehicle for SEJPA business must have the prior approval of the employee's supervisor/manager.
- Non-employees may not be transported at any time in any vehicle being used for SEJPA business except those who have a legitimate business justification for being transported, such as official SEJPA visitors.
- Any mechanical defects of a SEJPA vehicle should be reported by the employee to his/her supervisor/manager for appropriate corrective action before operating the vehicle for business purposes.
- All employees must immediately report to their supervisor/manager and the General Manager any accident and any moving or non-moving violation for which they are cited while driving an SEJPA vehicle. SEJPA accepts no responsibility for citations issued to an employee by any law enforcement agency while driving a vehicle on SEJPA business under any circumstance. All liabilities created by any citation will be the responsibility of the employee.
- All employees operating vehicles on SEJPA business are required to obey all traffic regulations, including laws regarding the proper use of cell phones while driving.

In the Event of an Accident

Employees who are involved in an accident in the course of using any vehicle on SEJPA business are expected to adhere to the following procedure, including completing and submitting to your supervisor/manager the Vehicle Accident Form provided in each SEJPA vehicle:

- Do not argue, do not admit liability, and do not make a statement to anyone except the police, your supervisor/manager, or other appropriate SEJPA management.

- Obtain the names and addresses of:
 1. Owner of other vehicle(s);
 2. Insurance Carrier of the other driver(s);
 3. Witnesses;
 4. Injured person(s);
 5. Other driver(s), including the number of and state issuing the driver's license.
- Note these items:
 1. Speed of each vehicle with its direction of travel;
 2. Signal given by each driver, if any;
 3. Point and time of accident;
 4. Any mechanical aspect of the other vehicle which may have caused the accident (e.g., no brake lights, etc.);
 5. If a camera is available, take pictures of the damage, location, or any other relevant things that may be of value.
- Promptly report any damage done to a customer, the public, SEJPA, an employee, or their property to management.

SEJPA management will promptly handle accident reports and insurance contacts.

USE OF PERSONAL VEHICLE FOR SEJPA BUSINESS

Employees authorized to use their personal vehicle in the course of performing SEJPA business shall be eligible for a mileage reimbursement at the current IRS established business mileage rate. Travel must be confined to only the authorized destination and return location.

Employees who operate their own vehicles on SEJPA business may do so provided the following conditions are followed:

- The vehicle must be in sound and safe operating condition and maintained as such at the employee's own expense;
- The driver and vehicle must be insured in accordance with at least minimum coverage and liability standards established by the State of California;
- The driver must obey all state and local driving laws and observe driving conditions with the utmost care, including but not limited to wearing a seat belt and avoid eating or the use of a cell phone while driving;
- Non-employees may not be transported at any time in any vehicle being used for SEJPA business except those who have a legitimate business justification for being transported, such as official SEJPA visitors; and
- The driver must possess and maintain a valid California driver's license. Employees who are required or may be called upon to use their own vehicle in the course of SEJPA business who have their driver's license suspended,

revoked, or receive driving violations other than parking are required to promptly report these conditions to the General Manager. Employees required to drive in the course of SEJPA business or operations who have their license revoked, suspended or receive driving violations other than parking tickets may be subject to either work modification or termination at SEJPA's discretion.

REIMBURSEMENT OF BUSINESS EXPENSES

Certain employees may incur business expenses in the course of their duties. Employees must be authorized in advance to incur business expenses, and all such expenditures must be documented on an expense report that is submitted to the Finance Department for review and approval. All original receipts for expenses are to be attached to the expense report with an explanation as to the nature of the expense. In the case of promotional or entertainment expenditure, the names of the persons and the business purpose for the meeting must be included.

SEJPA must approve all business expenses, including any airline travel or hotel reservations, before they are incurred. Expenses will be paid by the employee and reimbursed upon submitting an expense report and receipts, unless a travel advance or other arrangements have been made. For questions regarding how particular expenses should be handled, contact the Finance Department before incurring the expenses.

BUSINESS RELATED TRAVEL

Employees will be reimbursed for the cost of authorized travel to any business-related meeting or attendance at training, seminar programs, or attendance at an out-of-area conference. Reimbursement will be made upon written request when accompanied by appropriate receipts, if the travel has been budgeted, scheduled, and previously authorized by the employee's supervisor/manager and approved by the General Manager.

Covered Expenses

No per diem limit is set; however, employees are expected to use prudent and good judgment in selecting the cost- and time-efficient mode of travel, accommodations, meals, fees, and related incidental costs. Costs deemed excessive by the General Manager may not be reimbursed. Travel expenses for spouses or guests of staff members will not be reimbursed.

Authorized travel expenses include those costs incurred in the use of common carriers, e.g. plane, bus, and/or train from the point of origin to destination and return, rental car fees (where necessary), and bus and taxi fares.

Example of Allowable Costs

Examples of typical allowable costs include coach rate airfare, train fare, or mileage; hotel; meals; transportation to and from hotel and airport; work-related telephone calls; and auxiliary cost such as tips and parking fees.

Reimbursement Procedure

Employees requesting reimbursement for expenses incurred in connection with authorized travel shall have the trip scheduled and approved at least 2 weeks prior to travel. Whenever possible, miscellaneous charges should be charged to the hotel bill.

Upon completion of the trip, an expense form must be completed, signed, and submitted to the General Manager for review and payment authorization. Copies of all receipts shall be attached to the statement. Reimbursement will be made for that portion of expenses directly attributable to the authorized business activities.

Request for Advance Funds

The General Manager must approve all requests for advance funds for business expenses. Employees must account for all expense advances within 5 working days after returning from an authorized trip. Receipts must be provided, and residual funds returned to SEJPA within 5 working days. If actual approved expenses exceed the amount advanced, SEJPA will reimburse the employee following submission of receipts and an expense report form.

CONFLICTS OF INTEREST

Employees must avoid entering into transactions where it may appear that they are improperly benefiting from their employment with SEJPA. In general, a conflict of interest describes any situation in which the employee's own interest may influence the way he/she handles SEJPA business. This includes the use of an employee's position or relationship with SEJPA for personal profit or advantage, either directly or indirectly. Situations that may involve a conflict of interest between personal interests and the interests of SEJPA must be discussed with the employee's supervisor/manager, department director, and General Manager.

While it is impossible to list every circumstance that may create a possible conflict of interest, the following should serve as a guide to the types of activities that may cause such a conflict:

- Having a direct or indirect financial or ownership interest in an outside concern that does business with or is a provider of SEJPA (except where such financial or ownership interest consists of securities of a publicly owned corporation regularly traded on a public stock exchange).
- Providing managerial, consulting or other services to any outside concern that does business with, renders any services to, or is a service provider of SEJPA, except with the knowledge and written consent of the General Manager.
- Soliciting business for any individual or another entity, redirecting business away from SEJPA's normal services, soliciting existing customers, or interfering with any SEJPA contractual relations or business dealings.
- Accepting loans, kickbacks, or other substantial favors from any outside concern that does or is seeking to do business with SEJPA.
- Representing SEJPA in any transaction in which there may be or is a conflict of interest.
- Disclosing or using confidential information relating to SEJPA for personal profit, advantage, or any other reason.

- Accepting outside employment or work, directly or indirectly, which can or will adversely affect an employee's productivity or availability for a position with SEJPA.

This list is not intended to be all-inclusive or used as a substitute for good judgment. Should an employee become involved in a situation that may possibly give rise to a conflict of interest, immediate disclosure must be made to the General Manager in order to protect the interests of both SEJPA and the employee.

CONFIDENTIALITY

Although SEJPA is a public government agency, information relating to its business and any of its activities, projects, employees, or customers is considered confidential, and employees shall not divulge any of this information to outside parties, without the prior written consent of the General Manager. All such information must be kept confidential during and subsequent to employment with SEJPA. The following examples are intended to serve as a guide to the types of such information and material:

- Proprietary information including, but not limited to, pending proposals, disbursements, costs, contracts and forms, financial statements, pricing, customer lists, all data regarding customers, mailing lists, designs, drawings, models, plans, plans for future expansion or business development, or any other writings or drawings that may contain proprietary information.
- Matters of a non-public, technical nature such as security codes, computer programs, software, and other copyright protected information.
- Confidential data about employees, including employee names, addresses, telephone numbers, automobile identification, work location, pay rates, performance evaluations, and other such personal information.
- Information pertaining to any services or products and the results of all such services or products provided to SEJPA's customers.
- Any information that, if disclosed, could adversely affect SEJPA.

Upon separation of employment, or at any time upon SEJPA's request, employees must deliver to SEJPA any and all copies of confidential information and/or other SEJPA property.

SEPARATION OF EMPLOYMENT

All employment with SEJPA is at-will, meaning an employee or SEJPA may terminate the employment relationship at any time, with or without notice, and with or without cause.

Voluntary Separation

When an employee resigns or retires, the separation is considered voluntary. Employees are requested to give advance written notice, including all of the reasons for the resignation, to their supervisor/manager. Generally, in order for an employee to leave in good standing, a minimum of 2 weeks' notice is required.

Involuntary Separation/Termination of Employment

An involuntary separation/termination of employment is one that is initiated by SEJPA for any reason other than a reduction in force.

Job Abandonment

An employee who has been absent for 3 consecutive scheduled workdays without notification to his/her supervisor/manager, and without extraordinary extenuating circumstances that can be verified, will be considered to have abandoned his/her job and voluntarily terminated his/her employment without notice. The last day worked will be the date of separation.

Failure to return from an approved leave of absence or vacation within the time limits established will also be considered a voluntary termination of employment without notice. The date of the expiration of the leave or vacation will be the separation date.

Exit Interviews

Whenever possible, exit interviews will be conducted for separating employees. This interview allows employees to communicate their views on working at SEJPA as well as the job requirements, operations, and training needs of the position.

Final Pay

All accrued vested benefits that are due and payable will be paid upon separation of employment. The employee's final pay will be available either on the last day of employment, the first pay-period after the last day of employment, or as soon as practical.

Return of SEJPA Property

It is the responsibility of any separating employee to return all SEJPA property that has not previously been returned on or before the last day of work.

REDUCTION IN FORCE/LAYOFF

A layoff is an involuntary termination that is initiated by SEJPA as a result of reorganization, position elimination, declining operations/lack of work, or lack of funds, etc., and not otherwise caused by the affected employee. Layoffs will be determined by position(s) at the sole discretion of SEJPA.

Should more than one employee occupy a position identified for layoff, comparative consideration as to which employee will be laid off shall be given to skills and qualifications possessed, performance records, and work history.

In the event of unusual economic conditions or other business reasons, SEJPA may elect to freeze or decrease pay rates to avoid a layoff or in conjunction with a layoff.

COMPENSATION AND TIMEKEEPING

CLASSIFICATION AND COMPENSATION – Appendix B – SEJPA Administrative Policy B.1

COMPENSATION PLAN

Wage/salary pay ranges are established by the Board of Directors. The General Manager may set an employee's compensation anywhere within the pay range. Rates are based upon an employee's job duties, responsibilities, skill sets, and work performance.

WORK SCHEDULES, WORK WEEK AND HOURS OF WORK

Scheduled work hours are determined by SEJPA management and subject to change based on operational needs. All employees are expected to be at their workstations at the start of their scheduled shifts, ready to work.

The schedule for regular full-time employees is the 9/80 work schedule. On a 9/80 schedule, the workweek shall begin at the mid-point of their shift on their eight-hour day and end seven days later. The 9/80 schedule consists of eight 9-hour days and one 8-hour day within a 2-consecutive week pay period. The workweek may differ among employees, provided the hours and days are consistent from week to week for each employee. The particular days, hours, and day off will be determined by the supervisor/manager of each employee and may be subject to change at the sole discretion of SEJPA. The daily and weekly work schedules may vary with each department and may change from time to time to meet the business conditions. SEJPA may request an employee to work the traditional 8-hour workday, 5 days a week. Employees are to check with their supervisor/manager regarding their individual work schedules.

Operation's normal business hours are 6:30 a.m. to 4:00 p.m. Administration's normal business hours are 7:00 a.m. to 4:30 p.m. These hours may change based on operational needs, at SEJPA's discretion.

PAYDAYS

Wages are paid on a bi-weekly basis. Paydays are on the Friday following the close of the pay period. If a regular payday falls on a holiday, employees will be paid on the preceding business day.

Employees are expected to report any errors on their paychecks to the Finance Department, which will correct those errors on the next payroll or as soon as practical.

TIMEKEEPING / TIMESHEETS

Timekeeping

It is the responsibility of every non-exempt employee to accurately record time worked. SEJPA must have an accurate record of time worked in order to calculate employee pay, benefits, and legally mandated deductions. Time worked is the time actually spent on the job performing assigned duties.

Overtime work must always be approved before it is performed. All time is rounded to the nearest 15-minutes.

Time Sheets

A time sheet is an official, legal document, and must accurately record time worked. Time is to be recorded daily and submitted at the end of each pay period to the employee's supervisor/manager for approval who then submits to Payroll not later than 9:00 a.m. on the Monday prior to payday.

It is important that time sheets be kept accurately and in a detailed manner. If an error occurs when completing a timecard, the employee should immediately bring it to the attention of his/her supervisor/manager for proper correction.

It is the employee's responsibility to sign their timesheet certifying the accuracy of all time recorded, that meal and break periods have been taken, and no injuries have occurred during this period. Employees are responsible for the accuracy of their own timesheet. Altering, falsifying, tampering with the timesheet, or recording time on another employee's timesheet is a violation of SEJPA policies and may result in corrective action up to and including termination of employment.

REST AND MEAL PERIODS

Non-exempt employees who work more than 3.50 hours are expected to take a 15-minute period of rest, one in the morning and one in the afternoon. Rest periods or "breaks" should occur as near as possible to the middle of the work period. These breaks are provided to enable employees to take care of their personal needs and may not be extended, added onto meal breaks, or used to compensate for late arrivals or early departures. When employees are not on a break, they are expected to devote their full efforts to their duties.

Any employee working 5 or more hours per day is expected to take a 30-minute meal period. Normally, employees are relieved of all active responsibilities and restrictions during meal periods and are not compensated for that time. Meal periods are expected begin no later than 5 hours after the start of the shift.

Employees are responsible for making sure they take their breaks and meal period. Employees are also responsible for documenting on their timecards that they have taken meal periods.

It is understood that circumstances may arise when employees cannot take their break or meal period because of equipment failure, the engagement in a critical task, or an emergency. All non-exempt employees are to advise their supervisor as soon as practical and receive approval to work through their break and/or lunch period. In this event, the employee will be paid for one

extra hour at the employee's regular rate. It is a violation of SEJPA policy for non-exempt employees to work through their meal period without their supervisor's approval.

Any non-exempt employee who is unexpectedly ordered back to work for 2 or more hours beyond the employee's scheduled workday/shift due to an emergency shall be entitled to reimbursement of a meal and non-alcoholic beverages up to the maximum amount established by SEJPA (see [Appendix C Salary And Benefits Resolution– Section G](#)) upon submission of an acceptable receipt.

Employees who are working in high heat conditions (85⁰ F in heat and 80⁰ F in shade) shall receive a heat recovery break no less than 5 minutes at a time when they feel the need to do so to protect themselves from overheating. Such access to shade shall be permitted at all times.

OVERTIME – Appendix B – SEJPA Administrative Policy B.3

Under normal operations, employees will not be asked to work for 24 consecutive hours. A work day is defined as any consecutive 24-hour period beginning the same time each calendar day, which is 6:30 am for non-exempt operational staff, and 7:00 am for non-exempt administrative staff. The shifts are defined as 6:30 am to 4:00 pm, and 7:00 am to 4:30 pm. As the new workday cycle begins, so do the overtime rules for staff. Therefore, if an employee begins a shift at 6:30 am and works continuously for a 24-hour period, the pay rate reverts to straight time at 6:30 am the following morning, which is a new work day and new shift.

COMPENSATORY (“COMP”) TIME – Appendix B – SEJPA Administrative Policy B.3

MAKE-UP TIME

SEJPA allows non-exempt employees to request time off from work and make-up the time during the same work week under the following conditions:

- The request must be made in writing, with the employee's signature, on a form provided by SEJPA;
- The make-up time must be made up in the same work week;
- The immediate supervisor/manager must approve the make-up time prior to taking the time off;
- The request should be made 24 hours in advance; and
- The employee cannot work more than 12 hours in any one workday.

Requests for make-up time by non-exempt employees will be considered for approval based on the legitimate operational needs of SEJPA at the time the request is submitted. A separate written request is required for each occasion that the employee requests make-up time and should be attached to the payroll sheet.

If the time is taken off and the employee is unable to work the scheduled make-up time for any reason, the hours missed will be unpaid or deducted from accrued leave, if available. SEJPA may require make-up time worked in advance of the time planned to be taken off to be taken even if the need no longer exists.

An employee's use of make-up time is completely voluntary and will not be considered overtime hours within the 9/80 work schedule.

PAYROLL DEDUCTIONS

SEJPA is required to withhold a portion of an employee's pay for taxes, government-mandated benefit programs, and other mandatory deductions from time-to-time. These legally required deductions include, but are not limited to the following items:

- Federal Income Tax
- State Income Tax
- Social Security Medicare Deduction
- CalPERS Retirement Plan contributions
- Court Ordered Deductions (such as garnishments) and Tax Liens

Additionally, employees may authorize certain deductions to be made from their paychecks each month for reasons such as payment of group medical insurance premiums and optional benefit plans. All deductions, whether they are legally required or voluntary, are itemized on each employee's paycheck stub, or "pay advice" for using direct deposit.

PAYCHECK DIRECT DEPOSIT

SEJPA offers direct deposit of wages to any bank, savings and loan, credit union, or any other financial institution that is a member of the Federal Reserve System. Employees may have the deposit designated to multiple accounts. To initiate direct deposit, employees must complete a designation form. Information required will include account tracking number(s), financial institution name(s), and amount(s) desired. A voided check is requested to ensure the correct account information.

Paycheck information may be viewed through SEJPA's payroll service, including all payroll deductions, information, and the net deposit made. Any questions regarding the payroll deposit or paycheck should be made as soon as practical.

AUTHORIZED PAYCHECK PICK-UP

Paychecks will not be given to anyone other than employees or their supervisor without prior written authorization. The person picking up the check must show proper identification and sign for it. This policy was created to protect both the employee and SEJPA.

PAY ADVANCES

SEJPA does not permit wage, salary, or pay advances to any employee, regardless of the reason.

SHOW-UP AND REPORTING PAY

Non-exempt employees who are required to report to work and are sent home because work is not available will be paid for one-half the number of hours of the scheduled shift, but in no event less than 2 hours or more than 4.5 hours at their regular rate of pay. At SEJPA's option, employees in these circumstances may be assigned to other work not normally performed by the employee, instead of being sent home.

Show-up pay provisions are not applicable under the following conditions:

- Business operations cannot commence or continue due to potentially unsafe conditions for employees or at a property.
- The interruption of work is caused by an act of God or other causes not within SEJPA's control.
- The employee is notified in advance not to report for work.

Any employee sent home from work may supplement their hours with other earned benefit hours to make full pay.

CALL-BACK PAY – Appendix C - Salary and Benefits Resolution

Non-exempt employees who are called back to work outside their normally scheduled workweek and/or normally scheduled working hours, or if their normal schedule has been changed within 72-hours of the posted work schedule, will be paid at the rate of one and one-half times the employee's regular pay rate for actual time worked, or for a minimum of 2 hours, whichever is greater. Call-back on holidays, weekdays, or weekends after midnight, and before the start of the employee's regular shift, are paid at the rate of two times the employee's regular pay rate. Since call-back time is paid at these premium rates, the time will not be included for overtime pay eligibility based on the total number of hours actually worked in the workweek.

Reasonable meal reimbursement costs will be provided to those employees called back under emergency conditions. For emergency call-back, the employees should wear their uniform; however, in the event employees are unable to wear their uniform, they must wear long pants, shirt, work boots, and appropriate safety equipment necessary for the required work. Clothing that has become soiled or contaminated should be left on site for appropriate laundering.

Such call-back time shall include round trip travel time from the employee's residence not to exceed 60 minutes, or until their normal shift begins, whichever is the lesser. Therefore, it is necessary that employees assigned to call-back assignments must be able to respond within 30-minutes driving time of the San Elijo Water Reclamation Facility during non-peak traffic hours.

ON-CALL/STANDBY PAY – Appendix C - Salary and Benefits Resolution

All on-call/standby assignments will be made for specific days, dates, and hours among those employees whose jobs necessitate their availability to independently respond to SEJPA operational needs and/or emergencies that may arise during abnormal operating days and hours. Generally, these assignments are made in advance with qualified employees by their supervisor/manager and to the extent possible on a rotating or voluntary basis. However, unexpected conditions may arise when advance notice is not possible. In these situations, employees are expected to assume such assignments as a condition of employment.

When a non-exempt employee is assigned an on-call status, on-call/standby time is paid as specified in Appendix C (Salary and Benefits Resolution). Such on-call pay is compensation given to an employee for hours in which he/she agrees to respond should there be a requirement to report for work or to respond to a telephone advisory situation. If the on-call/standby employee is required to respond to an on-site operational need, then the employee will be paid under call-back conditions. In that instance, the employee will resume his/her on-call/standby pay rate upon completion of the call-back work.

Employees who are assigned on-call/standby duty are encouraged to take a SEJPA vehicle home to be used for emergency call-back only. If the employee opts to not use SEJPA vehicle, he/she must have his/her vehicle equipped with the proper clothing, boots, and PPE for the required work. Further, an employee on on-call/standby is expected to use an assigned cell phone to ensure continuous contact during the hours of on-call/standby duty, and to maintain a normal state of mental, emotional, and physical ability as might be exercised for the performance of his/her regular duty.

If deemed necessary, the supervisor/manager has the discretion to reassign the on-call duty schedule.

SHIFT DIFFERENTIAL PAY/A SCHEDULED WORK SHIFT – Appendix C - Salary and Benefits Resolution

Non-exempt employees assigned to other than standard “core” working hours shall be paid shift differential pay in addition to their base rate of pay for actual hours worked. Shift differential pay shall be calculated into the employee’s regular rate of pay for purposes of determining the employee’s overtime pay rate. Example: If an employee were scheduled to work from 1:00 pm to 10:00 pm, the employee would be eligible for shift differential pay, even though the hours may overlap a regular work schedule.

WORKING OUT-OF-POSITION-SPECIFICATION – Appendix C - Salary and Benefits Resolution

An out-of-position-specification assignment shall be recommended in writing by the department director or General Manager and submitted to the General Manager. The recommendations must be approved by the General Manager.

A regular employee in an out-of-position-specification assignment need not meet all the minimum qualifications of the higher classification.

ATTENDANCE AND PUNCTUALITY

Employees of SEJPA are expected to be punctual and maintain regular attendance. Tardiness and absenteeism place an additional burden on other employees and may cause assignments to be rescheduled. Good attendance is an essential element in determining satisfactory job performance. An unsatisfactory attendance record of tardiness and absences is considered unsatisfactory and can result in corrective action up to and including termination of employment.

An absence is the failure to report for work as scheduled, be at a designated work area, begin or end a rest break or meal period on time, and/or leave prior to the end of a workday as scheduled.

Reporting an Absence and Health Care Provider's Statement

Employees are requested to speak with or leave a message with their supervisors for any absence or tardiness whenever practical. Not following this policy may result in corrective action up to and including termination of employment.

A health care provider's statement may be required, at management's discretion, for any absence due to illness or injury of more than 3 days. SEJPA may request an evaluation of an employee's medical condition from an appointed health care provider at SEJPA's expense. Alternatively, SEJPA may require a health care provider's verification that employees are capable of resuming their job responsibilities before being permitted to return to work.

Any falsification, misrepresentation, or other violation of an attendance obligation to SEJPA can result in corrective action up to and including termination of employment.

APPROVED TIME OFF

If time off from work is required, employees are required to schedule and obtain approval prior to the absence by submitting a request to their supervisor for time off in accordance with the applicable procedures in this Handbook.

Planned time off includes any situation that might prevent an employee from reporting to work on time for any scheduled workday, or any time off that needs to be scheduled (e.g., vacations, doctor's appointments, personal obligations, leaves of absence, etc.). If prior arrangements have not been made, employees must discuss an absence or inability to be at work on time directly with their supervisor.

SEJPA recognizes that it is sometimes necessary for employees to take care of personal business during the workday. However, personal business should be kept to a minimum and should be conducted during break times whenever possible.

SICK LEAVE SHARING

Personal Hardship

Employees who have exhausted all accrued leave (sick, administrative, vacation) may request sick leave donations. The sick leave sharing policy applies to employees suffering from a catastrophic illness or other medical emergency.

Eligibility

Employees who are experiencing hardship due to the employee's or a family member's catastrophic illness or medical emergency and who have exhausted all accrued leave (including sick leave, administrative leave, and vacation leave) are eligible to request and receive donations of accrued sick leave from other employees who have agreed to surrender leave to SEJPA sponsored leave bank.

Requests for Donations

A written request for sick leave donations shall be submitted to the General Manager. The General Manager will verify the employee's eligibility, and make a written determination which will be given to the employee as soon as practical.

Donations of Sick Leave

Employees who have more than 40 hours of accrued sick leave and who wish to donate sick leave to SEJPA sponsored leave bank on behalf of an eligible employee shall complete a Sick Leave Donation Form indicating the number of sick leave hours to be donated and the employee, if any, who the employee requests receive the benefit of the donation. All such donations are voluntary and irrevocable.

1. Donating employees must maintain a minimum of 40 hours of accrued sick leave after reducing their accrued leave balance to effect the donation.
2. In any 12-month period, no employee may donate more than 40 hours to any one eligible employee or more than a total of 100 hours.
3. Voluntary donations of accrued sick leave are final upon submission of a signed Sick Leave Donation Form that satisfies the conditions established by this Policy. The donating employee's accrued sick leave balance account shall thereupon be reduced by the hours donated.
4. Donated hours not used by the eligible employee during the hardship period shall remain in the eligible employee's accrued sick leave account balance.
5. The names of donating employees, hours donated, and the value of such donations shall be kept confidential to the extent permitted by law.

Valuation of Donated Accrued Sick Leave

The value of the donated sick leave shall be determined by multiplying the number of hours donated by the donating employee's current hourly rate to determine the value of the donation in dollars ("Donation Value"). The Donation Value shall then be divided by the eligible employee's current hourly rate to determine the number of sick hours to be added to the eligible employee's sick leave balance account. The Director of Finance and Administration shall periodically notify the eligible employee of donations made pursuant to this policy. The eligible employee may then request to receive payment for these hours, which will be treated as taxable "wages" to such eligible employee, as part of any subsequent regularly scheduled payroll. No employee shall receive payment for more than 80 hours of sick leave, whether accrued or donated, during any regular bi-weekly pay period unless required by state or federal law.

EMPLOYMENT BENEFITS

HEALTHCARE: GENERAL INFORMATION AND ELIGIBILITY

This section of the Handbook is intended to provide a general overview of the benefits currently available to eligible employees of SEJPA. State and/or federal laws govern some of these benefits, while others are determined by SEJPA or governed by a benefit provider. Should there be a discrepancy between the contents of this Handbook and a provision of an applicable law, benefit plan, or contract, then the law, plan document, or contract will prevail.

All employees receive information regarding benefits plans during their Introductory Period and as changes occur. This information includes Summary Plan Descriptions (SPD), which are detailed benefit documents. Employees having questions regarding benefit matters should contact the General Manager.

SEJPA reserves the right to change, suspend, or eliminate any benefit at its sole discretion. When conditions warrant, and following Board approval, employees will be notified of any changes in employee benefit programs.

Eligibility

Regular full-time and part-time employees are eligible to enroll in the group benefit plans. Coverage is effective the first day of the following month from the date of employment. All other employees (temporary employees or interns) are not eligible for coverage under any of SEJPA's group insurance plans except for employees returning from Military Leave of 30 or more days and who otherwise meet qualifying criteria. Coverage is effective on the first day of the month following eligibility and confirmed enrollment.

Insurance Enrollment

Eligible employees must take the initiative to enroll themselves and their dependents in the group insurance program. The enrollment forms are provided as part of a new hire packet, and during annual open enrollment periods. It is the employee's responsibility to contact the General Manager during the first 5 business days of employment to sign up for insurance coverage. Failure to enroll within the first 30 days of employment may result in the inability to enroll for insurance coverage until the next open enrollment period.

SEJPA currently offers the following group benefits to its eligible employees:

- Medical
- Dental
- Vision
- Basic Life Insurance and Accidental Death and Dismemberment (AD&D)
- Supplemental Life Insurance
- Short Term Disability (STD)
- Long Term Disability (LTD)

Qualified dependents of enrolled employees may also enroll in the medical, dental, and vision insurance plans selected by the employee. For details regarding these insurance plans, together with a schedule of specific benefits provided by each plan, contact the General Manager.

SEJPA Contribution to Health, Dental Insurance, Vision Care Plan and Welfare Plans –
Appendix C - Salary and Benefits Resolution

For additional information on group insurance coverage, contact the General Manager.

FLEXIBLE SPENDING ACCOUNT — SECTION 125 PLAN

Full-time and part-time employees may make pre-tax contributions to SEJPA-sponsored IRS Section 125 Cafeteria/Flex Spending Plan that will allow the employee's health insurance premium payments and other qualified health care and child care costs to be deducted from pre-tax income.

Flexible spending reimbursement accounts can be used to set aside a predetermined dollar amount to cover eligible expenses that are not covered by the group medical, dental, and vision care plans. Employees may elect to contribute to the accounts through payroll deductions.

- The Health Care Reimbursement Account allows for eligible expenses not paid by the group medical plan, such as deductibles, co-payments, chiropractors, and orthodontists, to be paid from pre-tax contributions.
- The Dependent Care Account allows for eligible dependent care expense, such as child day care or adult home care, to be paid from pre-tax contributions.

For further details on the Section 125 Cafeteria/Flex Spending Plan, contact the General Manager or the Director of Finance and Administration.

CONTINUATION OF GROUP HEALTH INSURANCE (COBRA)

COBRA (the Consolidated Omnibus Budget Reconciliation Act) is a federal law that requires most employers sponsoring group health plans to offer covered employees and qualified beneficiaries the opportunity for a temporary extension of health coverage ("continuation coverage") in certain instances where coverage under the plan would otherwise end. This extension of coverage is offered at group rates plus an administrative fee, the cost of which is fully borne by the employee or beneficiary.

Employees and dependents covered by SEJPA's health insurance plan may have the right to choose continuation coverage if they lose group health coverage due to: termination of employment, reduction in hours, leave of absence, death, divorce or legal separation of an employee, employee's entitlement to Medicare, or a dependent child who no longer meets eligibility requirements. In order to ensure rights to benefit continuation, it is the employee's responsibility to notify SEJPA in writing within 30 days of a qualifying event. Questions concerning COBRA qualifying events and eligibility requirements should be addressed to the General Manager.

Certificate of Coverage

Under the Health Insurance Portability & Accountability Act of 1996 (HIPAA), SEJPA or the benefit provider will provide a certificate of prior insurance coverage whenever: an employee loses coverage or when COBRA coverage begins; when COBRA coverage ends; or upon

request by an employee within 24 months after coverage ends under SEJPA's health insurance plan.

RETIREMENT PLAN

CalPERS Defined Benefit Plan (Plan)

SEJPA participates in the California Public Employees Retirement System (CalPERS), a defined benefit retirement program. Specific benefits are defined by SEJPA Board of Directors and approved by resolution. Additional information can be obtained from the General Manager.

Both regular full-time and part-time employees are eligible for and automatically enrolled in the Plan effective the first of the month following initial employment. Vesting occurs for each year in which an eligible employee works 1,000 or more hours, and employees become fully vested after the completion of 5 years of qualified service with SEJPA or other CalPERS plan.

Additional information concerning this Plan can be obtained from the General Manager or by contacting CalPERS.

Social Security

SEJPA does not participate in Social Security; however, employees are required to have the Medicare portion of Social Security deducted from their payroll for future Medicare benefits.

DEFERRED COMPENSATION PLAN

SEJPA provides an opportunity for all regular full-time and part-time employees to participate in SEJPA's Deferred Compensation Plan as a supplemental means of investing toward retirement. Employees are eligible to enroll in this plan effective upon their date of hire.

SEJPA will match up to 4 percent of base pay for each eligible employee's contribution to this Plan. Employees may contribute up to the maximum amount allowed under IRS rules. Employee contributions are made on a pre-tax basis; therefore, contributions are deducted from the employee's gross taxable wages each applicable pay period within annual contribution limits established by the Plan Administrator and IRS regulations.

Employees having questions or interest in learning more about the eligibility, investment options, contribution limits, and other features of SEJPA's Deferred Compensation Plan should contact the General Manager or the Director of Finance and Administration for further information.

WORKERS' COMPENSATION INSURANCE

All employees are covered by workers' compensation insurance, effective the first day of employment. Workers' compensation insurance provides employees and/or their beneficiaries with certain benefits in the event of job-related illness, injury, or accidental death.

If an employee sustains a job-related illness or injury, they must report the illness or injury to their supervisor/manager and the General Manager. Failure to immediately report could result in a delay of benefits by the insurance carrier.

All payments due to a job-related illness or injury, including medical treatment, will be made by the workers' compensation insurance carrier as required by law. Workers' compensation insurance payments may be coordinated with any accrued sick leave or vacation taken as part of a medical or disability leave of absence. Contact the General Manager for more information about workers' compensation insurance benefits.

SEJPA-Provided Physician (also read "Occupational Health and Safety" under heading "Employee Health and Safety")

SEJPA provides medical treatment for work-related injuries through California Sanitation Risk Management Authority's (CSRMA) Workers' Compensation Medical Provider Network (MPN). The MPN provides appropriate medical care to the injured employees.

Employees who are injured in a work-related accident will be referred to the clinic assigned by SEJPA unless SEJPA has received a prior written notice that the employee wishes to be treated by his/her own health care provider. Pre-Designation of Personal Physician forms are available from the General Manager and must be signed by the employee and his/her doctor annually. The forms must be submitted to the General Manager prior to any injury.

Workers' Compensation Fraud

Employees and former employees may be encouraged by outside persons, including attorneys or other professionals, to file fraudulent workers' compensation claims. California law makes it a crime to knowingly file a false or fraudulent claim for workers' compensation benefits, or to knowingly submit false or fraudulent information in connection with any workers' compensation claim. Violation of this law is punishable by imprisonment of up to 5 years, a fine of up to \$150,000, or both. Filing a false or fraudulent workers' compensation claim is also a violation of SEJPA policy, and may result in corrective action up to and including termination of employment.

SEJPA's workers' compensation insurance carrier has the right to investigate any claim submitted. Fraudulent claims may be referred to the California Department of Insurance, Fraud Division.

LIFE INSURANCE – Appendix C - Salary and Benefits Resolution

SHORT TERM DISABILITY INSURANCE

SEJPA pays for a short-term disability (STD) plan for all full-time, part-time, and temporary employees, effective the first day of the month from the date of employment. This insurance plan provides employees with certain benefits in the event of a non-job-related illness or injury, for up to 13 weeks. The benefit received is taxable income and pays 60% of the employee's normal weekly earnings (maximum of \$1,000.00 per week). Not all forms of disability are covered under this plan. Employees who are covered by the STD plan may receive benefits beginning on the first day of absence for accidents or on the 8th day for sickness.

STD payments are coordinated with any other non-work related disability payments received by an employee. STD payments may be supplemented by accrued vacation, holiday, or comp time as part of a medical or disability leave of absence up to a maximum allowed by the Summary Plan Description. If all available forms of paid leave are exhausted or not sufficiently accrued for coordination with STD, only STD payments will be made so long as the affected employee

complies with all required documentation conditions related to the disability. STD benefit claim forms and further information pertaining to benefits and limitations are available from the General Manager or the plan carrier.

LONG TERM DISABILITY INSURANCE

SEJPA pays for a long-term disability (LTD) plan for all full-time and part-time employees, effective the first day of employment. This insurance plan provides employees with certain benefits in the event of a non-job-related illness or injury, for a maximum period as defined in the Summary Plan Description. The benefit amount is 66-2/3% of normal monthly earnings (maximum taxable benefit of \$7,500.00 per month). Not all forms of disability are covered under this plan. Employees who are covered by the LTD plan may receive benefits following 90 continuous days of absences due to a covered accident or sickness.

LTD payments are coordinated with any other non-work related disability payments received by an employee, and may be supplemented by accrued time off as allowed by the Plan, vacation, holiday, or comp time taken as part of a medical or disability leave of absence up to a maximum of the employee's normal base pay. If all available forms of paid leave are exhausted or not sufficiently accrued for coordination with LTD, only LTD payments will be made so long as the affected employee complies with all required documentation conditions related to the disability.

LTD benefit claim forms and further information pertaining to benefits and limitations are available from the General Manager or Plan carrier.

UNEMPLOYMENT INSURANCE

SEJPA pays an annual premium to the state unemployment compensation reserve account. Employees do not contribute for this benefit. Unemployment compensation provides a weekly benefit for a specified period of time due to a qualifying condition of unemployment, and may be taxable. These benefits are established by state and federal law and subject to change.

Unemployment insurance benefits are not available to employees who voluntarily quit without good cause or who are terminated for cause. At the time of employment separation, employees will be provided with a booklet published by the Employment Development Department explaining benefits, eligibility, and claim filing procedures.

ADMINISTRATIVE LEAVE – Appendix C - Salary and Benefits Resolution

HOLIDAYS – Appendix C - Salary and Benefits Resolution

VACATION – Appendix C - Salary and Benefits Resolution

SEJPA offers paid vacation benefits that may be used for time off for personal appointments, doctors' appointments, family matters, school activities, religious observances, personal obligations, or for other purposes as defined in this Handbook. Employees on unpaid leave do not accrue vacation benefits.

Holidays During Vacation

Eligible employees on vacation will be paid holiday pay rather than vacation pay for SEJPA-observed holidays occurring during scheduled vacations.

Scheduling a Vacation

Vacation requests are to be submitted for approval to your supervisor at least 2 weeks in advance of the desired vacation time in order to determine staffing requirements and allow scheduling of coverage in the department. SEJPA will make every effort to accommodate vacation requests but reserves the right to approve or deny requests in its sole discretion.

Vacation requests will generally be approved in the order they are submitted. If a conflict arises where two employees simultaneously request the same dates for vacation and only one can be accommodated, the priority will generally be based on length of service.

Vacation pay will be based on the employee's regular pay rate in effect at the time such vacation is taken.

Exempt employees may take vacation leave only in increments of half or whole days. Non-exempt employees may take vacation in increments of 30 minutes or more.

SICK LEAVE – Appendix C - Salary and Benefits Resolution

Employees accrue sick leave at a rate of 8 hours per month accumulated on a bi-weekly basis. The benefit accrual rate for part-time employees will be prorated based on the number of hours worked per week but in no event will be less than 1 hour of sick leave per 30 hours worked. Sick Leave benefits may be accrued up to a maximum of 1,000 hours, after which accrual ceases until the balance of maximum accrued hours falls below the maximum accrual rate. Sick leave may be used at the oral or written request of an employee for themselves or a family member for: the diagnosis, care, or treatment of an existing health condition; preventive care; or other specified purposes for an employee who is a victim of domestic violence, sexual assault, or stalking. Family members include the employee's parent, child, spouse, registered domestic partner, grandparent, grandchild, and sibling.

If while on vacation, an employee becomes ill, he/she may have the period of illness charged to his/her accumulated sick leave instead of vacation.

Exempt employees may take sick leave in increments of 2 hours. Non-exempt employees may take sick leave in increments of 30 minutes or more.

BEREAVEMENT LEAVE – Appendix C - Salary and Benefits Resolution

JURY DUTY

An employee shall be granted leave with pay for actual time spent on mandatory jury duty. Pay for the jury duty service shall not exceed the employee's regularly scheduled number of work hours. Employees who work for a governmental entity such as SEJPA are required by the court to waive the normal daily jury duty service fee. The employee may retain any travel allowance provided by the court.

Within 3 days of receiving a Jury Duty notice, employees must provide a copy of the notice to his/her supervisor/manager and to the General Manager for retention in his/her personnel file before reporting for Jury Duty service.

When on Jury Duty, employees must report for work whenever their presence is not required at court, including during “phone in” or “on call” status. If an employee is required to spend 6 or more hours at jury duty during any single day, s/he is excused from the remainder of his/her normal SEJPA workday shift. Employees who cannot report to work due to Jury Duty may be required to show proof of jury service or appearance. SEJPA may submit a request for a postponement in the event of conflicting compelling business reasons. No compensation shall be paid by SEJPA for jury duty served on an employee’s regularly scheduled day off.

WITNESS DUTY AND SUBPOENAS

An employee shall be granted time off to appear in court as a witness, similar to jury duty, as required by law, if the employee gives reasonable prior notice to SEJPA of the required appearance.

If the employee’s presence as a witness is compelled by a properly issued subpoena, the employee shall receive such time off without loss of compensation. If the employee is a party to the proceeding or an expert witness and receiving pay for services rendered, then the employee must use vacation leave to appear as a witness.

To receive paid time as provided above, the employee must provide SEJPA a copy of the subpoena and any witness fees actually received, except mileage.

An employee who serves as a witness within the course and scope of his/her employment, on a day that is a regularly scheduled day off, shall be paid at the employee’s regular base rate of pay or at time and one-half, if the employee otherwise qualifies for overtime compensation, for all hours the employee actually is required to be in court.

No compensation shall be paid by SEJPA for witness service on an employee’s regularly scheduled day off if that service is not related to SEJPA business or the employee’s SEJPA job duties.

SEMINAR ATTENDANCE AND CONTINUING EDUCATION – Also see Appendix C - Salary and Benefits Resolution

SEJPA encourages employees to attend training and continuing education programs, seminars, conferences, lectures, meetings, or other outside activities for the benefit of SEJPA and the individual employee. Attendance at such activities may be required by SEJPA or requested by individual employees. However, attendance will not be considered an officially authorized activity, subject to the following policies on reimbursement and compensation, unless prior written approval has been issued from the General Manager.

Employees wishing to attend an activity must submit a written request to their supervisor/manager and, if approved, to the General Manager detailing all relevant information, including date, hours, location, cost, expenses, nature, purpose, and justification for attendance.

Seminars

Where attendance is required or authorized by SEJPA, SEJPA will reimburse reasonable expenses that generally include registration fees, materials, meals, transportation, and parking. Reimbursement policies regarding these expenses should be discussed in advance with the employee's supervisor/manager, department director, and/or the General Manager. Employee attendance at such authorized outside activities will be considered time worked and will be compensated in accordance with normal payroll practices.

Continuing Education

The continuing education program is available to all regular full-time and part-time employees. Educational assistance provided to part-time employees will be prorated. Only courses of study taken through accredited colleges, universities, correspondence schools, or recognized professional organizations qualify for reimbursement. These courses of study must meet at least one of the following criteria:

- Directly related to the employee's current position and job duties;
- Related to work which the employee can reasonably be expected to perform in the future; or
- Required for additional professional licenses required within their current or related department.

The General Manager will consider applications for financial assistance to cover tuition and certain other educational material costs of a broad range of educational courses that may be taken by a requesting employee outside of work hours. These funds will be available under the provisions of this program on a first come, first served basis. When available funds have been fully utilized, no additional educational assistance request can be approved without prior Board authorization.

In order for a course to be eligible for reimbursement, an employee must complete all of the following requirements:

1. Submit a course approval request to and obtain approval from the department director and General Manager prior to starting the course.
2. Submit a copy of the grade card or similar document from the educational institution, indicating the course of study completed.
3. Receive a passing grade of "C" or better (or "Pass" for courses having a Pass/Fail grading system).
4. Submit the request for reimbursement to the General Manager, including original receipts for all claimed reimbursement.

If an employee is requested by SEJPA to take an educational course, the employee will be paid for his/her time and all related course costs if the course is taken during normal business hours.

If an employee is eligible for scholarship, grant, and/or Veteran's education benefit from either federal or state governments, they must exhaust those benefits prior to receiving education assistance from SEJPA.

Should the employee receive an unsatisfactory grade or less than a "C", at the discretion of the General Manager, the employee will not be reimbursed and may be ineligible to participate in the program for the rest of the fiscal year.

Membership in a Professional Organization

Professional development may be provided through membership and participation in organizations relating to the employee's area of responsibility. Participation in professional organizations benefits both SEJPA and the employee by providing:

- Information on new laws, procedures, and policies;
- Information on issues of importance to the profession; and
- Opportunity to increase knowledge and resources in the profession which benefits SEJPA.

The employee's membership, participation, and fees shall be determined and approved by his/her supervisor/manager and the General Manager.

Involvement in professional organizations will not take precedence over job responsibilities.

PROFESSIONAL CERTIFICATIONS

Water and wastewater treatment operators, engineers, laboratory analysts, mechanical technologists, backflow prevention specialists, water distribution operators, and electrical/instrumentation specialists who work in water/wastewater facilities may be required by state law to be certified in their field from either State Water Resources Control Board, Department of Health Services, the California Water Environment Association, or the American Water Works Association.

SEJPA will pay the fees for up to two certification exam preparatory classes, the application, and examination fees for those employees who are required to have certification as a condition of continued employment, or at the employee's request provided the General Manager approves. In addition, SEJPA will provide up to a maximum of 2 days with pay. The employee may use holiday, comp time, or vacation hours if additional time is required which is subject to the General Manager's approval. Supervisor approval is required for time off which is dependent on operational requirements.

Certification fees and renewals will be paid by SEJPA provided the request for reimbursement is submitted no later than 3 months after the certification due date.

Prior to enrolling in a certification preparatory class, a completed form and/or application fee should be submitted to the employee's supervisor/manager for approval. SEJPA will pay for certification applications, and examination fees for each level of certification, and up to two preparatory classes. For exam reimbursement, proof of a passing grade must be submitted; and proof that certification requirements have been met prior to reimbursement or direct payment.

EMPLOYEE ASSISTANCE PROGRAM

Personal Wellness

SEJPA has established an Employee Assistance Program (EAP) to provide confidential services for our full- and part-time employees who may be faced with personal, family, or financial challenges. A limited number of hours for these services are paid for by SEJPA and use is voluntary. Employees may call the service provider at the telephone number listed on the bulletin board posting of this program. The only information SEJPA receives from this service provider is a case number and the number of hours used.

Legal/Financial Benefits

SEJPA also pays for certain legal and financial professional services for eligible employees as part of the EAP. These services may include telephone consultation on legal matters, discounted legal fees, preparation of simple wills, dispute resolutions, and various financial planning and assistance services. Prescribed services and limitations of this Plan are available from the General Manager.

Disciplinary Action

Under extraordinary circumstances, and as a possible alternative to severe disciplinary action including possible termination of employment, SEJPA may refer an employee to mandatory participation in the EAP. In these rare instances, the full and complete participation and cooperation of the employee becomes a condition of continued employment. The EAP keeps the employee information confidential. The only information received by the General Manager and/or the General Manager is periodic confirmation that the referred employee is in compliance with attendance and outcome conditions. To authorize SEJPA to receive such information, the referred employee will be required to sign an authorization for the EAP to release this information.

LEAVES OF ABSENCE

GENERAL INFORMATION

Accruals such as sick, vacation, and holiday benefits will be suspended during unpaid leaves of absence, and will resume upon the employee's return to active employment. Any employee who uses a leave of absence for other employment, unless approved by the General Manager, may be terminated from SEJPA. Employee performance and wage and salary review dates may also be adjusted by the total amount of time taken for leaves of absence exceeding 30 consecutive calendar days.

SEJPA will attempt to accommodate employees returning to work from injuries or illnesses with modified duty assignments when practical. Such accommodations may be made depending upon the extent and nature of the work restrictions imposed by the health care provider, the anticipated duration of the restrictions, the availability of modified duty assignments, and other relevant considerations.

Employees on medical leave of absence (MLOA) or Other Disability Leave who are not eligible for continued paid coverage may continue their group health insurance coverage in conjunction with the federal COBRA guidelines by making applicable monthly premium payments. Employees should contact the General Manager for further information.

PREGNANCY DISABILITY LEAVE

SEJPA provides pregnancy disability leaves of absence without pay to eligible employees who are temporarily unable to work due to a disability related to pregnancy, childbirth, or related medical conditions. Employees should make requests for pregnancy disability leave to the General Manager at least 30 days in advance of foreseeable events, and as soon as possible for unforeseeable events. A health care provider's statement must be submitted, verifying the need for such leave and its beginning and expected ending dates. Any changes in this information should be promptly reported to the General Manager. Employees returning from pregnancy disability leave must submit a health care provider's verification of their fitness to return to work.

SEJPA will make a good faith effort to provide reasonable accommodations and/or transfer requests when such a request is medically advisable based on the certification of a health care provider. When an employee's health care provider finds it medically advisable for an employee to take intermittent leave or a reduced work schedule and such leave is foreseeable based on planned medical treatment because of pregnancy, SEJPA may require the employee to transfer temporarily to an available alternative position. This alternative position will have an equivalent rate of pay and benefits and must better accommodate recurring periods of leave than the employee's regular job.

Eligible employees are normally granted unpaid leave for the period of disability, up to a maximum of 4 months (17-1/3 weeks or 693 hours) per pregnancy. Employees will be required to use any accrued sick time during any unpaid portion of pregnancy disability leave. Employees may also elect to use any accrued vacation time during any unpaid portion of pregnancy

disability leave. If an employee is receiving benefit payments pursuant to a disability insurance plan, the employee and SEJPA may mutually agree to supplement such benefit payments with allowable accrued available leave.

Benefit accrual, such as vacation, sick leave, and holiday benefits, will be suspended during the approved pregnancy disability leave period and will resume upon return to active employment. Group health benefits will be maintained during the approved pregnancy disability leave. However, employees must continue to pay the employees' share of applicable premiums (for the employee and any dependents) during the leave.

So that an employee's return to work can be properly scheduled, an employee on pregnancy disability leave is requested to provide SEJPA with at least 1 week's advance notice of the date the employee intends to return to work.

When an approved pregnancy disability leave ends, the employee will be reinstated to the same position, unless the job ceased to exist because of legitimate business reasons. An employee has no greater right to reinstatement to the same position or to other benefits and conditions of employment than if she had been continuously employed in this position during the pregnancy disability leave or transfer. If the same position is not available, the employee will be offered a comparable position in terms of pay, location, job content, and promotional opportunities, if one exists. An employee has no greater right to reinstatement to a comparable position or to other benefits or conditions of employment than an employee who has been continuously employed in another position that is being eliminated.

Employees with questions regarding pregnancy disability leave should contact the General Manager.

PARENTAL LEAVE FOR NEW PARENTS

SEJPA provides up to 12 weeks of unpaid parental leave to bond with a new child within 1 year of the child's birth, adoption, or foster care placement. Eligible employees are those who have at least 1,250 hours of service during the previous 12-month period. The 12-month period shall be counted backward from the first day of the requested leave.

An employee who is granted parental leave may apply for Paid Family Leave benefits or utilize accrued vacation benefits during the period of his/her leave. Any portion of the leave that occurs after accrued benefits have been exhausted shall be without pay. Neither sick leave nor vacation will accrue during any unpaid period of parental leave. Employees on unpaid parental leave also do not receive holiday pay.

An employee who requires parental leave must notify the General Manager in writing at least 30 calendar days prior to the start of the parental leave or as soon practical if the need for leave is not foreseeable.

SEJPA will maintain and pay for coverage under SEJPA's group health plan for employees who meet the requirements for parental leave of absence. Should the employee fail to return to work when the parental leave expires other than for the continuation, recurrence, or onset of a serious health condition or other circumstances beyond the control of the employee, the employee may be required to reimburse SEJPA for the employee's group health care costs incurred by SEJPA during the parental leave of absence.

MEDICAL LEAVE OF ABSENCE

Any regular full-time or part-time employee who is temporarily disabled and unable to work due to a medical condition and who is not otherwise permitted by law to take a leave of absence will, upon request, be granted a medical leave of absence without pay (MLOA). An MLOA period extends for the duration of the disability, up to a maximum of 120 calendar days. The term "medical condition" as used here encompasses all temporary, non-work related medical disabilities including but not limited to pregnancy, childbirth, and other related medical conditions.

An employee who is granted an MLOA shall utilize any accrued sick leave benefits and may utilize any other accrued benefits during the period of his/her leave unless it would interfere with the employee's right to obtain Disability Insurance benefits. Any portion of the leave that occurs after sick leave and/or other accrued benefits have been exhausted shall be without pay. The total period of all absences related to the same medical condition shall be considered part of the same leave and may not exceed 120 calendar days in any 12-month period. The 12-month period shall be counted backward from the first day of the requested leave. For purposes of this 120-calendar day limitation, all paid and unpaid portions of the leave shall be added together.

SEJPA will continue to provide any health, dental, and vision insurance benefits ordinarily provided by SEJPA, for which the employee is otherwise eligible, for the duration of the maximum duration of the MLOA, except that the employee will be required to continue to pay any existing employee contribution amount in order to maintain this insurance during the MLOA period. If the employee does not return to work at the end of the MLOA for reasons other than inability to do so due to the condition for which the MLOA is taken, SEJPA may require the employee to reimburse SEJPA for the cost of any such benefits provided. Neither sick leave nor vacation will accrue during any unpaid period of MLOA. Employees on unpaid MLOA also do not receive holiday pay.

An employee who requires an MLOA must notify the General Manager in writing as soon as the employee learns that he/she is, or will become, temporarily disabled and unable to work. Such notice should be provided at least 30 calendar days prior to the start of the MLOA or as soon practical. This written notice should specify the commencement date and the expected duration of the leave. A signed licensed physician's or health care provider's statement confirming the existence of a disability and the expected period of time the employee will be unable to work due to the disability is required.

When an unplanned medical situation or emergency occurs that does not allow the employee to provide advance notification of the need for an MLOA leave, the employee (or a family member, if the employee is unable) must notify SEJPA within 3 working days of an absence. If an employee is absent more than 3 working days without notifying SEJPA, the employee will be considered to have voluntarily abandoned his/her job and voluntarily terminated his/her employment without notice.

An MLOA will end when: 1) the employee receives medical verification that he/she is able to return to work; 2) a signed medical statement by a licensed physician or health care provider that the disability is permanent; 3) the employee fails to return to work on the next regularly scheduled work day after the last day of the approved MLOA; or 4) the 120-calendar day maximum period of an MLOA has been reached.

SEJPA requires written verification from a licensed physician or health care provider that an employee's disability does not impair the employee's ability to perform the essential functions of his/her job before permitting the employee to return to work.

Although SEJPA is unable to guarantee reinstatement in all cases, an employee who returns to work at the end of his/her MLOA will be returned to his/her former position, if available, or will be offered the first available opening in a comparable position for which he/she is qualified. Such an employee will be credited with all service prior to the commencement of his/her disability, but not for the period of his/her disability.

If conditions require a reduction in force, employees on an approved MLOA will be considered for layoff, and treated in the same manner as active employees.

OTHER DISABILITY LEAVE

In addition to medical or pregnancy-related disability leaves, employees may take a temporary disability leave of absence if necessary to reasonably accommodate an ADA-qualified disability. Any disability leave for this purpose may run concurrently with an MLOA. Disability leaves under this section will be unpaid. SEJPA will continue to provide any health, dental, and vision insurance benefits ordinarily provided by SEJPA for up to 120 days of the leave period. The employee will be required to continue to pay any existing employee contribution amount in order to maintain this insurance during the leave period. The duration of a disability leave for this purpose shall not extend past the date on which an employee becomes capable of performing the essential functions of his/her position, with or without reasonable accommodation.

PERSONAL LEAVE OF ABSENCE

Requests for personal leaves of absence will be considered on a case-by-case basis. Consideration is typically based on factors related but not limited to staffing levels in the department among similar jobs, existing or projected workload demands, the requesting employee's work record, and the basis of the request. Personal leaves are generally considered for reasons such as a verifiable family or personal emergency not provided for by legally mandated leaves of absence, to complete a short-term educational requirement not associated with a condition of the employee's present job, or to attend to a medical condition not otherwise eligible or qualified under legally mandated leaves of absence.

Personal leaves requested in writing by a regular full-time or part-time employee and approved by the employee's supervisor/manager and the General Manager shall be for an initial period not to exceed 60 calendar days. Requests for an extension of the initial leave will not be considered unless submitted in writing with reasons for the extension prior to the expiration of the initial period granted, and shall not exceed an additional 30 calendar days.

Personal leaves granted must be taken with accrued vacation time, holiday, or comp time (including administrative time). If no such time is available or is exhausted during a personal leave, the time will be without pay or continuation of employment benefits. If the employee is disabled during a personal leave and sick leave use is authorized, such sick leave will be coordinated with any available disability benefits, whether SEJPA provided or under a private plan, up to a maximum of the employee's normal full base pay to the extent sick leave is available.

While SEJPA may endeavor to allow the employee to return to their same job, SEJPA is not required to reserve the job of any employee who takes an authorized personal leave of absence, and such employees should not have a right or expectation to return to the same or similar job upon completion of a personal leave of absence.

WORKERS' COMPENSATION LEAVE

Workers' compensation leave, without pay, is granted for situations in which there is a health care provider's written statement that a leave is required because of work-related illness, injury, or other physical disability. The health care provider's statement must provide complete details regarding the nature of the disability and the anticipated length of absence from work. Leaves involving questionable work-related disabilities, as permitted by prevailing state and federal laws, may be investigated by SEJPA and the workers' compensation insurance carrier.

An approved leave for a work-related disability will be extended for the duration of the disability until an employee: is released for either full or partial duty; is determined to be permanently disabled and unable to return to work; or informs SEJPA that he/she does not intend to return to work. If an employee is unable to return to his/her usual and customary position, SEJPA will enter into the interactive process with the employee as required by law.

Prior to returning to work, an employee must obtain and provide the General Manager with a health care provider's written release. The release must include specific restrictions, if any, that affect the employee's ability to return to work, and the anticipated duration of the restrictions. Failure to provide such health care provider's release will result in the employee not being allowed to begin work. In some cases, an additional medical release may be required from a physician appointed and paid for by SEJPA.

MILITARY LEAVE

Military leaves of absence shall be granted for a period of up to 5 years consistent with state and federal law. To be eligible, employees must submit written verification from the appropriate military authority. Recognized military service shall mean active military reserve duty by a person in the armed services, to include the National Guard, during a state of national security emergency, a militia emergency, or to combat terrorism ("U.S. Military Armed Forces Reserve").

The employee shall submit, upon receipt, the active duty orders to his/her supervisor, who shall forward a copy to the General Manager.

An employee who is assigned to a U.S. Military Armed Forces Reserve organization and is subject to active or inactive duty training will be granted leaves of absence without pay, generally for up to 2 weeks. An employee may use his/her accrued, unused vacation, holiday or comp time benefits for all or part of an unpaid leave of absence for Reserve training to supplement his/her military pay so as to equal the amount of pay that would have been received from SEJPA during the leave of absence. Any portion of a leave that occurs after all available accrued vacation, holiday, or comp time benefits have been used will be without pay.

A military leave of absence without pay will be granted to an employee who is called to active duty in the U.S. Military Armed Forces. An employee returning from military duty shall be offered re-employment in accordance with the Uniformed Services Employment and Re-Employment Rights Act of 1994 (USERRA). If an employee fails to notify SEJPA of his/her intent to return to

work within the time period allowed by law, the employee will be considered to have abandoned his/her job and voluntarily terminated employment without notice.

SEJPA shall reinstate employees returning from military leave to their same position or comparable position, status, and pay if they meet the following three conditions:

- Have a certificate of satisfactory completion of military services;
- Apply within 90 days after release from active duty or within such extended period, if any, as their rights are protected by law; and
- Are qualified or able to become re-qualified with reasonable efforts to fill their former position.

Exceptions to this policy shall be made consistent with applicable federal and state laws and policies.

MILITARY SPOUSE LEAVE

Qualified employees are eligible for up to 10 days of unpaid leave when their spouse or registered domestic partner is on leave from military deployment. A qualified employee is one who regularly works more than 20 hours per week and whose spouse or registered domestic partner is a member of the U.S. Military Armed Forces Reserve, and is on leave from deployment during a period of military conflict.

If you are eligible for such leave, please submit a written request for leave to the General Manager within 2 business days or as soon as practical of receiving official notice that your spouse or registered domestic partner will be on leave from deployment. You will also be required to provide written documentation certifying that your spouse or registered domestic partners will be on leave from deployment.

Non-exempt employees must use vacation, holiday, and comp time in order to receive compensation for this time off. If no accrued time is available, the employee may take this time off without pay. An exempt employee is required to charge any absence of 4 or more hours under this policy to his/her vacation time account, if any. Otherwise, exempt employees will be compensated to the extent required by applicable law.

DOMESTIC VIOLENCE AND SEXUAL ASSAULT LEAVE

Employees who are victims of domestic violence or sexual assault are eligible for unpaid leave. Leave may be requested if an employee is involved in a judicial action, such as obtaining restraining orders, appearing in court to obtain relief to ensure the health, safety, or welfare of the employee or the employee's child. SEJPA will allow affected employees to use accrued vacation, holiday, and comp time for this purpose or, in the case of certification by a health care provider that the affected employee is disabled from performing their job for a specified duration, accrued sick leave may be used for this form of absence.

Notice and certification of the need to take leave under this policy must be provided to the General Manager. Certification may be any of the following:

- A police report indicating that the employee was a victim of domestic violence, or documentation from legal counsel.
- A court order protecting or separating the employee from the perpetrator of an act of domestic violence, or other evidence from the court or prosecuting attorney that the employee appeared in court.
- Documentation from a medical professional, domestic violence services advocate, health-care provider, or counselor that the employee was undergoing treatment for physical or mental injuries or abuse resulting in victimization from an act of domestic violence.

SEJPA will, to the maximum extent possible and as required by law, maintain the confidentiality of an employee requesting leave under this provision. The length of unpaid leave an employee may take is limited to 90 calendar days.

VICTIMS OF CRIME LEAVE

An employee who is a victim or who is the family member of a victim of a violent or serious felony may take time off from work under the following circumstances:

- The crime must be a violent or serious felony, as defined by law; and
- The employee must be the victim of a crime, or an immediate family member, a registered domestic partner, or the child of a registered domestic partner of a victim.

An immediate family member, as defined by this law, includes a spouse, registered domestic partner, child, stepchild, brother, stepbrother, sister, stepsister, mother, stepmother, father or stepfather. SEJPA further extends this leave to include a grandparent, grandchild, niece, nephew, domestic partner, or child of a domestic partner.

A registered domestic partner means a domestic partner who is registered in accordance with California state law.

The absence from work must be in order to attend judicial proceedings related to a crime listed above. Before an employee is absent for such a reason, documentation of the scheduled proceeding must be provided to the General Manager. Such notice is typically given to the victim of the crime by a court or government agency setting the hearing, a district attorney, prosecuting attorney's office, or a victim/witness office.

If advance notice is not possible, employees must provide appropriate documentation as soon as practical, but no later than 30 days after the absence. Any absence from work to attend judicial proceedings will be unpaid unless employees choose to take paid time off, such as accrued vacation, or sick leave where conditions would warrant the use of sick leave.

ADULT LITERACY LEAVE

Pursuant to California law, SEJPA will reasonably accommodate any eligible employee seeking to enroll in an adult literacy education program provided the accommodation requested will not result in an undue hardship to the employer. SEJPA does not provide paid time off for

participation in an adult literacy education; however, you may utilize accrued vacation, holiday, and comp time to the extent such time is available. Employees who do not have accrued time available will be permitted to take the time off without pay.

ALCOHOL AND DRUG REHABILITATION LEAVE¹

Pursuant to California law, SEJPA will reasonably accommodate any eligible employee who wishes to voluntarily enter and participate in an alcohol or drug rehabilitation program provided that the accommodation does not impose an undue hardship on SEJPA. SEJPA does not provide paid time off for participation in an alcohol or drug rehabilitation program. However, you may utilize accrued vacation, holiday, comp time, or sick leave should you want compensation for this time off. If you do not have accrued time available, you will be permitted to take the time off without pay.

This policy in no way restricts SEJPA's right to discipline an employee, including actions up to and including termination of employment, for violation of SEJPA's drug and alcohol abuse policy.

EMERGENCY DUTY/TRAINING LEAVE

Non-exempt employees will be granted time off without pay to perform emergency duties as a volunteer firefighter, reserve peace officer, or emergency rescue personnel. Employees who are volunteer firefighters are also eligible for leave up to 14 days per calendar year for fire or law enforcement training. If you are participating in this kind of emergency duty/training and need time off, please notify your supervisor.

Emergency Duty/Training Leave is unpaid. Non-exempt employees may choose to use accrued vacation, holiday, and comp time to receive compensation for emergency duty or training. Exempt employees who work any portion of the workweek in which they perform emergency duties or receive training will receive their full salary for that workweek. Exempt employees will not be paid for emergency duties or training for any workweek where no SEJPA work is performed, and may use accrued time off other than sick time.

LEAVE FOR BONE MARROW AND ORGAN DONORS

Pursuant to California law, SEJPA will provide up to 5 days of paid leave within a 1-year period to an employee who donates bone marrow to another person; SEJPA will also provide up to 30 days of paid leave within a 1-year period to an employee who donates an organ to another person. SEJPA requires that bone marrow donors use up to 5 days of available accrued sick or vacation time during the course of the leave. Organ donors must use up to 10 days of available accrued sick or vacation time during the course of the leave.

To qualify for this leave, an employee must have been employed at least 90 days prior to the commencement of the leave and must provide written verification of his/her status as an organ or bone marrow donor, and the medical necessity for the donation. During such leave, SEJPA will continue coverage under its group medical insurance plan, if applicable. Employees should give their supervisor/manager and the General Manager as much notice as possible of the intended dates upon which the leave would begin and end.

¹ Only applies when SEJPA has 25 or more employees.

RETURNING FROM A LEAVE OF ABSENCE

When an employee is returning from an approved leave with or without pay, the employee must notify their supervisor/manager at least 7 calendar days prior to the scheduled return date. SEJPA, at its discretion and based on anticipated business needs and operational concerns, may or may not be able to hold an employee's position open during a leave of absence.

If the position held no longer exists upon an employee's return, placement in another available position will be made, if such employee is reasonably qualified. If placement in another position cannot be accomplished, such employee will be laid off. Reinstatement after leaves involving pregnancy related disabilities, U.S. Military Duty, Jury Duty, those leaves covered by Workers' Compensation, or other leaves regulated by law will be in accordance with applicable state and federal laws in effect at that time.

TERMINATION DURING A LEAVE OF ABSENCE

Employees will be replaced or terminated during a leave of absence for any of the following reasons:

- Notice of intent to resign is given or demonstration of intention not to return to work.
- Employee fails to return to work within the time specified for the leave without having obtained an SEJPA approved extension of the original leave expiration date.
- Employee fails to supply a physician's or health care provider's certificate or other requested documentation to substantiate the need for a leave or a leave extension.
- Employee fails to accept their former position upon return, or if not available, another position for which they may be reasonably qualified.
- Employee refuses to undergo a medical evaluation by an appointed health care provider at SEJPA expense when requested.
- Employee accepts other employment at any time during the leave of absence.
- Employee's position no longer exists at the conclusion of his/her leave.

SUSPENDED PUPIL/CHILD LEAVE

Pursuant to California law, SEJPA will provide time off for parents required to visit a child's school where this child has served a period of suspension from school. To be eligible for time off to attend a child's school, the employee must be the parent of a child in kindergarten or in grades one through twelve and must present to his/her supervisor the school's letter which requests the employee's appearance at the school, at least 2 days before the requested time off. Employees may use accrued vacation, holiday, and comp time while attending a child's school under these circumstances. If no accrued time is available, Suspended Pupil/Child Leave will be unpaid.

SCHOOL ACTIVITIES TIME OFF²

California law allows a parent or guardian to take up to a total of 40 hours of time off each calendar year, but no more than 8 hours in 1 month, without pay to participate in their children's activities at school (grades K through twelve) or licensed day care facility. Employees may be required to provide their supervisor/manager with documentation from the school verifying that the employee participated in a school activity on the day of the absence.

Employees may use their accrued vacation, holiday, and comp time to receive this time off.

California law and SEJPA policy provide for a maximum of 40 hours of time off regardless of the number of dependents. Additional time may be approved by the General Manager.

TIME OFF TO VOTE

SEJPA encourages employees to fulfill their civic responsibilities by participating in elections. Generally, employees are able to find time to vote either before or after their regular work schedule. If employees are unable to reach a polling place during their non-working hours, SEJPA will grant up to 2 hours of paid time off to vote.

Employees must request time off to vote from their supervisor/manager at least 2 working days prior to the election day. Advance notice is required so that the necessary time off can be scheduled at the beginning or end of the workday/shift, whichever causes the least disruption to the normal work schedule. Employees must submit documentation of their polling place and a voter's receipt on the first working day following the election to qualify for paid time off.

CIVIL AIR PATROL LEAVE

Pursuant to California law, SEJPA will provide unpaid leave to employees who are volunteer members of the California Wing of the Civil Air Patrol and who have been duly directed and authorized to respond to an emergency operational mission of the California Wing of the Civil Air Patrol. Employees must be employed for at least 90 days immediately preceding the commencement of leave in order to be eligible.

Employees are required to give SEJPA as much notice as possible of the intended dates upon which the leave would begin and end. SEJPA will restore the employee to the position he/she held when the leave began or to a position with equivalent seniority status, employee benefits, pay, and other terms and conditions of employment, unless the employee is not restored because of conditions unrelated to the exercise of the leave rights by the employee. The time off is unpaid. However, an employee may utilize accrued vacation.

² Only applies when SEJPA has 25 or more employees.

EMPLOYEE RELATIONS AND CONDUCT STANDARDS

EMPLOYER-EMPLOYEE ORGANIZATION RELATIONS – Appendix B – Administrative Policy B.2

OPEN DOOR / SUGGESTIONS AND QUESTIONS/REPORTING FINANCIAL IMPROPRIETIES

Work-related questions or suggestions are best addressed by frank and prompt discussions. Accordingly, SEJPA promotes the following “Open Door” practices:

- SEJPA is always looking for better ways of operating our business and serving the community. Employees who have ideas for improving SEJPA’s services or doing a job more simply and economically are encouraged to give their suggestions to their supervisor/manager, department director, or the General Manager. Management will be glad to review and discuss all such suggestions.
- All employees are encouraged to express their views on SEJPA policies to management, either verbally or, preferably, in writing. Employees are expected to express such views in a calm, reasonable, and constructive manner. Anonymous suggestions may be submitted to the General Manager, department directors, or the General Manager.
- Suggestions and questions will be answered as soon as practical.

Employees who have a reasonable, good faith belief that an SEJPA employee, contractor, or other third-party is engaging in financial misconduct relating to SEJPA operations, or is engaging in conduct which results in the waste of the financial resources of SEJPA, should report this misconduct to the General Manager. If the employee feels uncomfortable about making a report to the General Manager, or if the General Manager is involved in the alleged misconduct, the report should be made to SEJPA’s Board of Directors’ Chairperson or the hotline number maintained by the law firm of Procopio, Cory, Hargreaves & Savitch LLP (Procopio) at 760-444-1704.

The General Manager, Board Chairperson, or SEJPA’s legal counsel will promptly investigate any such report of financial misconduct or waste of financial resources, preserving confidentiality to the fullest extent possible. Retaliation against SEJPA employees or any other person for reasonable, good faith reporting under this policy will not be tolerated.

COMMUNICATIONS / BULLETIN BOARDS

All SEJPA employees are encouraged to openly and honestly communicate while maintaining tact, courtesy, respect, dignity, and professionalism.

Staff Meetings

Staff meetings are held on an as-needed or pre-scheduled basis. All employees scheduled to work on meeting days are expected to attend, while unscheduled employees are expected to learn about the content of meetings on their next scheduled workday. These meetings are held to provide information, promote employee participation, contribute constructive ideas in solving problems, improve SEJPA, and allow us to operate more efficiently. It is an opportunity to exchange ideas, set goals, discuss opportunities for growth, and solve any problems with particular projects or assignments. If unable to be present, employees should notify their managers and offer to submit ideas in writing.

Bulletin Boards

Bulletin boards are used to display required documents and to provide employees with information about job openings, changes in SEJPA, or information of general interest relative to our operations. SEJPA e-mails also are used to disseminate information to employees.

Posting of any notice or document on bulletin boards or elsewhere on SEJPA premises or website must be approved by management. Employees are generally not permitted to post personal notices and solicitations on SEJPA bulletin and electronic message boards without prior approval from management.

WORKING RELATIONS

All employees are expected to be courteous and considerate of one another and to work with a “team player” attitude, including assisting and providing helpful information to other employees. All employees should accept the suggestions or instructions given to them in proper spirit. Problems should be discussed in private. If differences persist, employees should discuss them with their supervisor/manager, department directors, the General Manager, or the General Manager.

PERSONAL POSSESSIONS

Employees are encouraged to avoid bringing expensive items or personal possessions that have monetary or sentimental value to work and to take all precautions to safeguard all such items.

Employees who bring any kind of personal items and possessions to work do so at their own risk. SEJPA accepts no responsibility for any items or possessions that are stolen, lost, or damaged in any way.

PERSONAL MAIL, TELEPHONE CALLS, AND VISITORS

In general, SEJPA facilities are available for SEJPA business. Due to the volume of business calls required during the business day, personal calls on SEJPA telephones during working hours are to be kept to a minimum. Personal telephone calls, including cell phone calls, should be handled during rest breaks and meal periods.

While in the office during working hours, employees are to keep their cell phones on vibrate or silent mode when possible so as not to disturb others. Use of SEJPA telephones for personal long distance or toll calls is not permitted.

Additionally, SEJPA will assume that all mail addressed to the office is official SEJPA mail, even though it may be addressed to an individual. Employees should not have personal mail sent to them at SEJPA.

All employees should keep personal visitors to a minimum so as not to disrupt work or interfere with others.

PERSONAL USE OF SEJPA PROPERTY

SEJPA resources are to be used only for legitimate SEJPA business purposes. SEJPA property includes equipment and tools, vehicles, and supplies, etc. Using, borrowing, or removing any SEJPA property for personal use without approval is prohibited. Unauthorized use, borrowing, or removal of SEJPA property by an employee is subject to corrective action up to and including termination of employment.

SOLICITATION/DISTRIBUTION OF LITERATURE

In order to avoid disruption of operations, the following rules apply to solicitation and distribution of literature on SEJPA property or premises.

Outsiders

Persons who are not employed by SEJPA may not solicit or distribute literature on SEJPA premises or property at any time for any purpose.

Employees

Employees may not solicit or distribute literature during “working time” or in “working areas” at any time for any purpose. Working time includes both the working time of the employee doing the soliciting or distributing and the working time of the employee to whom the soliciting or distributing is being directed. Working time does not include meal periods, or any other specific periods during the workday when both employees are properly not engaged in performing their work assignments.

Further, it is strictly prohibited for any employee to solicit or imply their availability to perform private work for any customer or service provider of SEJPA. The solicitation of private work, for pay or no pay, on or off duty, shall result in disciplinary action up to and including termination of employment.

TECHNOLOGY AND COMMUNICATION

The agency’s technology and communications systems include, but are not limited to, all computer, messaging, software, data, cell phones, and Internet.

Computer Systems: All computers and computer systems of any type (including, but not limited to, networks and file servers; desktop and laptop computers; smartphones; storage devices; or any other devices) are the property of the agency and are made available to employees for the purpose

of conducting agency business. Use of an employee's personal computers and/or storage devices (including, but not limited to, USB flash drives, zip drives, or any other such data storage device) for work product is not permitted without prior approval from your supervisor/manager.

Messaging: E-mail, voice mail, Internet access, and any other electronic communications systems are SEJPA property and are intended for carrying out SEJPA business. All messages transmitted via these systems will be treated as business messages. Any employee who sends a personal message on these systems should be aware that such messages will be considered business messages. Accordingly, no messages are personal, confidential messages of the employee, and all are subject to public record requests.

SEJPA confidential or proprietary information should not be transmitted via these systems outside the organization or even to employees within the organization unless such recipients are authorized to receive such information. Employees must not copy and send by e-mail or the Internet any information or software that is protected by copyright or other intellectual property laws. No software licensed to SEJPA may be duplicated or installed for use on another computer, unless SEJPA purchases a special multi-user license software package. Installation must be limited to the number of licenses.

All employees should keep e-mail, Internet, and voice messages businesslike and refrain from using the systems for gossip, personal messages, chat rooms, or chain letters. E-mail and voice messages should not be profane, vulgar, defamatory, or harassing. No one may use the voice mail, e-mail, the Internet, or other computer systems to download, send, or forward to others any discriminatory or threatening messages, ethnic or racial slurs, indignities, obscenities, sexual or offensive comments, off-color jokes, lewd graphics or pictures, pornography, or anything that may be construed as harassment or showing disrespect for others. Nor may employees use voice mail, e-mail or the Internet to solicit others for commercial ventures, religious or political causes, outside organizations, or other non-business matters. Any employee misusing the voice mail, e-mail, the Internet or computer systems, including giving another employee a personally assigned password, will be subject to disciplinary action up to and including termination of employment.

Internet: Employees are not to load any software programs or download from the Internet any software, screen savers, files, etc. without obtaining approval from SEJPA's Computer Network Administrator.

Network Security: Employees should take reasonable care to prevent introduction or spread of computer viruses into or through SEJPA's technology and communication systems and equipment. Employees shall not download, upload, open, or use any file, programs, or e-mail attachment from a source other than SEJPA until it has been scanned with an SEJPA-authorized anti-virus utility.

No Right to Privacy: There is no individual right to privacy relative to the use of SEJPA electronic communications or Internet systems. SEJPA may conduct random monitoring, inspections, and access communications to ensure that use complies with SEJPA's policy.

Public Records: Information stored in SEJPA technology and communications systems and equipment, including e-mail attachments and voicemail messages, may become public records.

RETENTION OF E-MAIL

Users of e-mails are solely responsible for the management of their mailboxes. All computer users must review e-mail at least weekly and any permanent e-mails that are needed for SEJPA business should be filed appropriately either in a network location, or printed out (either hardcopy or pdf) and filed in the appropriate subject file. All incoming, sent, and deleted e-mails that are older than 90 days may be deleted automatically from the e-mail system on a daily basis. Items in the deleted items folder may be permanently deleted after 90 days.

SOCIAL MEDIA

Employees are required to comply with all SEJPA policies whenever their social media activities may involve or implicate SEJPA in any way, including, but not limited to, the policies contained in this Handbook. Employees should be professional, courteous to their fellow employees and SEJPA's customers, and in addition, refrain from any discriminatory, harassing behavior. Employees should comply with all federal and state laws. Finally, employees may not speak on behalf of SEJPA.

INSPECTION OF FACILITIES/RIGHT TO SEARCH

SEJPA provides offices, desks, cabinets, lockers, computers, equipment, vehicles, and other property that employees use in the performance of their job duties. These facilities are the sole and exclusive property of SEJPA. Accordingly, SEJPA reserves the right to inspect such facilities and property at any time, with or without advance notice. This policy applies to all SEJPA property, regardless of whether it is for an employee's exclusive use and whether an employee is allowed to maintain a lock or other means to limit access to the property. To facilitate enforcement of this policy, employees also may be questioned, and their personal possessions inspected upon entering and/or leaving the premises with reasonable suspicion.

Employees are expected to cooperate as a condition of employment. Refusal to consent to inspections may result in corrective action up to and including termination of employment.

USE OF FACILITIES – OFF DUTY

Employees are prohibited from remaining on SEJPA premises or making use of SEJPA facilities while not on duty. Employees are prohibited from using SEJPA facilities, property, or equipment for personal use or outside employment (including self-employment).

FALSIFICATION OF RECORDS

SEJPA prohibits the falsification of the employment application, personnel, timekeeping, work orders, customer account information, injury report, or any other report, document, or record pertaining to SEJPA employment, operations, business, or compliance with any applicable federal and state laws. Any employee who engages in the falsification of any records shall be subject to disciplinary action up to including immediate termination of employment in addition to possible prosecution regardless of when the falsification occurred.

SMOKING AND TOBACCO PRODUCTS

Research has repeatedly demonstrated the health hazards of the use of tobacco products, including smoking, breathing of second-hand smoke, chewing tobacco, and E-cigarettes. In the best interest of the health and safety of employees and the general public, E-cigarettes, chewing, and smoking of tobacco products is expressly banned within SEJPA buildings, process areas, confined spaces, and in SEJPA vehicles. Those who chew or smoke on SEJPA property must do so outdoors only in designated smoking areas, but not closer than within 25 feet of any entrance to SEJPA facilities, during regularly scheduled rest breaks and meal periods. Chewing or smoking is prohibited when working around combustible materials, or out in the field.

The success of this policy depends on the thoughtfulness, consideration, and cooperation of smokers and non-smokers. All SEJPA employees are responsible for advising members of the public or other visitors who are observed smoking or using tobacco products on SEJPA property, of SEJPA's policy. Employees should notify management of any person or persons who fail to comply with SEJPA's policy after proper communication.

DRESS CODE

Employees are expected to utilize good judgment in determining their dress and appearance while on duty. Clothing and appearance should be neat, clean, business attire, and not constitute a safety hazard. Attire with bare back or midriffs, tank tops, or any other revealing or extreme attire is not appropriate.

Certain positions with SEJPA require a uniform to be worn during working hours to protect personal health and safety. Employees whose position requires a uniform may not perform their job duties without wearing the required uniform. Uniforms should always be neat and clean. SEJPA provides uniforms to its employees which may not be removed from the premises or worn to or from work unless reporting on call-back duty or specifically authorized, by a supervisor.

Employees who are inappropriately dressed may be sent home and directed to return to work in the proper attire. Non-exempt employees will not be compensated for the time away from work. Employees that require uniforms for health and safety are required to wear such uniforms when on duty or on-call. Failure to adhere to this policy may result in disciplinary action including, but not limited to termination of employment.

UNIFORMS – Appendix C – Salary and Benefits Resolution

IDENTIFICATION

During new hire processing and orientation, each SEJPA employee will receive an employee identification with his/her photograph. The identification is to be in the employee's possession for identification purposes.

If the identification is lost or stolen, or the employee has had a name change, a request must be made to the General Manager for issuing a replacement identification. Lost or stolen identifications should be reported promptly to the employee's supervisor/manager or the General Manager.

Upon separation from SEJPA, an employee must return his/her identification badge to the General Manager.

USE OF TOOLS AND EQUIPMENT

When using equipment or tools, employees are expected to exercise proper care and follow all operating and maintenance instructions, safety standards, and guidelines. No employee is to attempt to repair any equipment without the express authorization of the supervisor/manager. Use equipment and tools only for the purpose for which they were designed. Do not attempt to operate any equipment or machine until properly trained.

If any SEJPA equipment, machine, or tool is broken, malfunctioning, damaged, defective, or in need of repair, immediately, or as soon as practical, notify your supervisor/manager. Prompt reporting of damage, defects, and need for repairs may prevent deterioration of equipment and possible injury to employees or others.

The improper, careless, negligent, destructive, or unsafe use or operation of tools or equipment, including the removal from SEJPA premises, may result in corrective action up to and including termination of employment.

CELL PHONE USAGE

Employees must adhere to all federal, state, and local rules and regulations regarding the use of cell phones while driving. Accordingly, employees must not use cell phones if such conduct is prohibited by law, regulation, or other ordinance.

PRIVACY

It should be understood that records and information about our customers and personnel information about our employees are considered strictly confidential and only those that have a job-related need and authority to know have a right to access and use such information.

Failure on the part of an employee to maintain the confidentiality and privacy of customer and employee information can result in disciplinary action up to and including termination of employment.

STANDARD OF CONDUCT AND CORRECTIVE ACTIONS

SEJPA expects all employees to demonstrate professional behavior while at work. As with all businesses, SEJPA considers certain conduct unacceptable. It is not possible or practical to list every type of unacceptable conduct. The following behaviors are examples of conduct that should not take place in the work environment:

- Obtaining employment based on false or misleading information. Falsifying information or making material omissions in any SEJPA documents or records, including time sheets.
- Willful destruction or damage to SEJPA property or supplies, or to the property belonging to another employee, a customer, a supplier, or a visitor.

- Theft or unauthorized removal of property that belongs to SEJPA, another employee, a customer, a supplier, or a visitor.
- Misappropriation or unauthorized use of money, credit, property, or equipment of SEJPA or belonging to another employee, a customer, a supplier, or a visitor.
- Dishonesty of any kind, including asking another employee to lie, or withholding the truth from management.
- Rude, abusive, or threatening language or outbursts of anger toward management, employees, the public, or others.
- Possessing firearms or weapons on SEJPA property.
- Willful violation of any law, rule, or regulation (other than minor traffic violations or similar offenses) or pleading guilty to or being convicted of a felony or a misdemeanor that affects an employee's suitability for continued employment.
- Violation of SEJPA Policies of Conflicts of Interest and Confidentiality.
- Possessing or communicating confidential information without proper authorization.
- Malicious gossip and/or spreading rumors, engaging in behavior that creates discord or disharmony in the workplace, interfering with another employee on the job, or restricting work output or encouraging others to do the same.
- Unsatisfactory attendance, excessive absenteeism, repeated tardiness, not being ready to work at the start of a workday, stopping work before end of the workday, or leaving work early.
- Insubordination, including failure to follow job instructions, refusal to do assigned work, or refusal to perform work in the manner described by an employee's supervisor.
- Unlawful or unauthorized possession of alcohol or drugs while on duty or on SEJPA premises, or reporting to work under the influence of alcohol or drugs, including prescription drugs that may interfere with an employee's ability to safely and effectively do his/her job.
- Participating in an unsafe work practice, failing to observe safety rules or procedures, or disregarding any established safety rule, including not wearing required safety equipment or tampering with SEJPA equipment.
- Negligence, or any other action that results in regulation non-compliance, creates a negative impact to the environment, endangers other people or SEJPA property, or that disrupts work.
- Gambling while on the job or on SEJPA premises.
- Violating any security rules or procedures.
- Harassing, threatening, intimidating, or coercing any employee or another person, including violation of SEJPA's Policy Against Harassment.
- For employees in positions requiring the use of a vehicle for SEJPA business, becoming uninsurable by the organization's insurance carrier due to a Department of Motor Vehicles record, driver's license suspension or revocation, or cancellation of the employee's automobile liability insurance policy.

- Any other violations of SEJPA rules and policies, or those laws governing SEJPA employment and operations.

To ensure proper employee conduct in the workplace, violations of SEJPA policies or standards will result in corrective action based on the employee's conduct.

DISCIPLINE

Corrective action procedures may include, among other measures, verbal counseling, written warnings, suspension, demotion, and termination of employment. SEJPA may use any form of corrective action deemed appropriate for the situation. Factors to be considered are:

- The number and type of offenses that are involved;
- The severity of the misconduct;
- The time interval and employee response to prior disciplinary action(s); and
- Previous work history of the employee.

For serious offenses, such as fighting, theft, insubordination, threats of violence, the sale or possession of drugs or abuse of alcohol on company property, etc., termination of employment may be the first and only disciplinary step. Any step or steps of the disciplinary process may be bypassed at the discretion of SEJPA based on the results of its investigation of the offense.

Levels of Discipline

Counseling – Counseling includes any discussion with an employee designed to assist the employee in clarifying and remedying a problem. The counseling discussion brings minor performance issues to an employee's attention, and assists the employee to correct them. A "Counseling Interview Memorandum" form will be used.

Counseling is normally given by the immediate supervisor.

Verbal Warning – A verbal warning notifies the employee that his/her performance or behavior must be improved for cases involving greater performance issues or when previous counseling has not changed behavior or performance.

A verbal warning defines the areas in which improvement is required, sets up goals leading to improvement, and notifies the employee that failure to improve will result in more serious action.

A verbal warning is normally given by the immediate supervisor, department director, and the General Manager. This action shall only be imposed upon review and approval of the department director and the General Manager. The "Employee Counseling Report" form will be used.

The "Employee Counseling Report" is kept in the employee's personnel file. A copy of the verbal counseling report is given to the employee.

Letter of Reprimand / Written Warning – A written warning is a notice to the employee that further disciplinary action may be taken unless performance or behavior improves and is generally given in cases of misconduct or when previous discipline has not changed behavior or performance.

A written warning admonishes an employee for misconduct and advises him/her of the consequences of failing to improve his/her performance or behavior. It generally contains the following information:

- what occurred;
- date and time of the performance or behavior;
- specific rule or policy violated;
- reference to previous conversations, counseling, and/or oral warnings;
- what the employee is expected to do to improve; and
- an outline of subsequent meetings or assignments to ensure that the employee has followed the directions for corrective action.

A written warning is normally given by the supervisor, department director and the General Manager. The General Manager's review and approval for additional disciplinary action will be required.

Copies of written warnings are given to the employee and the originals are placed in the employee's personnel file. The employee can request that verbal warnings and written warnings be removed after 3 years, unless other disciplinary problems have occurred within that time. Violations of the Violence in the Workplace Policy, the Drug and Alcohol Policy, or Sexual Harassment Policy, shall be permanently retained in the file.

Suspension – Suspension is the temporary removal of an employee from his/her duties without pay. Suspensions are normally given in cases involving serious misconduct or chronic behavioral problems for which previous discipline has not changed behavior or performance.

A suspension is usually given by the General Manager, department director and the General Manager. This action shall only be taken upon the review and approval of the General Manager.

Copies of suspension notices are given to the employee and the originals are permanently placed in the employee's personnel file.

INVESTIGATIONS

It may be necessary for SEJPA to conduct an investigation into an alleged or suspected form of misconduct by an employee. Employees should understand that SEJPA has a legal obligation to conduct, or have conducted, such investigations to ensure that the workplace remains efficient, safe, honest, respectful, ethical, legally compliant, and in other ways professional at all times. Therefore, the reporting of any suspected inappropriate act by any person, and cooperation with any resulting investigation, are both an expectation and condition of employment. Any employee who has information concerning an act of misconduct, or believes that such an act may have occurred, is required to promptly report all known information about the incident to the General Manager, their supervisor, department directors, or the General Manager. Employees should refrain from discussing the matter with other persons.

Failure to report a known or suspected violation of SEJPA's policies, practices, procedures, administrative directives, or violations of any law is considered an act of dishonesty and will be subject to disciplinary action up to and including termination of employment.

Investigative Suspension – A paid investigative suspension is a period during which time an employee is relieved of his or her job because of alleged serious misconduct. An employee may be placed on investigative suspension when it is necessary to determine the facts of the case, as in a fight, insubordination, drug or alcohol use at work, or theft.

Disciplinary Suspension – An unpaid disciplinary suspension may be given in addition to the investigatory suspension. The additional period of suspension will be at the discretion of the General Manager.

Crisis Suspension - A crisis suspension is given at the discretion of the management staff and the General Manager in the absence of the General Manager. A crisis suspension is given when the alleged misconduct is serious enough to warrant removal from the workplace but the General Manager is unavailable to approve the suspension.

Demotion or Reduction in Pay - SEJPA regards demotions as rare and conducted only under unusual circumstances. Demotions may be voluntary or involuntary but in either case the affected employee will normally be provided with advance notice of the change of classification. However, SEJPA reserves the right to determine, on an individual basis, how a demotion will affect pay and under what circumstances it is in the best interests of SEJPA to demote an employee.

Performance Improvement Plan - Periodically it may be necessary or appropriate for a supervisor or manager to implement a Performance Improvement Plan (PIP) for an employee. The purpose of a PIP is to provide a mechanism for performance improvement when an employee's job performance falls below the established standards in one or more essential job duties or responsibilities.

Termination – Action to permanently terminate an employee's employment with SEJPA for cases involving significant performance issues or when previous discipline has not changed behavior or performance. A termination of employment is usually given by the General Manager and the General Manager. Copies of dismissal notices are given to the employee and the originals are kept in the employee's permanent personnel file.

SEJPA reserves the right to bypass any disciplinary steps and base its disciplinary action on the severity, frequency, or combination of infractions when circumstances warrant immediate action.

OPEN DOOR POLICY, PROBLEM SOLVING AND HOT LINE

Problem-Solving Procedure

SEJPA has an internal open door policy in which employees can bring grievances or other issues of concern to SEJPA management. The purpose of this process is to foster open, effective communication, and to potentially resolve employment related problems that may occasionally arise. SEJPA encourages all employees to discuss any work-related problems or concerns with their supervisor and to review them with a higher level of management, if necessary. Resolving problems early often prevents misunderstandings that occur when communications break down.

Employees may use the following procedure to resolve any problems or concerns that impact them regarding application or interpretation of SEJPA's human resource policies and practices contained in this Handbook, working conditions, fair treatment, and other terms and conditions of employment without fear of ridicule, retaliation or reprisal:

1. Meet with the Immediate Supervisor/Manager: Discuss the issue with your immediate supervisor/manager within 10 days. The supervisor/manager will provide a written response within 10 working days. In the event satisfaction is not received through this meeting, or if the employee feels he/she cannot go to their immediate supervisor/manager for any reason, employees may discuss the situation with the next higher level of management.
2. Refer the Problem to Department Directors: If the supervisor/manager's response does not resolve the problem to the reasonable satisfaction of the employee, the employee may submit a written request within 10 days for review by the employee's supervisor/manager. If no supervisor/manager position exists for a particular employee, the General Manager will designate another senior manager to hear the matter and pursue resolution that may include further investigation into relevant details. The supervisor/manager or designee will discuss the problem with the employee and any other concerned party within 10 working days of receiving the written request for review. This person shall then respond in writing and verbally to the affected employee within 10 working days. If the employee is still not satisfied with the decision, he/she may discuss the decision with the General Manager by filing a written request for an appeal within 10 working days of receiving the supervisor's or designee's response.
3. Refer the Problem to the General Manager: Upon the timely receipt of an employee's appeal to the General Manager, or his/her designee, a meeting with the employee and any others deemed appropriate, along with all related documentation, will be arranged within 10 working days. Unless additional time is needed for a further investigation into the matter, the General Manager or designee shall respond and notify the employee in writing of SEJPA's final response to the problem or complaint within ten working days following the evidentiary meeting.

All time limitations provided above may be waived or otherwise altered at the mutual prior consent of both parties. The General Manager shall be responsible for the processing, monitoring, and guidance of this problem-solving process to objectively ensure its timely and equitable administration.

Employees who do not feel comfortable discussing a problem or concern with their supervisor/manager may discuss the matter privately with the General Manager to determine an appropriate course of action. Likewise, employees who feel they have experienced retaliation as a result of reporting a problem or filing a complaint should immediately contact the General Manager.

Hotline

SEJPA has established a Hotline where employees or former employees can report suspected illegal or unethical conduct in the event that internal resolution channels have been ineffective, or where the employee wishes to remain anonymous.

The law firm of Procopio, Cory, Hargreaves & Savitch LLP (Procopio) is responsible to maintain the integrity of the Hotline (760-444-1704). Attorneys will conduct appropriate investigations and follow-up in response to Hotline calls, and report Hotline activity to SEJPA Board of Directors on a regular basis.

A Hotline caller is not required to disclose his or her identity. However, callers should provide sufficient information and facts that will enable Procopio to conduct an effective investigation. No retaliatory action will be taken against any employee for reporting suspected violations on the hotline.

PERFORMANCE/SAFETY INCENTIVE PROGRAMS – Appendix C – Salary and Benefits Resolution

Any performance/safety incentive programs are dictated by a Board Resolution. The current Resolution is attached for reference.

EMPLOYEE HEALTH AND SAFETY

DRUG AND ALCOHOL POLICY

Employees are the most valuable resource at SEJPA. For this reason, SEJPA has a critical interest in ensuring the health, safety, and well-being of its employees and the maintenance of a safe and efficient work environment.

To this end, SEJPA follows applicable standards and guidelines in accordance with the Drug-Free Workplace Act of 1988, the Federal Department of Transportation, and other laws. Consistent with these standards, SEJPA may designate “safety sensitive” positions that are subject to discretionary random drug testing. Notice of any such designation will be provided to affected employees.

The possession, use, or sale of controlled substances (such as cocaine, heroin, and other drugs including prescription drugs and marijuana, with or without a prescription) in the workplace, or individuals who are under the influence of these substances, pose unacceptable risks for safe, healthful, and efficient operations. Likewise, the possession, use, or being under the influence of alcohol in the workplace poses safety and production risks. All employees must report to work in a fit condition to perform their jobs safely, effectively, and efficiently.

The manufacture, use, sale, purchase, possession, or distribution of alcoholic beverages, illegal drugs or controlled substances (including marijuana, with or without a prescription) by any employee while on SEJPA property or in a vehicle while performing SEJPA business is strictly prohibited. An illegal drug is any drug that is not legally obtainable or that is legally obtainable but has not been legally obtained. Coming to work with illegal drugs in the employee’s system or being under the influence of alcohol or drugs while performing SEJPA business or while on SEJPA property is prohibited.

See Appendix A *Alcohol and Drug Abuse Policy and Testing Protocol* for additional information.

FITNESS FOR DUTY

Based on documented reasonable suspicion of an employee’s questionable fitness for duty, SEJPA reserves the right as a condition of employment to refer an employee for professional evaluation of their fitness for duty. Such evaluations may include drug and/or alcohol testing, a medical examination by a qualified occupational health physician, referral for evaluation by SEJPA’s Employee Assistance Program, or other professional sources SEJPA considers appropriate.

Referred employees, including secondary referrals, must comply with the instructions, dates, times, and locations of the referred source as a condition of continued employment. Failure to cooperate and/or participate in such referrals may be considered grounds for termination of employment.

All information pertaining to a fitness for duty referral shall be regarded as confidential by the employee’s supervisor/manager and the General Manager. Only the General Manager shall

have the authority to receive information from referred sources regarding the nature of the referral and resultant outcomes.

OCCUPATIONAL HEALTH AND SAFETY/JOB INJURIES

SEJPA is dedicated to maintaining standards for the safety and health of its employees. As part of that goal, SEJPA is committed to providing employees with a work environment that is conducive to safe, effective, and productive job performance. The health and safety of our employees is a priority. All employees must follow safe working practices and encourage others to work safely.

Administration of the safety program is specifically assigned to the Director of Finance and Administration, and general responsibility given to managers, supervisors, and every employee. Your managers and supervisors have been given the full responsibility to enforce the safe job procedures developed for each job function. However, prevention of injuries is only possible through a team effort. SEJPA will comply with all Cal/OSHA rules and regulations including Injury and Illness Prevention Plan. Failure to follow all policies and procedures may be subject to discipline up to and including termination of employment.

Employees are expected to follow all applicable safety procedures. Employees who are uncertain of the safe way to do the job must ask for help. Employees must inform their supervisor/manager of any perceived hazards. Each employee is expected to exhibit the same enthusiasm and pride in supporting our safety program that we do in providing the service that our customers expect from us.

Accidents/Injuries and Illness

All accidents must be promptly reported to the employee's immediate supervisor/manager and the General Manager. Any injury, no matter how minor, which occurred at the workplace or during the course of employment, must be reported promptly. Employees may be entitled to Workers' Compensation benefits for on-the-job injuries, and prompt, accurate reporting of accidents is required to obtain these benefits.

Safety

By using good judgment, following proper safety procedures when lifting and carrying heavy objects, and operating equipment properly, employees will help SEJPA meet its objective of preventing personal injury and property damage. The following are a few of the safety guidelines employees must follow:

- Report any unsafe or hazardous condition to management immediately. Reports and concerns about a workplace health and safety issue or the existence of a hazardous condition or practice in the workplace may be made anonymously. All reports can be made without fear of reprisal or retaliation.
- Comply with SEJPA's safety rules and follow the code of safe work practices.
- Do not operate defective equipment, and report all equipment defects to your supervisor/manager immediately. Under no circumstances should any repairs be attempted by anyone other than authorized maintenance personnel. It is the employee's responsibility not to operate defective equipment.
- Notify any supervisor/manager, director, or the General Manager of any emergency situation.

- Avoid awkward positions when bending, stooping, or turning.
- Request assistance when lifting, pushing, or carrying heavy objects.
- Be cautious in the use of extension cords and multi-unit plugs.
- Dispose of damaged extension cords promptly.
- Do not leave any obstructions on the floor. General housekeeping is each employee's responsibility.
- Do not block any exit doors or electrical panels.
- Know the location, contents, and use of first aid, fire equipment, and other safety equipment.

Employees who violate health and safety standards, who cause hazardous situations, or who fail to report or, where appropriate, remedy such situations may be subject to corrective action up to and including termination of employment.

First Aid

First aid kits are located at Administration Building, Operations Room, Maintenance Garage, Switch Gear #2 restroom, and in each SEJPA vehicle. Employees are not required to provide first aid. First aid is the primary treatment for a job injury, followed-up with care as be required. All injuries that occur in the course and scope of employment with SEJPA, regardless of how minor, must be promptly reported to the injured employee's supervisor/manager and Director of Finance and Administration.

On the Job Accidents and Reporting Job Injuries

If necessary, your supervisor/manager will call the paramedics, or arrange for transportation to an emergency treatment facility.

As part of the accident investigation, all employees involved in the industrial injury may be required to submit to a post-accident drug test if there is a reasonable suspicion of violation of SEJPA's Alcohol and Drug Abuse Policy.

Supervisor/managers will be required to make a written report of the on-the-job injury/illness using the required forms. These forms must be completed in a reasonable reporting time following the incident for which the employee has realized a work related injury was incurred. It is preferred to be completed within a 24 hour time period.

SEJPA maintains all required logs and reports, posts appropriate notices on the bulletin boards, and ensures that notices are current and adequate.

GENERAL HOUSEKEEPING

SEJPA wants to provide an attractive, safe, and pleasant atmosphere for its employees and customers. All employees are expected to keep their work areas clean, organized, and uncluttered. It is important that employees understand and fulfill their responsibilities to SEJPA and to fellow employees when it comes to housekeeping.

It is every employee's responsibility to keep all work areas clean and trash free. This includes appliances such as the refrigerator, microwave, and coffee maker. All employees are expected to clean up and dispose of food, drink, and trash properly at the end of each rest or meal period.

Employees are responsible for the cleaning of the mugs, glasses, dishes, and utensils that they use. In general, it is for the safety and benefit of everyone that we keep our facilities and workstations clean and orderly.

WORKPLACE SECURITY AND MONITORING

SEJPA is committed to providing a workplace that is free from acts or threats of violence. Although some kinds of violence result from societal problems that are beyond our control, SEJPA believes that measures can be adopted to increase protection for employees and to provide a secure workplace. Accordingly, acts and/or threats of violence by or toward employees will not be tolerated and may be grounds for disciplinary action up to and including immediate termination of employment. Similarly, acts and/or threats of violence by visitors, members of the public, or other non-employees will likewise not be tolerated, and will be grounds for appropriate remedial action. Remedial action includes, but is not limited to, removal of offenders from the premises, removal of employees from work schedules, suspension without pay pending the outcome of an investigation, mandatory participation and completion of an SEJPA-directed Employee Assistance Program, disciplinary action up to and including termination of employment, the filing of a temporary restraining order or court ordered injunction, and any other actions deemed appropriate based on specific circumstances.

SEJPA believes prevention of workplace violence begins with recognition and awareness of potential early warnings. Workplace violence includes: threats of any kind; threatening or physically aggressive or violent behavior; harassing or threatening phone calls; stalking; other behavior that suggests a propensity toward violence such as belligerent speech, excessive arguing or swearing, sabotage or threats of sabotage of SEJPA property; a demonstrated pattern or refusal to follow SEJPA policies and procedures; defacing SEJPA property or causing physical damage to the facilities; or bringing weapons or firearms of any kind on SEJPA premises.

It is every employee's responsibility to report to their supervisor/manager, or a member of the management staff any incident of any threat or act of violence, or use or observation of any weapon on SEJPA premises or vehicles, including acts of intimidation or confrontational behavior. Do not confront any person who is hostile or overly agitated. Instead, immediately report to management any person(s) who acts in a suspicious, hostile, or violent manner. All reports of workplace violence will be taken seriously and will be reviewed promptly, and appropriate corrective action will be taken.

Recommendations to prevent workplace violence, reduce security hazards, and limit access to work areas by unauthorized persons should be made to management.

In an effort to provide security of SEJPA premises and related work locations, SEJPA may inspect, monitor, and/or provide camera surveillance at certain locations from time to time as deemed warranted.

EMERGENCY ACTION

Employees are required to know the location of all emergency exits in their work area and the routes to these exits. Employees are required to know the location of all alarms and fire extinguishers, in addition to becoming familiar with the proper use of emergency equipment. Employees are required to review and become familiar with SEJPA's emergency evacuation

plan. Employees should ask their supervisor or manager if they are unsure about the location of emergency equipment or evacuation procedures.

MISCELLANEOUS POLICIES

SEJPA SPONSORED SOCIAL EVENTS

Employees are not required to attend or participate in any off-duty party or recreational, social, or athletic activity. SEJPA periodically may sponsor such voluntary activities for employees and their immediate families, but no employee is required or expected to attend.

Participation in any off-duty SEJPA sponsored recreational, athletic, or social activity is strictly voluntary and is at the employee's own risk. SEJPA assumes no liability for any injury or accident arising out of any off-duty party, social event, or recreational activity. It is important to remember that injuries or illnesses that may result from participation in an SEJPA-sponsored recreational, athletic, or social activity are not covered by Workers' Compensation insurance.

Employees are advised and expected to refrain from drinking alcoholic beverages or engaging in any other activity to the extent that it would cause them to be unfit for the safe operation of a motor vehicle, or to behave in an intoxicated or disorderly manner. Any employee who feels his/her driving skills or reaction times might be impaired, even slightly, should not drive. Safe options include but are not limited to: taking a cab home, calling a friend or relative for a ride, asking another employee who has not been drinking alcohol for a ride home, or requesting any supervisor/manager to arrange transportation.

The behavior of all employees and their guests attending an SEJPA-sponsored social event is expected to comply with the conduct guidelines of this Handbook.

CELLULAR PHONE PLAN

The Cellular Phone Plan is to provide guidance on the usage of wireless devices, establish reimbursement procedures, and to distinguish between SEJPA-owned and employee-owned equipment. Cellular or wireless phones include smart phones that have data plans for e-mail, internet access and various applications. The goal of the Cellular Phone Plan is to reduce agency costs related to the use and administration of wireless services. In addition to the terms of this Plan, employee use of cellular phones must comply with all other applicable SEJPA policies.

When an employee's employment activities warrant the use of a cellular phone for business purposes, the employee may elect to use the Agency's cellular phone or receive a reimbursement to maintain a personal cellular phone including a wireless plan.

The following outlines guidelines for the Wireless Plan within the two categories:

SEJPA-Owned Equipment

- Based on SEJPA business as determined by the department director or General Manager, designated employees shall be issued an SEJPA-provided wireless phone.

- SEJPA equipment is for business use only.
- Employees in possession of SEJPA-provided wireless phones are expected to protect the equipment from loss, damage, or theft.
- In the event of lost, damaged, or stolen SEJPA-provided wireless phones, the employee must report the incident the next business day or as soon as practical, to the Director of Finance and Administration. At the discretion of SEJPA based on facts and circumstances, a replacement phone may be provided at no cost to the employee.
- The employee must return the cellular phone upon separation of employment.

Employee-Owned Equipment

- Based on SEJPA business as determined by the department director or General Manager, designated employees may elect to use their personal cellular phone for business purpose and receive reimbursement.
- Employees who elect this option are responsible for the purchase of a wireless phone and payment of the monthly service plan charges. The personally-owned wireless phone must be available for the employee to be contacted by SEJPA.
- Employees must provide the Agency with the wireless phone number obtained as a result of the reimbursement.
- The employee must notify SEJPA within 10 business days if the wireless services are cancelled or expired.
- Employees will be responsible for all interaction with their service provider for technical, equipment, and billing.
- All contractual obligations agreed upon by the employee and their service provider is the employee's sole responsibility, including any termination fees.
- The employee is responsible for replacement of lost, damaged, or stolen equipment.
- Employees shall provide documentation if requested by SEJPA verifying continued ownership, business use, and service plan of a cellular phone in order to maintain their monthly reimbursement.
- In the event of lost or stolen cellular phones, the employee must report the incident the next business day or as soon as practical.

- Employees have a limited right to privacy on any private device used for business purposes and agree that upon termination of employment or SEJPA's request, the employee must transfer all work-related information contained on the device to SEJPA then have the device wiped so that all work-related information is permanently deleted.

Reimbursement Allocation

The maximum allowable reimbursement for a voice/text/data plan is \$23.08 per pay period.

Safety

In accordance with California Vehicle Code Section 23123 and all other applicable laws, the Agency prohibits its employees from driving any motor vehicle while using a hand-held cellular phone during business hours or while performing job duties, unless the cellular phone is specifically designed and configured to allow hands-free listening and talking, and is used in that manner while driving. The use of text messaging is strictly prohibited while driving.

To comply with this Cellular Phone Policy, SEJPA encourages its employees not to receive or make calls while driving.

Separation from SEJPA

In the event an employee separates from SEJPA, the Cellular Phone Plan reimbursements shall terminate on the employee's separation date.

Tax Guidance

The Cellular Phone Plan is non-taxable under current IRS regulations. Employees shall agree to indemnify SEJPA for all taxes and penalties which may be assessed by taxing authorities, including the IRS, in the event of a determination that there was insufficient substantiation of business usage to support a non-taxable reimbursement.

LACTATION ACCOMMODATION

In compliance with California Labor Code § 1030 et seq., SEJPA provides sufficient break time for employees who are breastfeeding to express milk at work. When possible, this need should coincide with the employee's meal or rest periods. Any additional time that is needed will be unpaid. When possible, supervisors will consider flexible schedules to accommodate an employee's needs. In addition, SEJPA will provide a private place to express breast milk, other than a toilet, in close proximity to the employee's work area. The employee's normal work area may be used if it allows the employee to express milk in private. The lactation location will be safe, clean and free of toxic or hazardous materials, will contain a surface to place a breast pump and personal items, contain a place to sit, and will have access to electricity or alternative devices needed to operate an electric or battery-powered breast pump. Lactating employees will be provided with access to a sink with running water and a refrigerator or alternative cooling device suitable for storing milk in close proximity to the employee's workspace.

Employees have a right to request lactation accommodation under this section and may do so by contacting the General Manager or other supervisor. If SEJPA cannot provide break time or a location that complies with this policy, it shall provide a written response to the employee. Employees have the right to file a complaint with the Labor Commissioner for any violation of rights to lactation accommodation provided by law.

MEDIA CONTACT/PUBLIC REQUESTS FOR INFORMATION

Only the General Manager or an employee designated by the General Manager is authorized to release information to the media. In the event the media contacts another employee, the employee should request the name, phone number, and the organization represented, then give that information to their supervisor, who will promptly communicate this information to the General Manager.

VISITORS

All visitors must enter SEJPA facilities at the main entrance and must not enter work areas without specific management permission. Any unauthorized person(s) on SEJPA property will be asked to leave immediately. Those employees who allow unauthorized visitors to enter the premises in any way may be subject to corrective action up to and including termination of employment.

GIFT/GRATUITY ACCEPTANCE

All employees shall comply with restrictions on acceptance of gifts set by the Fair Political Practice Commission and California law for designated public officials. Under these limitations, SEJPA employees may accept gifts valued at less than \$50.00, but not totaling more than \$470 in a calendar year from a single source. All gifts received valued at or over \$50.00 shall be reported to their supervisor in writing within 30 days of receipt. The value of a gift is the price at which the item would sell for on the open market. The exception to this policy is seasonal holiday gifts of nominal value given to, or shared with, employees in recognition of their customer service excellence. It is strictly prohibited for any employee to solicit any gift, gratuity, or other item, service, or product of monetary value from any other person in connection with their employment with SEJPA. Such actions may be subject to discipline up to and including termination of employment. Employees having any questions concerning this policy, or specific instances, should direct their questions to their supervisor or the General Manager.

POLITICAL ACTIVITIES

Generally, SEJPA encourages employee participation in political activities as a matter of good citizenship. However, since SEJPA is a public agency as chartered under the State of California, and governed by an appointed Board of Directors, guidelines concerning certain political activities by employees must be observed. Therefore, employees may not campaign for or against any candidate or issue, engage in political activities, or solicit funds for political groups during working hours, on SEJPA premises, or while wearing an SEJPA uniform, badge or similar apparel that is likely to identify you as an SEJPA employee. Likewise, employees may not solicit or distribute politically oriented information or materials, nor place or post such materials (including bumper stickers) on SEJPA property, including but not limited to bulletin boards, vehicles, buildings, or other equipment property owned by SEJPA.

These restrictions are solely for the purpose of keeping SEJPA jobs free from political influence. Nothing in this policy is intended to prevent employees from voting, belonging to political organizations, or attending political meetings on their own time.

ACKNOWLEDGEMENT OF RECEIPT OF EMPLOYEE HANDBOOK

ALL SEJPA EMPLOYEES MUST READ THE ATTACHED EMPLOYEE HANDBOOK, THEN SIGN, DATE AND RETURN THIS PAGE TO THE GENERAL MANAGER WITHIN 2 WEEKS OF RECEIPT. THIS IS A CONDITION OF EMPLOYMENT.

Employee Name
(Please Print)

This acknowledges that I have been given a copy of the San Elijo Joint Powers Authority's (hereinafter "SEJPA") Employee Handbook. I understand that this Handbook supersedes all previous employee handbooks, written policies, oral and written agreements, procedures, manuals, and memoranda regarding the terms and conditions of my employment. I acknowledge that I am expected to read, understand, and adhere to SEJPA's policies documented in this Handbook. I understand it is my responsibility to comply with the policies contained in this Handbook and any revisions made hereafter.

I understand and agree that I have the right to leave SEJPA at any time, with or without cause, and/or with or without notice, and that SEJPA has the right to terminate me at any time, with or without cause, and/or with or without notice at any time during my employment. I understand that this is called "employment at-will" and that no one other than the General Manager has the authority to change this agreement of employment, to enter into an agreement of employment for a specified period of time, or to make any agreement contrary to this policy. Furthermore, any such agreement must be in writing and signed by both the General Manager and me.

I understand that other than SEJPA's policy of at-will employment, the statements contained in the Handbook are not intended to create any contractual or other legal obligations of SEJPA. I further understand that SEJPA may revise, modify, supplement, or rescind any of the policies summarized in this Handbook without advance notice to me.

I understand that if I am an employee with a written agreement, the written employment agreement will take precedence when there are inconsistencies. Otherwise, the Employee Handbook policies and procedures will apply.

Employee Signature

Date

APPENDIX A - ALCOHOL AND DRUG ABUSE POLICY AND TESTING PROTOCOL POLICY

OBJECTIVE

The purpose of SEJPA's Drug and Alcohol Abuse Policy and Testing Protocol ("policy") is as follows:

- To establish and maintain an alcohol- and drug-free, safe, secure, and healthy working environment for all employees;
- To protect citizens and all other individuals who come in contact with SEJPA employees;
- To reduce alcohol- or drug-related injuries to persons or damage to property;
- To reduce alcohol- or drug-related absenteeism, tardiness, and substandard job performance; and
- To provide guidelines for the rehabilitation of employees who seek SEJPA's help in overcoming addiction to, dependence upon, or other problems associated with the use of alcohol or drugs.

SEJPA POLICY

SEJPA has an obligation to its officers, employees, and members of the public to take reasonable steps to provide an alcohol- and drug-free workplace and to provide services to the public in a safe manner. The following acts are strictly prohibited and constitute cause for disciplinary action up to and including termination of employment:

- Reporting for work or working under the influence of alcohol or drugs;
- The unlawful use, possession, distribution, purchase or sale, or attempted use, possession, transfer, purchase, or sale of alcohol or drugs in any manner during work hours, including rest breaks and meal periods, or while on SEJPA premises or on SEJPA business; and
- Using SEJPA property or premises to unlawfully manufacture alcohol or drugs.

DEFINITIONS

- Alcohol - any beverage that has an alcoholic content in excess of three percent (3%) by volume.
- SEJPA premises - all buildings, parking lots, service yards, patios, lunch rooms, break areas, rest rooms, loading docks, SEJPA-owned vehicles, work sites, or any other sites where employees perform services for SEJPA regardless of SEJPA's ownership or control of the property.
- Drug - any chemical substance (other than alcohol) capable of altering the coordination, reflexes, moods, perception, pain level, attention span, or judgment of the individual consuming it.
- Employee - any individual employed by SEJPA except elected officials. This includes individuals employed on the following basis: full-time, part-time, and temporary.
- Illegal Drug - any drug that is illegal under federal, state, or local law to use, sell, transfer, possess, manufacture, or consume.
- Prescribed Drug - any drug or medication lawfully prescribed by a licensed medical practitioner.

- Under the Influence - behavior modified by alcohol or drugs, resulting in substandard or modified job performance; diminished motor reflexes, impairment of coordination, speech, or mental concentration; or conduct that poses a safety hazard to the employee, co-workers, or others.

DISCIPLINE

Any violation of this policy is cause for disciplinary action up to and including termination of employment. Discipline may be imposed regardless of whether an employee is charged with and/or convicted of a crime relating to any violation of this policy. A second violation of this policy within 1 year of the first violation mandates termination of employment.

PRESCRIPTION DRUGS

No prescription drug shall be possessed or used by any employee other than the employee for whom the drug was prescribed by a licensed medical practitioner. A prescription drug shall be used only in the manner, combination and quantity prescribed. If an employee is using or under the influence of a prescription drug during work hours, it is the employee's responsibility to advise his/her supervisor of the use or influence of the prescription drug before beginning work. Any such medical information provided by an employee will be confidential.

REPORTING OF VIOLATIONS TO LAW ENFORCEMENT AGENCIES

Violations of this policy that may constitute criminal conduct will be reported to the appropriate law enforcement agency.

PRE-EMPLOYMENT TESTS

All applicants for employment are required to submit to a pre-employment physical examination, including an alcohol and/or drug test.

SAFETY OF WORK FORCE, MEDICAL EXAMINATIONS, ALCOHOL AND/OR DRUG TESTS

Each employee may be asked to submit to a medical examination and/or an appropriate test to determine the use of alcohol and/or drugs if there is a reasonable suspicion that the employee has used or is under the influence of alcohol and/or drugs in violation of this policy.

Alcohol and/or drug testing may also be requested following work-related accidents or any suspected violation of safety rules or standards, whether or not injury or damage resulted from the accident or safety violation, if there is a reasonable suspicion that there is a violation of this policy.

The decision to proceed with a medical examination and/or alcohol or drug test will be made by the General Manager or his designee.

An employee determined to be unable to perform his duties in a satisfactory or safe manner based on reasonable suspicion of violation of this policy may be ordered to leave the workplace.

Any employee may notify the General Manager in writing regarding a suspected violation of this policy by any other SEJPA employee.

If an employee charges that a fellow employee has violated this policy and subsequently the allegations are shown to be malicious, knowingly false, or were made so as to harass the employee, appropriate discipline will be imposed on the complaining employee.

REFUSAL OF AN EMPLOYEE TO SUBMIT TO A MEDICAL EXAMINATION AND/OR ALCOHOL OR DRUG TEST

An employee's refusal to consent to a medical examination and/or alcohol or drug test will result in the employee's immediate suspension pending the outcome of SEJPA's investigation of the employee.

An employee who refuses to consent to a medical examination and/or alcohol or drug test shall not be permitted to utilize the rehabilitation benefits and shall be subject to disciplinary action up to and including termination of employment.

An employee who refuses to consent to a medical examination and/or alcohol or drug test may be disciplined for misconduct or unsatisfactory job performance; however, the employee's use of alcohol and drugs shall not be considered as a mitigating factor with regard to the imposition of discipline.

INSPECTION TO ADMINISTER AND ENFORCE POLICY

SEJPA reserves the right to search any SEJPA-owned or controlled articles or property in the employee's control or possession to determine the presence of alcohol or drugs. SEJPA expressly reserves the right to inspect SEJPA-owned or controlled lockers, desks, tool boxes, vehicles, packages, containers, and other articles within the work area.

If the General Manager or his designee has reason to believe that alcohol or drugs are present in a work area in violation of this policy, SEJPA may contact the appropriate law enforcement agency to request a search of the work area.

TEST RESULTS

A positive alcohol or drug test result will be retested. Tests will be conducted by a qualified laboratory or clinic.

A chain of custody of the tested blood, urine, or other sample will be established and maintained by the testing clinic or laboratory.

Laboratory reports and/or test results shall not be placed in an employee's personnel file.

Laboratory reports and/or the results shall be maintained in a separate confidential medical records file. The General Manager or his designee shall file and maintain the confidential medical records a secure location. Laboratory reports and/or test results shall be disclosed only to other individuals on a need-to-know basis and to the employee upon request.

GUIDELINES FOR DEPARTMENT HEADS, MANAGERS OR SUPERVISORS

The suspicion of alcohol or drug use must be based upon objective factors related to the employee's appearance, conduct, speech, behavior, and/or other objective factors. If a department head, manager, or supervisor has reason to believe an employee is under the influence of alcohol or drugs, or has otherwise violated this policy, the department head, manager, or supervisor should carry out the following procedures.

1. Accompany the employee to a private office, room, or other area. If possible, a second supervisor should accompany the employee and the department head, manager, or supervisor. Upon request, the employee may have another employee act as a witness

on his/her behalf. Action regarding the employee shall not be delayed by the request for an employee-selected witness.

2. If it is determined that this policy may have been violated, the General Manager or his designee should be advised. After receiving authorization to conduct a medical examination and/or alcohol or drug test, the employee should be told that his behavior or performance warrants a medical examination and/or alcohol or drug test. The employee should be advised that the examination and/or test will be conducted at an SEJPA-designated testing facility.
3. If the employee agrees to a medical examination and/or alcohol or drug test, the following procedures should be carried out.
 - a. The employee should be asked to read and sign an Authorization for Testing form (Attachment A), and an Authorization for Release and Use of Testing Information (Attachment B).
 - b. The General Manager or his designee will arrange transportation to SEJPA-designated testing facility.
4. If the results of the medical examination and/or alcohol or drug test indicate the employee is under the influence of alcohol and/or drugs or has violated this policy, appropriate disciplinary action may be taken up to and including termination of employment.
5. If the results of the medical examination, alcohol and/or drug test indicate another medical or psychological cause for the employee's behavior, the employee will be placed on medical leave and will be required to provide SEJPA with a medical release from a physician before returning to work. SEJPA may require the employee to be examined and evaluated by an SEJPA-selected physician before being allowed to return to work.
6. If the results of the medical examination and/or alcohol or drug test are negative or inconclusive, no further action will be taken by SEJPA with regard to the violation of this policy.
7. If the employee refuses to consent to a medical examination and/or alcohol or drug test, the following procedures should be carried out.
 - a. The department head, manager, or supervisor must explain to the employee that the requested medical examination and/or alcohol or drug test is used to establish the employee's compliance with this policy and/or fitness to perform his/her job.
 - b. The department head, manager, or supervisor must inform the employee that his/her refusal to consent to a medical examination and/or alcohol or drug test will be interpreted as a deliberate failure to comply with a reasonable request and the employee will be subject to discipline up to and including termination of employment. The employee should also be advised that he/she will not be allowed to use evidence of alcohol or drug abuse as a mitigating factor regarding any discipline imposed for misconduct or unsatisfactory job performance or to utilize the rehabilitation benefits.
 - c. The employee will be immediately suspended if he/she refuses to consent to a medical examination and/or alcohol or drug test. Refusal to submit to a medical

examination and/or alcohol or drug test shall mean alcohol or drug abuse shall not be considered a mitigating factor in the imposition of discipline for misconduct or unsatisfactory job performance. Refusal to submit to a medical examination and/or alcohol or drug test shall preclude the employee from utilizing any of the rehabilitation benefits.

- d. The General Manager or his designee must be informed of the situation by the department head, manager, or supervisor. The decision to suspend the employee will be made by the General Manager or his designee.
- e. If the employee is suspended, the department head, manager, or supervisor should arrange for the employee to be transported home.
- f. All department heads, managers, and supervisors involved in any incident investigated under this policy must prepare a written record of the incident within 24 hours of its occurrence.

REHABILITATION

An employee found to have reported to work under the influence of alcohol or drugs may be given an opportunity to participate in an SEJPA-approved counseling program after the first violation of this policy. Employees are encouraged to utilize available employee assistance programs and health insurance plans to help them resolve their alcohol or drug abuse problems.

If necessary, an employee will be placed on a leave of absence to participate in an SEJPA-approved rehabilitation program. The employee may use accumulated sick leave during the first 30 days of the leave of absence. If an employee needs a leave of absence in excess of 30 days to participate in an approved rehabilitation program, SEJPA may extend the leave of absence. All leaves of absence, returns to employment, the conditions of continued employment, and the payment of sick leave benefits are conditioned upon the employee's good faith and satisfactory participation in the rehabilitation program.

If upon completion of the employee's leave of absence and rehabilitation program the employee can present written evidence from a qualified medical practitioner that the alcohol and/or drug problem has been eliminated or is in remission, the employee may be reinstated.

If at the end of the leave of absence the employee is still experiencing an alcohol and/or drug problem but can provide evidence that he/she is still receiving treatment, an extension of the leave of absence may be granted. If the employee is unable to provide evidence of treatment, elimination or remission of the alcohol or drug problem, the employee will be dismissed upon expiration of the leave of absence.

The General Manager retains the sole discretion to decide if an employee will be granted a rehabilitation leave or returned to work, and the conditions under which the employee may return to work.

If an employee does not violate this policy for a 3-year period after the most recent violation, the records related to the employee's prior violations will be destroyed. Records relating to an employee's participation in a rehabilitation program shall be kept confidential to the extent permitted by law.

REPORTING CONVICTIONS

Employees as a condition of employment must report any conviction under a criminal drug statute for violations occurring on or off SEJPA premises while working for SEJPA. A report of a conviction must be made within 5 days after the conviction.

CONDITIONS OF EMPLOYMENT

Employees must as a condition of employment abide by the terms of this policy.

ATTACHMENT A
AUTHORIZATION FOR TESTING

I, _____, (name of employee) voluntarily agree that the San Elijo Joint Powers Authority and other persons or entities acting for or with them are authorized to:

1. Collect blood, urine, saliva, or other necessary samples from me and to test those samples for the presence of alcohol and/or drugs.
2. Conduct other necessary and appropriate medical tests and physical examinations to enforce SEJPA's Alcohol and Drug Abuse Policy.
3. Use the results of any tests or examinations to administer SEJPA's Alcohol and Drug Abuse Policy.

Signature of employee

Date

(NOTE TO EMPLOYEE: Upon request, you will be provided a copy of this form.)

ATTACHMENT B
AUTHORIZATION FOR RELEASE
AND USE OF TESTING INFORMATION

I, _____, (name of the employee) authorize Workpartners Occupational Medicine the San Elijo Joint Powers Authority's occupational health provider, to release to SEJPA and its General Manager (or any persons designated by the General Manager) all results of the medical examinations and/or alcohol or drug tests performed on me by Workpartners Occupational Medicine.

I further authorize SEJPA and its management to communicate this information as it deems appropriate for any purpose related to the enforcement of SEJPA's Alcohol and Drug Abuse Policy and Testing Protocol ("Policy").

This authorization shall remain in effect until SEJPA has concluded its investigation and enforcement of the Policy or until the conclusion of any challenge to the enforcement of the Policy by the employee and/or his representative.

Signature of employee

Date

(NOTE TO EMPLOYEE: Upon request, you will be provided a copy of this form.)

APPENDIX B-1 - ADMINISTRATIVE POLICY: Classification and Compensation

Policy Title: **Classification and Compensation**

Description:

It is the intent of the San Elijo Joint Powers Authority (SEJPA) to provide quality staff to efficiently manage, operate, and maintain facilities owned and operated by SEJPA. It is the goal and objective of SEJPA to have the ability to recruit and retain quality personnel. SEJPA desires to maintain compensation and benefits that are both competitive and reasonable with competing labor markets. In order to meet the needs and requirements of SEJPA and its staff, a review of SEJPA's position classifications and compensation may be done as necessary, conducted by the General Manager or his/her designee.

Guidelines:

Review the current classifications to evaluate and provide recommendations to improve, revise, or create position allocations and class specifications as needed.

Review the current compensation schedule in an objective, competitive, and equitable manner which may include conducting industry surveys for salary and benefits.

Hold meetings with staff to identify concerns and issues regarding the current classification, compensation, and benefits.

Conduct job analysis interviews and position description comparisons to establish accurate compensation correlations.

Compile and analyze the compensation data to ensure the competitiveness of SEJPA's salaries and benefits with relevant labor markets.

Develop a specific salary recommendation based upon internal equity and external labor market data.

The Board may consider and act upon the recommendations of the General Manager directly or appoint a committee to review the recommendations in a timely manner, prior to their presentation to the full Board.

Compensation

Compensation paid to new employees will be within the labor classification range set and approved by SEJPA's Board.

The employee's immediate supervisor conducts employee performance reviews regularly. The supervisor may then submit recommendations for compensation adjustments.

When an employee reaches the upper limit of their classification pay range, they will no longer be eligible for merit pay increases. Classification compensation may be adjusted by SEJPA's Board in their review, as stated in the Guidelines above. In lieu of any changes to the classification ranges, the Board may authorize the General Manager to award a lump sum merit payment.

Classifications

The General Manager maintains a complete set of position descriptions for all personnel. The position descriptions outline the requirements, reporting relationships, position characteristics, and responsibilities of each position.

Employees are classified according to the type and level of work performed. Every position belongs to one of two payroll classifications; exempt or non-exempt, as defined by the Federal Labor Standards Act (FLSA).

SEJPA's Board has approved the following classifications:

Exempt

- General Manager
- Director of Operations
- Director of Finance/Administration
- Project Manager
- Chief Plant Operator
- Mechanical Systems Supervisor
- SCADA Manager

Non-Exempt

- Wastewater Treatment Plant Operator in Training
- Wastewater Treatment Plant Operator I/II
- Wastewater Treatment Plant Lead Operator
- Water Reclamation Specialist
- Maintenance Mechanic I/II
- Systems Integration Technician I/II
- Laboratory Analyst I
- Laboratory Analyst II
- Senior Laboratory Analyst
- Accounting Technician
- Administrative Assistant I/II

Employment Status

Employment status is based on an employee's working hours and duration of employment. Generally, employees fall into one of four categories. They are:

Full-Time - an employee who works 80 hours during a two-week period and whose continuing employment is expected (but not guaranteed) to be for an indefinite period.

Part-Time - an employee who customarily works less than 80 hours during a two-week period and whose continuing employment is expected (but not guaranteed) to be for an indefinite period.

Full-Time Temporary - an employee who customarily works 80 hours during a two-week period and whose employment is not expected to be more than six consecutive months.

Part-Time Temporary - an employee who customarily works less than 80 hours during a two-week period and whose employment is not expect to be more than six consecutive months.

Interns Temporary - an employee who customarily works less than 80 hours during a two-week period and whose employment is not expect to be more than six consecutive months.

Full-time employees are eligible for fringe benefits subject to the rules governing such benefits. Part-time employees will receive fringe benefits pro-rated based on the regular hours worked and subject to the rules governing such benefits.

Those employees who work as full-time or part-time temporary employees are not entitled to fringe benefits.

<u>Approved By:</u>	<u>Date Approved:</u>
SEJPA Board	March 10, 2008
SEJPA Board	June 11, 2012
SEJPA Board	July 8, 2013
SEJPA Board	January 11, 2016
SEJPA Board	TBD

APPENDIX B-2 - Employer-Employee Organization Relations

Description

The Government Code of the State of California requires that SEJPA provide procedures for the administration of the employer-employee relations between SEJPA and any recognized employee associations. This policy provides guidelines for ensuring that SEJPA and any recognized employee organizations meet and confer in good faith regarding matters concerning the wages, hours, and other terms and conditions of employment.

Resolution No. 2017-01 Attached

APPENDIX B-3 - ADMINISTRATIVE POLICY: Overtime and Compensating Time Off

Policy Title: Overtime and Compensatory Time Off (CTO)

Description:

The San Elijo Joint Powers Authority (SEJPA) will pay overtime and compensatory time off in compliance with Federal regulations.

From time-to-time, the workload may require SEJPA to request employees to work overtime. SEJPA will make an effort to evenly distribute overtime based on operational necessity among the employees with the skills, knowledge and ability for the work that needs to be accomplished. When possible, advance notification of these mandatory assignments will be provided. While such situations are difficult for SEJPA and its employees, such requirements will be made only when based on operational necessity. Employees who refuse to work overtime shall be subject to corrective action, up to and including termination of employment, depending upon the circumstances. All overtime work must be pre-approved by the immediate supervisor or manager. Working unauthorized overtime is strictly prohibited.

Guidelines:

A. Overtime

Overtime pay is defined as time spent on the job over eight (8) hours in one day for those employees on an eight (8) hour, five (5) day week schedule; or over nine (9) hours in one day for those employees on a 9/80 schedule. Non-exempt employees will be eligible for overtime pay at the rate required by the Fair Labor Standards Act (FLSA) as follows:

- Overtime pay shall be paid at the rate of one and one-half times the employee's rate of pay for hours worked in excess of his/her normal work schedule.
- The first eight hours worked on the seventh consecutive day of work in the workweek are also paid at the overtime rate of one and one half the regular rate of the non-exempt employee.
- Hours worked in excess of 12 hours in any one workday, or hours worked in excess of eight hours on the seventh consecutive day of the workweek are to be compensated at a rate of double time the non-exempt employee's regular hourly rate of pay.
- During the performance of "premium pay" assignments. Premium pay as used here pertains to such supplemental pay as overtime, holiday, call-back, standby, and shift differential and out-of-class pay.

Hours worked on weekends do not automatically constitute overtime. To qualify for overtime, such work must fall into one of the overtime categories described above. Only actual hours worked in a given workday or workweek can apply in calculating overtime. Hours worked are paid once in determining overtime premium pay. Sick leave, vacation, holidays, or other paid time off is considered hours worked for purposes of overtime calculations.

B. Compensatory Time Off (CTO)

Non-exempt employees may select the option of receiving compensatory time off (CTO) for overtime hours worked during any workweek in lieu of overtime pay by entering such hours on their timecard in the “CTO” column.

- No employee may accrue more than 27 hours of CTO.
- A record will be maintained for CTO time accrued and taken.
- CTO hours are banked at the same rate as would normally be paid for such overtime hours.
- An employee must submit a CTO leave request to their supervisor for approval prior to taking time off.
- All CTO hours will be subject to payout at the time of employment separation.

APPENDIX C – RESOLUTION 2019-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN ELIJO JOINT POWERS AUTHORITY ADOPTING SALARY AND BENEFITS FOR FISCAL YEARS 2019-20, 2020-21, AND 2021-22

Resolution 2019-03 is attached

RESOLUTION NO. 2019-03

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SAN ELIJO JOINT POWERS AUTHORITY
ADOPTING SALARY AND BENEFITS
FOR FISCAL YEARS 2019-20, 2020-21, and 2021-22**

WHEREAS, the San Elijo Joint Powers Authority (SEJPA), which provides direct employment of SEJPA employees, desires to meet in an informal input process with SEJPA employees (Employees) regarding the wages, benefits, and certain other terms and conditions of employment;

WHEREAS, the Board of Directors has appointed the General Manager to act as a Labor Relations committee;

WHEREAS, the General Manager and the SEJPA Board of Directors have reviewed salary and benefit data of comparable service agencies;

WHEREAS, the General Manager has met with the Employees regarding compensation and benefits;

WHEREAS, the Employees are a valuable and important part of the SEJPA and have had the opportunity to meet in the informal input process with the designated SEJPA representative, the General Manager, on compensation, benefits, and other terms and conditions of employment;

NOW THEREFORE, be it resolved by the Board of Directors of the SEJPA that the salary, benefits, and other terms and conditions of employment for the Employees set forth below are hereby adopted and established as those of the SEJPA. The San Elijo Joint Powers Authority Employee Handbook may be updated as deemed necessary by the General Manager to incorporate these provisions.

SECTION I GENERAL

The provisions of this resolution shall commence on July 1, 2019 and terminate on June 30, 2022. If a new resolution is not in place by July 1, 2022, the provisions of this resolution will continue with all salary and benefit allowance frozen at the Fiscal Year 2021-22 limits. For Section II, F, the process for determining benefit limits remains the same until a new resolution is in place.

RESOLUTION NO. 2019-03

SECTION II BENEFITS

A. Vacation Leave

Employees accrue vacation leave as follows:

Vacation Increment	Hours of Vacation Leave	Bi-Weekly Accrual Rate	Maximum Accumulation
0-5 years	104	4.00 hours	208 hours
5-10 years	128	4.92 hours	256 hours
10-15 years	152	5.85 hours	304 hours
15+ years	184	7.08 hours	368 hours

Vacation leave for part-time employees is prorated based on the number of hours worked, e.g. an employee who works 30 hours per week would accrue vacation leave at a rate of 75 percent of that rate at which a regular full-time employee accrues vacation leave. Vacation accrues on an as-worked basis. Vacation does not accrue during any unpaid leave of absence.

Employees are entitled to accrue vacation leave up to a maximum amount equal to twice the employees' annual accrual rate ("Maximum Accumulation"), after which accrual ceases until the balance of maximum accrued hours falls below the Maximum Accumulation.

Accrued, Unused Vacation Payout upon Separation of Employment

Upon separation of employment with the SEJPA, accrued vacation benefits that have not been used or cashed out will be paid to the employee in accordance with applicable law.

Conversion of Accrued, Unused Vacation Leave to Cash

Annually, on December 1st of each year, an employee may elect to cash-out vacation hours in excess of 72 hours, provided that the employee has used at least 72 hours of vacation time within the previous 12 months. The maximum allowable hours to be cashed-out annually is limited to an amount equal to the employee's one-year accrual rate at the time the vacation is cashed out. For example, an employee with who has worked for SEJPA for 0 to 5 years is permitted to cash out a maximum of 104 hours annually, provided the employee has used at least 72 vacation hours during the 12 months preceding December 1. The pay rate will be the employee's applicable hourly wage at the time each cash-out payment is made. Cash-out will be paid on a quarterly basis by the last payday of April, July, October, and January. If an employee's employment is terminated prior to receiving all of the employee's quarterly cash-out payments, the employee will be paid all remaining accrued, unused vacation at the time the employee receives his or her final pay. The election to cash-out vacation hours may not be revoked or modified.

RESOLUTION NO. 2019-03

B. Holidays

Employees of the San Elijo Joint Powers Authority (SEJPA) receive 12 paid holidays each fiscal year: 10 fixed holidays and 2 floating holidays. Floating holidays for employees hired after the start of the fiscal year are prorated based upon the date of hire. Employees are entitled to pay that is equal to the employee's regularly scheduled hours on any given holiday.

Fixed holidays include:

- | | |
|---|--|
| 1. New Year's Day, January 1 | 6. Labor Day, First Monday in September |
| 2. Martin Luther King, Jr., Third Monday in January | 7. Veteran's Day, November 11 |
| 3. President's Day, Third Monday in February | 8. Thanksgiving Day, Fourth Thursday in November |
| 4. Memorial Day, Last Monday in May | 9. Day after Thanksgiving |
| 5. Independence Day, July 4 | 10. Christmas Day, December 25 |

C. Paid Sick Leave

Eligible Employees

All employees (including part-time and temporary) who work for the SEJPA are eligible to accrue Paid Sick Leave ("PSL") beginning on the first day of employment under the accrual rate and cap set forth in this policy.

Permitted Use

Eligible employees may use their accrued PSL to take paid time off for the diagnosis, care, or treatment of an existing health condition of (or preventive care for) the employee or the employee's family member.

For purposes of this policy, "family member" means a child, parent, spouse, registered domestic partner, grandparent, grandchild, or sibling of the employee. "Child" means a biological child, a foster child, an adopted child, a step-child, a child of a registered domestic partner, a legal ward, or a child of a person standing in loco parentis. "Parent" means a biological, foster, or adoptive parent, a step-parent, or a legal guardian of the employee or the employee's spouse or registered domestic partner. "Spouse" means a legal spouse, as defined by California law.

Employees may also use their PSL to take time off from work for reasons related to domestic violence, stalking, or sexual assault.

Accrual Rate, Maximum, and Carryover

Eligible **full-time employees** will accrue eight hours of PSL per month accumulated on a bi-weekly basis beginning immediately upon hire. Part-time employees will accrue on a prorated bases, but not less than one hour of PSL for every 30 hours worked beginning immediately upon hire. Accrual for non-exempt, part-time employees will be calculated based on actual hours worked. PSL accrues on an as-worked basis and does not accrue during an unpaid leave of absence.

There is a cap on PSL accrual. PSL accrues up to a maximum of 1,000 hours after which accrual ceases until the balance of maximum accrued hours falls below the cap. In such a case, no PSL will be earned for the period in which the employee's PSL was at the maximum. Accrued but unused PSL will carry over from year to year, subject to this maximum accrual.

RESOLUTION NO. 2019-03

Limits on Use and Cashing Out

If an employee absents himself or herself from work for part or all of a workday for a reason covered by this policy, he or she will be required to use accrued PSL to make up for the absence. If while on vacation, an employee becomes ill, he/she may have the period of illness charged to his/her accumulated sick leave instead of vacation.

Employees who have accumulated more than 176 hours of sick leave may elect to be paid for any sick leave in excess of 176 hours provided an election is made prior to December 15th each year for payment in the following year. The pay rate will be 50 percent of the employee's hourly wage at the time of the cash-out.

Notification

The employee must provide reasonable advance notification, orally or in writing, of the need to use PSL, if foreseeable. If the need to use PSL is not foreseeable, the employee must provide notice as soon as practicable.

Termination

Employees who are not terminated for cause and have given the SEJPA 14 calendar days (beginning on the date the notice is received by the SEJPA) written notice shall be paid for 50 percent of their accumulated sick leave. Sick leave pay will be calculated based on the employee's regular rate of pay at the time of the cash-out.

All other employees who do not meet the conditions above will not receive pay in lieu of accrued but unused PSL. Accrued but unused PSL will not be paid out upon termination for cause or where the employee has failed to provide 14 days' notice of termination.

Retaliation

SEJPA prohibits discrimination or retaliation against employees for using their PSL.

D. Bereavement Leave

Employees may receive 3 days off with pay for bereavement of an individual who is a member of the employee's immediate family. Upon approval by the General Manager, additional sick leave may be used to supplement the bereavement leave in the event of a death of an immediate family member. Immediate family member is defined as:

Spouse	Mother/Father-in-Law
Child/Adopted Child	Daughter/Son-in-Law
Stepchild	Grandparent
Sibling	Niece/Nephew
Parent	Sister/Brother-in-Law
Stepparent	Registered Domestic Partner
Grandchild	Child of Registered Domestic Partner
Aunt/Uncle	Persons who have raised the employee

Employees may receive one paid full day off to attend the funeral of a relative who is not a member of the employee's immediate family. The SEJPA may request documentation (i.e. a copy of the death certificate) to certify the need for such leave.

RESOLUTION NO. 2019-03

E. Administrative Leave

Exempt employees are exempt from overtime provisions of the Fair Labor Standards Act. In lieu of compensating overtime, these employees shall be entitled to take up to five (5) days of administrative leave annually. This leave must be taken in increments of not less than half a day.

F. Health, Dental Insurance and Vision Care Plan

Employees and their dependents are provided a group dental and vision care plan; the employer's contribution for premiums for vision and dental plans shall be an amount each year that is 95% of the average of the plans being offered, at the appropriate tier (single, double and family). Eligibility for dental and vision insurance will begin the first of the month following employment. If there is a conflict between this Agreement and the applicable plan document, the plan document shall apply.

Employees and their dependents are provided with group health insurance coverage under the CalPERS PEMCHA program. Effective July 1, 2019, the employer's contribution for each employee shall be an amount each year that is 95% of the average of all health plans CalPERS makes available to the SEJPA, excluding the CalPERS Care Plan, at the appropriate tier (single, double and family). The employee shall pay for any premium cost for coverage that exceeds the SEJPA's contribution. Eligibility for health coverage will begin the first of the month following employment.

Employees who meet the applicable eligibility requirements established by the SEJPA, in accordance with applicable law, shall be provided health, dental and vision insurance for themselves and their dependents, upon request. Flexible contributions allocated to part-time employees are prorated based on the number of hours worked, i.e. an employee who works 30 hours per week would receive 75 percent of the maximum annual contribution.

In lieu of health insurance coverage, eligible employees may elect to receive compensation of 25 percent of the single employee benefit in addition to their regular pay. Employees must show current proof of health insurance coverage under another plan outside of the SEJPA and may be required to periodically show proof upon request. Requests for compensation in lieu of health insurance coverage should be in writing and are subject to review and approval of the General Manager.

Employees hired before July 1, 2008, shall receive a minimum annual contribution of \$8,870 with maximum cash out of \$6,530.

G. Health Care Reimbursement

Employees shall be able to designate dollars for eligible medical, dental, and vision reimbursement. Employees may supplement Plan contributions with tax-exempt dollars through voluntary payroll deduction. Each employee shall assume responsibility for any income tax obligations resulting from participation in the health care reimbursement program.

RESOLUTION NO. 2019-03

H. Dependent Care Reimbursement

Employees shall be able to designate dollars for eligible dependent care reimbursement. Employees may supplement Plan contributions with tax-exempt dollars through voluntary payroll deduction. Each employee shall assume responsibility for any income tax obligations resulting from participation in the dependent care reimbursement program.

I. Life and Disability Insurance

The SEJPA provides for its employees life insurance equal to the employee's annual salary. Each employee shall assume responsibility for any income tax obligations resulting from the payment of insurance premiums.

The SEJPA provides for its employees' short-term and long-term disability insurances. Each employee shall assume responsibility for any income tax obligations resulting from the payment of insurance premiums and disability compensation received from the disability insurance provider.

J. Retirement

For all employees hired prior to July 1, 2012, the SEJPA shall participate in the California Public Employees' Retirement System (CalPERS) program, 2.5% at 55 Full Formula, One-Year Final Compensation for active SEJPA miscellaneous members effective July 1, 2008.

Effective the first pay date of each fiscal year, the employees shall pay the full employee portion as defined or set forth by CalPERS, which as of July 1, 2016 is 8.00%.

For all employees hired after June 30, 2012 and CalPERS Classic Employees, the SEJPA shall participate in the California Public Employees' Retirement System (CalPERS) program, 2.0% at 60 Full Formula, Three Year Average Final Compensation for active SEJPA miscellaneous members effective July 1, 2012. Effective the first pay date of each fiscal year, the employees shall pay the full employee portion as defined or set forth by CalPERS, which as of July 1, 2016 is 7.00%.

For all employees hired after January 1, 2013, the SEJPA shall participate in the California Public Employees' Retirement System (CalPERS) program, 2.0% at 62 Full Formula, subject to the California Public Employees' Pension Reform Act of 2013 ("PEPRA"). Effective the first pay date of each fiscal year, the employees shall pay the full employee portion as defined or set forth by CalPERS, which as of July 1, 2016 is 6.25%.

K. Deferred Compensation Plan

Where the employee voluntarily participates in the SEJPA's deferred compensation plan, the SEJPA shall contribute an equal amount on a matching basis up to 4 percent (4%) of the employee's annual base salary.

L. Uniforms and Safety Equipment

The SEJPA shall provide all laboratory, operations and maintenance employees (and any other employee classification as deemed appropriate) with necessary personal protective equipment as required for their duties, including but not limited to uniforms. The SEJPA shall provide employees, upon date of hire and yearly thereafter, up to a maximum amount of \$200.00 to purchase safety shoes/boots required of their position. If an employee damages their boots performing work duties, the General Manager has authority to approve reimbursement of replacement boots.

RESOLUTION NO. 2019-03

The SEJPA shall provide employees up to \$300.00 each fiscal year for the purchase of SEJPA-approved prescription safety glasses.

In certain circumstances, the General Manager also has authority to approve a uniform and safety equipment allowance beyond the maximum amount.

M. Tuition Reimbursement

The SEJPA will reimburse employees for certain educational expenses incurred by employees in connection with the employee's successful completion of educational courses approved in advance by the SEJPA. Employees may be reimbursed up to \$625.00 for any one course, and up to a maximum of \$2,300.00 per employee per fiscal year.

SECTION III. COMPENSATION

A. Employee Compensation

Employees, except the General Manager, shall receive compensation in accordance with the adjusted ranges in the Classification and Compensation Schedule.

B. Salary Adjustments

Effective the first pay date in January 2020, 2021, and 2022, the Classification and Compensation Schedule for all personnel classifications shall be increased as follows:

Year	Salary Schedule Adjustment*
January 1, 2020	3.0%
January 1, 2021	1.0% - 3.0%**
January 1, 2022	1.0% - 3.0%**

* Salary schedule adjustment shall apply to all SEJPA labor classifications except for the General Manager position, which is generally reviewed annually by the Board of Directors.

** The proposed measure of inflation is the San Diego Urban Wage and Clerical Workers Index, with a potential range adjustment of no less than 1% and no more than 3% per year as measured for the prior 12-month period.

Employees shall be provided a performance review, typically on an annual basis. Employees that are not at the top of their classification salary range shall receive consideration of a merit pay increase. At the discretion of the General Manager, employees may qualify for a one-time annual recognition bonus of up to \$800.00 for exceptional work performance.

The Classification and Compensation Schedule for Fiscal Year 2019-20 is shown in Exhibit A.

SEJPA and its employees acknowledge and agree that during the term of this agreement the SEJPA may implement decisions within its discretion related to implementation of its on-going assessment of the competitiveness of the SEJPA. This means that job positions, classifications, and their respective job descriptions may be revised, added, or deleted; work and shift hours may be revised; new or

RESOLUTION NO. 2019-03

revised automation; and new or revised procedures may be implemented. The SEJPA invites employees to provide input on these decisions if they result in a modification of any express provision of the SEJPA's policies and procedures.

C. Working Out of Position Specification

Occasionally, an employee is required by the General Manager to assume an "acting" position that is outside his/her job specification. This policy is intended to provide the employee with additional compensation based upon the newly assumed duties.

An employee designated as "acting" by the General Manager, will assume the acting title and associated base salary for the position that he/she is assuming. This title and compensation will continue throughout the duration of the acting period. The General Manager can designate a rate of pay within the range of the assumed position. Under no circumstance will the employee's increased salary exceed the top of the assumed position range.

The needs of the SEJPA will prevail in determining the length of time for which the employee assumes the acting position.

This provision does not apply to the General Manager.

D. Shift Differential

The SEJPA shall pay non-exempt operations and maintenance employees a shift differential of \$1.50 per hour in addition to their base rate of pay for hours assigned to a work shift other than the day shift.

E. Standby Duty

Non-exempt operations and maintenance employees are required to be on standby to respond to emergency situations. Non-exempt operations and maintenance employees on standby are compensated at one and one-quarter (1.25) hour at their regular hourly rate of pay per day.

F. Call-Back

The SEJPA shall compensate, at the rate of time and one-half their regular rate of pay, non-exempt employees who are unexpectedly ordered to report back to duty to perform necessary work following completion of the non-exempt employee's workweek or work-shift and their departure from the site. Non-exempt employees called back under this condition shall receive a minimum of two hours compensation. Call-backs on holidays, weekdays or weekends after midnight and before the start of the non-exempt employee's regular shift are compensated at a rate of two times the non-exempt employee's regular hourly rate.

G. Meal Allowance

The SEJPA shall reimburse non-exempt employees a maximum of \$12.00 per meal for food and non-alcoholic beverages when the non-exempt employee is unexpectedly ordered to work due to an emergency for at least two hours overtime beyond the standard work shift.

H. Incentive Program

The Employee Recognition Program is designed to provide an opportunity for the SEJPA to recognize dedicated and loyal employees who contribute to its success.

1. Professional and Technical Achievement

Recognizes employees for their individual accomplishments in the area of work related professional development such as education or technical certification or recognition by a work related professional organization, payable within 45 days of receiving certification or education and providing proof of completion of the qualifying certification or education.

Industry Awards and Professional Certifications - \$500.00

Associates Degree - \$1,000.00, Bachelor's Degree - \$1,500.00, Master's Degree - \$2,000.00

2. Organizational Performance Achievements

Recognizes employees for SEJPA accomplishments related to environmental performance, safety and industry recognition.

Environmental Performance

- Region 9 Regional Water Quality Control Board Performance
 - No more than 5 violations of NPDES requirements - \$250.00
 - 100% compliance with NPDES requirements - \$1,000.00
 - 100% compliance with NPDES requirements for 5 consecutive years - \$2,000.00
- Environmental Performance at Pump Stations
 - No reportable spills from pump stations - \$250.00
- Period of Performance
 - The period of performance will be January 1 to December 31, of each year, payable in January of the following year.

Safety Program – Provides incentive funding to all employees up to \$1,000.00 per employee per year that successfully perform safety inspections, safety presentations, develop corrective actions, demonstrate understanding of SEJPA's illness and Injury Prevention Plan, and safety online training as prescribed in the SEJPA Safety Program.

Industry Awards – Industry organizations may include, but not limited to, American Society of Civil Engineers (ASCE), California Water Environment Association (CWEA), WaterReuse, California Association of Sanitary Agencies (CASA), California Sanitary Risk Management Authority (CSRMA), and Water Environment Federation (WEF), payable within 60 days of receiving award and providing proof of receipt of award.

- Local Award – 1st place - \$150.00
- State Award – Honorable Mention, Second, or Third Place - \$200.00, First Place - \$300.00

All organizational awards apply to each and every employee employed on the date of award. Employees hired during the award year will receive a prorated award bonus provided they remain an employee on the date of the award. For example, an employee employed for only six (6) months of

RESOLUTION NO. 2019-03

the award year will receive 50% of the applicable award bonus. Any single project or program may qualify for up to three industry awards in any one fiscal year period. For example, a capital project may achieve award recognition by four different organizations; however, the total award bonus will be limited to three.

Terms and Conditions of Employment

All other terms and conditions of employment are specified in the SEJPA's Employee Handbook.

Competitiveness Assessment Decision

The SEJPA will perform a Classification and Compensation Study and present recommendations to the SEJPA Board of Directors prior to the end of this contract.

PASSED AND AMENDED this 10th day of June, 2019, by the following vote:

AYES: Boardmembers: Zito, Hubbard, Becker, Blakespear
NOES: Boardmembers:
ABSENT: Boardmembers:
ABSTAIN: Boardmembers:



David Zito, Chairperson
SEJPA Board of Directors

ATTEST:



Michael T. Thornton, P.E.
Secretary of the Board

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 28, 2019

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: CONTRACT FOR PROCUREMENT OF A RECYCLED WATER PUMP AND MOTOR

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to enter into an agreement with Brax Process and Pump Equipment for the procurement of a recycled water pump, motor, and as-needed repair services for an amount not-to-exceed \$65,705.03;
2. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) operates a recycled water utility that produces and wholesales more than 500,000 million gallons per year. The recycled water is sold to four water purveyors; Santa Fe Irrigation District, San Dieguito Water District, Olivenhain Municipal Water District, and the City of Del Mar; as well as directly to the Encinitas Ranch Golf Authority. The recycled water distribution system includes approximately 20 miles of pipelines and three offsite storage tanks. A pump station at the San Elijo Water Recycling Facility (SEWRF) uses three large 150 horsepower motors coupled with vertical turbine pumps to push the recycled water through the distribution system, and lift the water approximately 350 feet into the storage tanks.

Due to the critical nature of the pumping system, staff proactively planned to replace the pumps and motors prior to failure. Typically, motors have a service life of approximately 15 years and pumps 20 years; the pump station at the SEWRF has been in service for 19 years. One motor and pump pair was replaced in the prior fiscal year after operational performance deteriorated. Staff recommends replacing another motor and pump in the current fiscal year.

DISCUSSION

Separate bids were solicited for the purchase of a motor and pump. The bid solicitation for the pump included installation.

The bid results for the motor are shown in the Table 1 below:

Table 1: Motor Bid Results

Vendor	Price
Sulzer	\$ 29,653.37
Epsilon Systems	\$ 29,053.64
Brax Process and Pump Equipment	\$ 28,666.02

Staff determined that Brax Process and Pump Equipment was the lowest responsive and responsible bidder for the motor.

The bid results for the pump and installation are shown in the Table 2 below:

Table 2: Pump Bid Results

Vendor	Price
Floway Pump	\$ 40,667.11
Sloan	\$ 31,698.00
Brax Process and Pump Equipment	\$ 26,088.17

Staff determined that Brax Process and Pump Equipment was the lowest responsive and responsible bidder for the pump and installation.

The total proposed cost for the motor and pump equipment including installation by Brax Process and Pump Equipment is \$54,754.19. Due to the potential that additional repair work may be identified upon the removal of the existing pump and motor, staff requests contingency funding of 20%, or \$10,950.84 to be assigned for as-needed repair services that can be performed by Brax.



FISCAL IMPACT

The total purchase cost for the pump and motor, including tax, delivery, and installation is \$54,754.19. Contingency funding of 20% or \$10,950.84 is requested for as-needed repair services for a total amount of \$65,705.03. The FY 2019-20 Budget includes funding for the proposed services in the Capital Program and in Repair Parts Expense.

It is therefore recommended that the Board of Directors:

1. Authorize the General Manager to enter into an agreement with Brax Process and Pump Equipment for the procurement of a recycled water pump, motor, and as-needed repair services for an amount not-to-exceed \$65,705.03;
2. Discuss and take action as appropriate.

Respectfully submitted,

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

Michael T. Thornton, P.E.
General Manager

Attachment 1: Agreement between San Elijo Joint Powers Authority and Brax Process and Pump Equipment for the Procurement of a Recycled Water Pump and Motor Including Installation

ATTACHMENT 1

AGREEMENT

THIS AGREEMENT is made and entered into on this 28th day of October, 2019, by and between the San Elijo Joint Powers Authority, a joint powers authority, hereinafter referred to as "AUTHORITY" or the "OWNER," and Brax Company Inc., a California corporation, hereinafter referred to as "CONTRACTOR."

WITNESSETH:

WHEREAS, AUTHORITY requires installation of a new vertical turbine pump (VTP) and motor for the San Elijo Water Reclamation Facility (SEWRF), repair of a Floway filter feed pump mechanical seal, and replacement of a VTP discharge head;

WHEREAS, AUTHORITY desires, and CONTRACTOR is willing, to provide the required supplies and service for the SEWRF owned and operated by the San Elijo Joint Powers Authority;

NOW THEREFORE, in consideration of their mutual promises, obligations, and covenants hereinafter contained, the parties hereto agree as follows:

1. TERM. Unless earlier terminated in accordance with Section 9, the term of this Agreement shall be from the date this Agreement is made and entered, as first written above, until December 31, 2020.
2. INCORPORATION BY REFERENCE. Quote #28222 and Quote #28223 dated August 20, 2019 are hereby incorporated in and made a part of this Agreement.
3. AUTHORITY'S OBLIGATIONS. For furnishing services or supplies as specified in the Agreement, AUTHORITY will pay and CONTRACTOR shall receive compensation for installation of one motor and one VTP, as fully-described in the attached quotes dated August 20, 2019. AUTHORITY will pay CONTRACTOR for the purchase of the motor (Quote #28222) upon receipt of invoice, subject to the terms below. Upon completion of installation of the motor and VTP, CONTRACTOR shall invoice AUTHORITY for the purchase and installation of the VTP (Quote #28223). Other as-needed repair services may be requested, subject to written approval of the Owner, in an amount not to exceed \$10,950.84. The total amount of this contract shall not exceed \$65,705.03.

CONTRACTOR shall invoice AUTHORITY no more frequently than monthly for Services or supplies provided. Payments to the CONTRACTOR shall be made within forty-five (45) days after completion of the Services for the month in question and AUTHORITY's receipt of an original invoice from the CONTRACTOR. Neither AUTHORITY'S acceptance of, nor payment for any of the Services, shall be construed to operate as a waiver of any rights under this Agreement or any cause of action arising out of the performance of this Agreement. AUTHORITY may withhold or reduce payments otherwise due CONTRACTOR as reasonably necessary to remedy deficiencies in the Services or damages caused by CONTRACTOR, or to protect AUTHORITY against claims or liabilities arising from the operations of CONTRACTOR or its subcontractors under this Agreement. CONTRACTOR shall pay its subcontractors and suppliers within seven (7) days of receipt of payment from AUTHORITY.

4. CONTRACTOR'S OBLIGATIONS. For and in consideration of the payments and agreements to be made and performed by AUTHORITY, CONTRACTOR agrees with AUTHORITY to furnish the Services and to do everything required by this Agreement and the Specifications. Without limiting the generality of the foregoing, CONTRACTOR warrants on behalf of itself and all subcontractors engaged for the performance of this Agreement that only persons authorized to work in the United States pursuant to the Immigration Reform and Control Act of 1986 and other applicable laws shall be employed in the performance of the Services. In performing the Services of this Agreement, CONTRACTOR agrees to comply with all laws, rules and regulations and ordinances, whether federal, state or local, and any and all AUTHORITY policies, procedures, departmental rules or other directives applicable to the Services. Any changes to AUTHORITY'S policies and procedures that relate to CONTRACTOR will be provided to CONTRACTOR in writing. CONTRACTOR agrees to review such policies, procedures, rules and directives and shall be deemed to have knowledge of them. CONTRACTOR shall ensure that any report generated under this Agreement complies with California Government Code section 7550.

5. CONTRACTOR DECLARATIONS

The CONTRACTOR declares the Services will be conducted pursuant to the following additional requirements of the State of California:

5.1 Prevailing Wage Scale: Reference is hereby made to, and CONTRACTOR agrees to fully comply with, the rate of prevailing wage scale established by the State of California Director of Industrial Relations, a copy of which is available for inspection in the AUTHORITY's office, the provisions of which are hereby specified as the rate of prevailing wage to be paid workers for the Services, and the provisions of Article 2, Chapter 1, Part 7, Division 2 (commencing with Section 1770) of the Labor Code shall be fully applicable to the Services. As applicable to the Services and pursuant to Sections 1770 et seq. of the Labor Code, CONTRACTOR and any of CONTRACTOR's subcontractors shall pay not less than the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations.

5.1.1 The CONTRACTOR shall be subject to the penalties set forth in Section 1775 of the Labor Code for any violation of prevailing wage requirements.

5.2 Hours of Labor: Eight-hour labor constitutes a legal day's work. The CONTRACTOR shall forfeit, as penalty to the AUTHORITY, twenty-five dollars (\$25.00) for each worker employed in the execution of the Agreement by him or by any subcontractor, for each calendar day during which any worker is required or permitted to labor more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week, except as permitted by the provisions of Article 3, Chapter 1, Part 7, Division 2 (commencing with Section 1810) of the Labor Code of the State of California.

- 5.3 Apprentices: The CONTRACTOR has the responsibility to comply with the provisions of Section 1777.5 of the Labor Code for all apprentice able occupations, including but not limited to, employment requirements, training requirements and payment of the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered. Prior to commencing the Services, the CONTRACTOR shall submit contract award information to an applicable apprenticeship program that can supply apprentices to the site at which the Services are performed, and shall also submit a copy of such information to the

AUTHORITY. Within sixty (60) days after concluding the Services, the CONTRACTOR and each subcontractor shall submit to the AUTHORITY, and to the apprenticeship program a verified statement of the journeyman and apprentice hours performed. Pursuant to Section 1777.5, subdivision (e), this information shall be public. Penalties for violations of Section 1777.5 are set forth in Section 1777.7 of the Labor Code. Information relative to number of apprentices, identifications, wages, hours of employment and standards of working conditions shall be obtained from the Director of the Department of Industrial Relations, who is the Administrative Officer of the California Apprenticeship Council.

5.4 Prohibited Employment Discrimination: Attention is directed to Section 1735 of the California Labor Code, which reads as follows:

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

5.5 Workers' Compensation Insurance: In accordance with the provisions of Article 5, Chapter 1, Part 7, Division 2 (commencing with Section 1860) and Chapter 4, Part 1, Division 4 (commencing with Section 3700) of the California Labor Code, the CONTRACTOR is required to secure the payment of compensation to his employees and shall for that purpose obtain and keep in effect adequate Workers' Compensation Insurance. The undersigned CONTRACTOR is aware of the provisions of Section 3700 of the Labor Code, which requires every employer to be insured against liability for Workers' Compensation claims or to undertake self-insurance in accordance with the provisions of that Code, and will comply with such provisions before commencing the performance of the Services in this Contract.

5.6 Security for Compensation: The CONTRACTOR further agrees to secure the payment of compensation to his employees in accordance with the provisions of Section 3700 of the California Labor Code.

5.7 Correction of Work: Warranty: Neither final payment nor any provision in the Contract Documents shall relieve CONTRACTOR of responsibility for faulty materials or workmanship furnished in the performance of the Services. CONTRACTOR warrants that all work under this Agreement will be free of faulty materials or workmanship and hereby agrees, within ten (10) working days upon receiving notification from SEJPA, to remedy, repair or replace, without cost to SEJPA, all defects which may appear as a result of faulty materials or workmanship, at any time, or from time to time, during a period beginning with commencement of the Services and ending one (1) year after the termination or expiration of this Agreement. The foregoing warranty of CONTRACTOR also applies to the remedy, repair or replacement of defects which may appear as a result of faulty designs prepared by CONTRACTOR and/or any party retained by, through or under CONTRACTOR in connection with the Services, but the foregoing warranty of CONTRACTOR does not guarantee against damage sustained by use, wear, intentional acts, accidents, or lack of normal maintenance or as a result of changes or additions to the work made or done by parties not directly responsible to CONTRACTOR, except where such changes or additions to the work are made in accordance with CONTRACTOR's directions. No

guarantee furnished by a party other than CONTRACTOR with respect to equipment manufactured or supplied by such party shall relieve CONTRACTOR from the foregoing warranty obligation of CONTRACTOR. The warranty period set forth herein above shall not apply to latent defects appearing in the work, and with respect to such defects, the applicable statute of limitations shall apply.

5.8 CONTRACTOR'S License: The CONTRACTOR declares that it possesses a valid California CONTRACTOR's License of the required class, **C-61/D21 – Machinery and Pumps**, at the time of signing this Agreement, and shall maintain such license during the term of this Agreement. The CONTRACTOR shall affirm its license number, classification and expiration date as stated on its Bid by signing this Agreement. The following statement is included in accordance with Section 7030 of the California Business and Professions Code:

“Contractors are required by law to be licensed and regulated by the Contractors State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within 10 years of the date of the alleged violation. Any questions concerning a contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.”

5.9 Payroll Records: The CONTRACTOR shall, and shall require each subcontractor to keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid by each journeyman, apprentice, worker, other employee employed by him or her in connection with the Services. Each payroll record shall contain or be verified by a written declaration that is made under penalty of perjury, stating both the following: (1) The information contained in the payroll record is true and correct; and (2) The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any Services performed by his or her employees on the Project. The payroll records shall be certified, available for inspection, and electronic copies thereof furnished directly to the Labor Commissioner (A) at least monthly or more frequently, or (B) in a format prescribed by the Labor Commissioner, as prescribed in Section 1776 of the Labor Code. The CONTRACTOR shall inform the OWNER of the location of the records, including the street address, city, and county, and shall, within five working days, provide a notice of a change of location and address. Penalties for noncompliance include those provided at subdivision (g) of Section 1776 of the Labor Code.

5.10 Public Works Contractor Registration Program: CONTRACTOR must be, and must require its subcontractors to be, registered with the Department of Industrial Relations (DIR) prior to execution of this Agreement. All contractors and subcontractors who bid or work on, and/or who are awarded a public works project must register with and pay an annual fee to the DIR. No contractor or subcontractors may be listed on a bid proposal for a public works project unless registered with the DIR pursuant to Labor Code Section 1725.5. No contractor or subcontractor may be awarded a contract for public work on a public works project unless registered with the DIR pursuant to Labor Code Section 1725.5. This project is subject to compliance monitoring and enforcement by the DIR. CONTRACTOR shall not perform any work under this Agreement with a subcontractor

who is ineligible to perform work on a public works project pursuant to California Labor Code Sections 1777.1 or 1777.7.

5.11 Compliance with Laws/Rules. In performing the services specified in this Agreement, CONTRACTOR agrees to comply with all laws, rules, regulations and ordinances, whether federal, state or local, and any and all of AUTHORITY's policies, procedures, departmental rules and other directives applicable to the services to be performed and provided by AUTHORITY to CONTRACTOR, including, but not limited to, AUTHORITY's Safety Policies and Procedures. CONTRACTOR will post, and/or will require its subcontractors to post, all job site notices prescribed by law or regulation. CONTRACTOR will perform all services under this Agreement in good faith and in the best interests of OWNER.

CONTRACTOR represents, warrants and covenants to AUTHORITY that (a) the Contract Price includes funds sufficient to allow CONTRACTOR to comply with all applicable local, state, and federal laws or regulations governing the labor or Services to be provided under this Agreement, (b) CONTRACTOR will fully comply with all such laws and regulations, and (c) CONTRACTOR shall defend, indemnify and hold AUTHORITY harmless from and against any claims arising out of CONTRACTOR's failure to fully perform and honor its obligations under this Section 5.10, including without limitation any claims arising out of Section 2810 of the California Labor Code.

6. HOLD HARMLESS AND INDEMNIFICATION. To the fullest extent permitted by law, CONTRACTOR agrees to defend, indemnify, and hold harmless AUTHORITY, its member agencies (to include the City of Encinitas and the City of Solana Beach), and each of their respective directors, officials, officers, employees, representatives, and agents (collectively, "Indemnified Parties"), from and against all claims, lawsuits, liabilities or damages, including attorney's fees and costs, of whatsoever nature arising out of or in connection with, or relating in any manner to any act or omission of CONTRACTOR, its agents, employees, and subcontractors of any tier and employees thereof in connection with the performance or non-performance of this Agreement. The CONTRACTOR shall thoroughly investigate any and all claims and indemnify the Indemnified Parties and do whatever is necessary to protect the Indemnified Parties as to any such claims lawsuits, liabilities, expenses, or damages. Nothing in this Agreement shall impose on CONTRACTOR, or relieve OWNER from, liability to the extent of the active negligence, sole negligence or willful misconduct of AUTHORITY. AUTHORITY shall timely notify CONTRACTOR of the receipt of any third-party claim relating to the Agreement.
7. INSURANCE. During the course of the Agreement, CONTRACTOR shall pay for and maintain, in full force and effect, all insurance required by any governmental agency having jurisdiction to require particular insurance of CONTRACTOR in connection with or related to the Services covered hereby. CONTRACTOR SHALL FURTHER TAKE OUT AND SHALL FURNISH SATISFACTORY PROOF BY CERTIFICATE OR OTHERWISE AS MAY BE REQUIRED, THAT IT HAS TAKEN OUT COMPREHENSIVE GENERAL LIABILITY INSURANCE AND AUTO LIABILITY WITH AUTHORITY, ITS MEMBER AGENCIES (TO INCLUDE THE CITY OF ENCINITAS AND THE CITY OF SOLANA BEACH), AND EACH OF THEIR RESPECTIVE DIRECTORS, OFFICIALS, OFFICERS, EMPLOYEES, REPRESENTATIVES AND AGENTS ("INSURED PARTIES") NAMED HEREIN AS ADDITIONAL INSUREDS, AS WELL AS ALL OTHER COVERAGE REQUIRED BY THIS AGREEMENT. Insurance carrier(s) shall be satisfactory to AUTHORITY, and insurance shall be purchased from insurance companies with a current

A.M. Best rating of no less than A:VII, unless otherwise agreed in writing by AUTHORITY. Insurance shall be in such form approved by AUTHORITY so as to protect all Insured Parties against loss from liability assumed by contract or imposed by law from damages on account of bodily injury, including death resulting therefrom, suffered or alleged to have been suffered by any person or persons, other than employees, resulting directly or indirectly from the negligent performance or execution of this Agreement by CONTRACTOR or any subcontract with CONTRACTOR thereunder, and also to protect all Insured Parties against loss from liability imposed by law for damage to any property, caused directly or indirectly by the negligent performance or execution of the Agreement by CONTRACTOR; which insurance shall also cover accidents arising out of the use and operation of owned, non-owned and hired automobiles, trucks, and/or other mobile equipment. Automobile liability shall be at least as broad as form number CA 00 01, covering code 1 (any auto), covering bodily injury and property damage, with a combined single limit of no less than \$1,000,000 per claim for bodily injury and property damage. General liability shall be at least as broad as occurrence form CG 00 01, covering bodily injury, personal injury and property damage. The amounts of coverage of said insurance shall not be less than the following:

Public Liability	\$1,000,000 single limit/\$2,000,000 aggregate
Property Damage	\$1,000,000 single limit/\$2,000,000 aggregate

CONTRACTOR shall further maintain adequate Worker's Compensation Insurance, including occupational disease provisions, under the laws of the State of California and employer's general liability insurance for the benefit of its employees with a combined single limit of no less than \$1,000,000 per claim for bodily injury or disease, and shall require similar insurance to be provided by its subcontractors. A certificate shall be furnished to AUTHORITY showing compliance with above.

Said policies shall have a non-cancellation clause providing that thirty (30) days written notice shall be given to AUTHORITY prior to any material modification or cancellation, and a certificate of such insurance shall be furnished to AUTHORITY by direct mail from CONTRACTOR'S insurance carrier and shall specifically cover any contractual liability incurred hereunder.

All insurance policies shall be on an occurrence basis and cover the period of performance under this Agreement.

The coverage shall contain no special limitations on the scope of protection afforded to the Insured Parties.

CONTRACTOR'S insurance shall be primary insurance as respects the Insured Parties, and each of them. Any insurance, self-insurance or other coverage maintained by Insured Parties shall be excess of the CONTRACTOR'S insurance and not contribute to it.

Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to Insured Parties.

CONTRACTOR'S insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of insurer's liability.

All insurance policies shall specifically cover any contractual liability incurred pursuant to this Agreement.

Any deductibles or self-insured retention limits must be disclosed to and approved by AUTHORITY prior to execution of this Agreement. At the option of AUTHORITY, either: the insurer shall reduce or eliminate such deductibles as respects the Insured Parties; or CONTRACTOR shall provide a financial guarantee satisfactory to AUTHORITY guaranteeing payment of losses and related investigations, claim administration and defense expenses.

CONTRACTOR shall furnish to AUTHORITY certificates of insurance prior to the commencement of Services under this Agreement, and as may be periodically requested by AUTHORITY. CONTRACTOR shall include all endorsements necessary to comply with this Agreement, including additional insured endorsements, signed by the insurer's representative. Such evidence shall include confirmation that coverage includes or has been modified to include all provisions required by this Agreement. CONTRACTOR shall, upon request of AUTHORITY at any time, deliver to AUTHORITY complete, certified copies of the policies of insurance, including endorsements, and receipts for payment or premiums thereon, required by this Agreement. Failure to obtain the required documents prior to the Services beginning shall not waive CONTRACTOR'S obligation to provide them.

If any of the required coverages expire during the term of this Agreement, CONTRACTOR shall deliver the renewal certificate(s) including the general liability and auto liability additional insured endorsements to AUTHORITY at least ten (10) days prior to the expiration date.

In the event that CONTRACTOR employs subcontractors to perform any portion of the Services to be performed pursuant to this Agreement, it shall be CONTRACTOR'S responsibility to require and confirm that each subcontractor meets the minimum insurance requirements specified in this Agreement.

8. AMENDMENTS. Any amendment, modification, or variation from the terms of this Agreement shall be in writing and shall be effective only upon approval by the General Manager of the AUTHORITY.

9. TERMINATION.

9.1 If, during the term of this Agreement, AUTHORITY determines that CONTRACTOR is not faithfully abiding by any term or condition contained herein, AUTHORITY may notify CONTRACTOR in writing of such defect or failure to perform; which notice must give CONTRACTOR five (5) working days thereafter in which to perform said work or cure the deficiency. If CONTRACTOR has not performed the work or cured the deficiency within five (5) days specified in the notice, such shall constitute a breach of this Agreement and AUTHORITY may, at its election, perform the work and/or remedy the defect and charge the expense to Contractor, or terminate this Agreement immediately by written notice to CONTRACTOR to said effect. Such termination shall terminate CONTRACTOR's right to proceed with the Services hereunder, but shall not terminate CONTRACTOR'S ongoing obligations, including without limitation its indemnification, hold harmless and defense obligations. In the event of such termination, CONTRACTOR shall be entitled to receive payment based on the Contract Price for the Services performed up

through the day it received AUTHORITY's Notice of Termination, minus any offset from such payment representing AUTHORITY's damages or reasonably likely damages from such breach. AUTHORITY reserves the right to delay any such payment, to allow for a full and complete accounting of costs. In no event, however, shall CONTRACTOR be entitled to receive payment in excess of the compensation quoted in its bid.

9.2 AUTHORITY may terminate this Agreement, in whole or in part, for AUTHORITY's convenience and without cause upon providing thirty (30) days' written notice to CONTRACTOR. Upon its receipt of such notice CONTRACTOR shall perform no additional Services and shall place no additional subcontracts or purchase orders except as otherwise directed by AUTHORITY in writing. Upon such termination CONTRACTOR shall be entitled to receive payment as provided in Section 10.1, but shall not be entitled to receive any profit, overhead or other markup on Services not performed.

10. STATUS OF CONTRACTOR. CONTRACTOR and its employee(s) are engaged in an independent contractor relationship with AUTHORITY in performing all work, duties and obligations hereunder. AUTHORITY shall not exercise any control or direction over the methods by which CONTRACTOR shall perform its work and functions. AUTHORITY'S sole interest and responsibility is to ensure that the Services covered by this Agreement are performed and rendered in a competent, satisfactory and legal manner. CONTRACTOR represents that its employee(s) have the qualifications and skills necessary to perform the work and Services under this Agreement in a competent, professional manner, without the advice or direction of AUTHORITY. CONTRACTOR will supply all tools, materials and equipment required to perform the work and Services under this Agreement. The parties agree that no work, act, commission or omission of CONTRACTOR or its employee(s) pursuant to this Agreement shall be construed to make CONTRACTOR and its employee(s) the agent, employee or servant of AUTHORITY. CONTRACTOR and its employee(s) are not entitled to receive from AUTHORITY vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability benefits, unemployment benefits or any other employee benefit of any kind. CONTRACTOR shall be solely responsible for paying all federal and state employment and income taxes, for carrying workers' compensation insurance and for otherwise complying with all other employment law requirements with respect to CONTRACTOR or its employee(s). To the maximum extent allowable by law, CONTRACTOR agrees to indemnify, defend and hold AUTHORITY harmless from any and all liability, damages or losses (including attorney's fees, costs, penalties and fines) AUTHORITY suffers as a result of (a) CONTRACTOR'S failure to meet its employer obligations, or (b) a third party's designation of CONTRACTOR or its employee as an employee of AUTHORITY, regardless of any actual or alleged negligence by AUTHORITY.
11. ASSIGNMENT. Neither this Agreement nor any duties or obligations under this Agreement may be assigned or subcontracted by CONTRACTOR without the prior written consent of AUTHORITY. AUTHORITY has entered into this Agreement in order to receive brush clearing of CONTRACTOR. The provisions of this Agreement shall apply to any subcontractor of CONTRACTOR. AUTHORITY shall have the right to approve any subcontractor agreements, in addition to the written consent required by this section. Effective immediately upon the tender of final payment to CONTRACTOR, CONTRACTOR assigns to AUTHORITY all rights, title and interest in and to all causes of action CONTRACTOR may have under the Clayton Act (15 U.S.C. section 15) or under

the Cartwright Act (California Business and Professions Code section 16700, et seq.) arising from purchases of goods, services, or materials pursuant to this Agreement.

12. PROPRIETARY RIGHTS. Any written, printed, graphic, or electronically or magnetically recorded information furnished by AUTHORITY for CONTRACTOR'S use are the sole property of AUTHORITY. CONTRACTOR and its employee(s) will keep any information identified by AUTHORITY as confidential in the strictest confidence, and will not disclose it by any means to any person except with AUTHORITY approval, and only to the extent necessary to perform the Services under this Agreement. This prohibition also applies to CONTRACTOR'S employees, agents, and subcontractors. On termination of this Agreement, CONTRACTOR will promptly return any confidential information in its possession to AUTHORITY.
13. PARTIAL INVALIDITY. If any non-material provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.
14. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same agreement, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.
15. PROVISIONS REQUIRED BY LAW. Each and every provision of law and clause required by law to be inserted in this Agreement shall be deemed to be inserted herein, and the Agreement shall be read and enforced as though they were included herein. If through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the request of either party, the Agreement shall forthwith be physically amended to make such insertion.
16. GOVERNING LAW. This Agreement and all questions relating to its validity, interpretation, performance, and enforcement (including, without limitation, provisions concerning limitations of actions), shall be governed by and construed in accordance with the laws of the State of California, notwithstanding any conflict-of-laws doctrines of such state or other jurisdiction to the contrary and without the aid of any canon, custom, or rule of law requiring construction against the draftsman.
17. CONTRACTOR CLAIMS AGAINST THE AUTHORITY. Effective January 1, 1991, the California Legislature enacted a requirement that all contract claims of three-hundred and seventy-five thousand dollars (\$375,000.00) or less on local government public works contracts must be submitted to mediation and judicial arbitration. Article 1.5 (Sections 20104 through 20104.6, inclusive) of Chapter 1 of Part 3 of the Public Contract Code concerning Resolution of Construction Claims, is hereby incorporated into this Agreement.
18. JURISDICTION, FORUM AND VENUE. The proper jurisdiction, forum and venue for any claims, causes of action or other proceedings concerning this Agreement shall be in the state and federal courts located in the State of California, County of San Diego. AUTHORITY and CONTRACTOR agree not to bring any action or proceeding arising out of or relating to this Agreement in any other jurisdiction, forum or venue. AUTHORITY and CONTRACTOR hereby submit to personal jurisdiction in the State of California for the enforcement of this Agreement and hereby waive any and all personal rights under the law of any state to object to jurisdiction within the State of California for the purposes of

any legal action or proceeding to enforce this Agreement, whether on grounds of inconvenient forum or otherwise.

19. COMPLETE AGREEMENT. This written Agreement, including all writings specifically incorporated herein by reference, shall constitute the complete agreement between the parties hereto. No oral agreement, understanding, or representation not reduced to writing and specifically incorporated herein shall be of any force or effect, nor shall any such oral agreement, understanding, or representation be binding upon the parties hereto.
20. AUDIT. AUTHORITY shall have the option of inspecting and/or auditing all records and other written materials used by CONTRACTOR in preparing its statements to AUTHORITY as a condition precedent to any payment to CONTRACTOR. This Agreement is subject to examination and audit of the State Auditor, at the request of AUTHORITY or as part of any audit of AUTHORITY, for a period of three (3) years after final payment under the Agreement. CONTRACTOR shall cooperate with AUTHORITY, including any authorized representatives of AUTHORITY, regarding any such audit at no charge to AUTHORITY.
21. NOTICE. All written notices to the parties hereto shall be sent by United States mail, postage prepaid by registered or certified mail addressed as follows:

AUTHORITY

General Manager
San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff, CA 92007

CONTRACTOR

Brax Company Inc.
31248 Valley Center Road
Valley Center, CA 92082

Notices shall be deemed communicated as of the day of receipt or the fifth day after mailing, whichever occurs first.

22. PROTECTION OF EXISTING FACILITIES AND NON-INTERFERENCE WITH PLANT OPERATIONS. CONTRACTOR shall perform its duties in such a way that there will be no damage done to existing facilities and all facilities shall be left in the condition they were in prior to the beginning of the contract. CONTRACTOR will also perform all Services in such a way that there is no interference with plant operations.
23. AUTHORITY TO EXECUTE AGREEMENT. AUTHORITY and CONTRACTOR do covenant that the individual executing this Agreement on their behalf is a person duly authorized and empowered to execute this Agreement for such party.

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

SAN ELIJO JOINT POWERS AUTHORITY

Michael T. Thornton, P.E.
General Manager

BRAX COMPANY INC.

By: _____ (Signature)

Printed Name: _____

Title: _____

Contractor's License and Expiration Date



PROCESS AND PUMP EQUIPMENT

31248 Valley Center Rd | Valley Center CA 92082 | 760 749 2209

Quote

Quote # 28222
Date 8/20/2019
Sales Person VC
Written By: MICHAEL TWEED
Terms Net 30
Freight FACTORY

Bill To:

SAN ELIJO JOINT POWER AUTHORITY
P O BOX 1077
CARDIFF BY THE SEA, CA 92007

Ship To:

SAN ELIJO JOINT POWER
1253 PASEO DE LAS FLORES
ENCINITAS, CA 92024

Project RECYCLED WATER PUMP STATION #3

Part Number	Qty	Description	Unit	Total
BX7CHT150V2CLG	1	SUPPLY ONE (1) REPLACEMENT MOTOR TO REPLACE EXISTING 97068236 150HP, 1800 PRM, TEFC-Corro-Duty, Type TUCS, 447TP, 1.15SF, Thermostats, NRR, 3/60/460, Short Commercial Test LEAD TIME IS 9 WEEKS ARO	26,262.66	26,262.66T
FREIGHT	1	FREIGHT	368.00	368.00

CLSB 487325 CAGE 6U1W7 DIR 1000441272

Sales Tax (7.75%)

\$2,035.36

(A 3% SURCHARGE WILL BE ADDED TO ALL CREDIT CARD PAYMENTS)

Total

\$28,666.02

ALL SALES SUBJECT TO TERMS AND CONDITIONS AT WWW.BRAXCOMPANY.COM

**PROCESS AND PUMP EQUIPMENT**

31248 Valley Center Rd | Valley Center CA 92082 | 760 749 2209

Quote

Quote # 28223
Date 8/20/2019
Sales Person VC
Written By: MICHAEL TWEED
Terms Net 30
Freight FACTORY - PPA

Bill To:

SAN ELIJO JOINT POWER AUTHORITY
P O BOX 1077
CARDIFF BY THE SEA, CA 92007

Ship To:

SAN ELIJO JOINT POWER
1253 PASEO DE LAS FLORES
ENCINITAS, CA 92024

Project RECYCLED WATER PUMP STATION #3

Part Number	Qty	Description	Unit	Total
		SUPPLY & INSTALL ONE (1) NEW JOHNSTON SULZER VTP TO REPLACE THE EXISTING FLOWAY 12DKL. NEW PUMP / COLUMN / DISCHARGE HEAD WILL BE EPOXY COATED WITH 3M GREEN, AND THE HEAD WILL HAVE A TOP COAT TO MATCH EXISTING TAN. THE PUMP WILL BE EQUIPPED WITH SS IMPELLERS, BRZ WEAR RINGS, 416SS SHAFTING/COLLETS/BOLTING, A NEW SEAL FABRICATED SEAL GLAND AND MECHANICAL SEAL. ASSEMBLE TURBINE AND CHECK SHAFT RUN OUT.		
SULZER	1	JOHNSTON JTS 12CC 7STG W/L TURBINE	0.00	
BX7SHAFT 1 11/16 RD 416...	84.18	SHAFT 1 11/16 RD 416SS PSQ (NECKED DOWN TO 1.50")	0.00	0.00T
BX7SEAL GLAND SM 1 - 1....	1	SEAL GLAND SM 1 - 1.50 SHAFT	0.00	0.00T
BRAX CO.	1	MECHANICAL SEAL 1.50" SIC/SIC/VIT	0.00	
CUSTOM PIPE	1	10" X 5' X 1.50" W/L COLUMN ASSY 416SS SHAFTING (EPOXY COATED)	0.00	
CUSTOM PIPE	1	10" X 28.50" X 1.50" W/L COLUMN ASSY 416SS SHAFTING (EPOXY COATED)	0.00	
BRONZE 660 1 1/2 X 2 1/2	3	BRONZE 660 1 1/2 X 2 1/2	0.00	0.00T
GASKET FF 150# 10	1	GASKET FF 150# 10	0.00	0.00T
BRAX CO.	1	SEAL FLUSH LINE & FASTENERS	0.00	
BX7SCOTCHKOTE 134 FIE...	0.1	SCOTCHKOTE 134 TOUCH UP	0.00	0.00T
MATERIAL	1	TOTAL MATERIAL	17,060.00	17,060.00T
SUBCONTRACT	1	SANDBLAST & EPOXY COATING OF TURBINE / HEAD / SEAL GLAND	4,500.00	4,500.00
LABOR	1	LABOR TO COMPLETE	2,200.00	2,200.00
FREIGHT	1	FREIGHT	1,006.02	1,006.02

CLSB 487325 CAGE 6U1W7 DIR 1000441272

Sales Tax (7.75%)

\$1,322.15

(A 3% SURCHARGE WILL BE ADDED TO ALL CREDIT CARD PAYMENTS)

Total

\$26,088.17

ALL SALES SUBJECT TO TERMS AND CONDITIONS AT WWW.BRAXCOMPANY.COM

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 28, 2019

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO JOINT POWERS AUTHORITY AND OLIVENHAIN MUNICIPAL
WATER DISTRICT RESOURCE SHARING

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to execute an agreement with Olivenhain Municipal Water District for Resource Sharing that includes safety training and wastewater operator services; and
2. Discuss and take other action as appropriate.

BACKGROUND

San Elijo Joint Powers Authority (SEJPA) and Olivenhain Municipal Water District (OMWD) have a history of cooperation and partnership that spans more than two decades. The two agencies, working with the City of Carlsbad and Leucadia Wastewater District, were successful in securing \$20 million of Federal grant funding in late 1990's and early 2000's to develop recycled water systems that now serve the cities of Solana Beach, Encinitas, Carlsbad, and other portions of north San Diego county. Since then, collaboration between SEJPA and OMWD has continued in the pursuit and acquisition of state grants, recycled water infrastructure development, and the formation of the North San Diego Water Reuse Coalition to encourage regional recycled water planning.

Recently, SEJPA and OMWD partnered on the \$ 10 million Village Park Recycled Water project that expanded recycled water service within the City of Encinitas. As part of this project, a potable water reservoir (Wiegand Tank) was converted to recycled water storage, providing service benefits to OMWD, SEJPA, and San Dieguito Water District. This collaborative effort also attracted approximately \$600,000 in California grant funding.

The agencies are now considering new resource sharing opportunities that can lead to improved service performance, cost reductions, and staff development.

DISCUSSION

SEJPA and OMWD are agencies with similar operating units including recycled water production and distribution, wastewater treatment, and pump station operation and maintenance. Both agencies employ trained and certified professionals in the areas of potable water, wastewater, recycled water, safety/risk management, engineering, and other specialty areas. Resource sharing of these professionals and resources for specific projects or short periods may benefit both agencies, as well as provide professional growth and experience for staff.

The agencies are interested in exploring opportunities to pursue joint-agency training to reduce costs, develop employee skills, share knowledge, and improve emergency response. The attached Resource Sharing agreement (Attachment 1) provides authority to partner on safety training and on the provision of the SEJPA providing state certified wastewater operators to OMWD, on a mutually agreeable basis. OMWD employs a full-time safety and risk compliance officer that can provide training and consulting value to the SEJPA. In addition, there may be cost savings associated with economy of scale with joint agency training. SEJPA can provide resource benefits to OMWD through its depth of state certified wastewater treatment operator and engineering staff. Cost recovery for services provided between the agencies will be at actual cost incurred and administrative fee that is equal to 10% of the actual cost. The agreement is for a term of 3 years, with the option to extend in 1-year increments only by mutual written agreement of both agencies. The agreement can be unilaterally terminated by either agency with 60 days advanced written notice.

SEJPA's has found economic and performance benefits from current resource sharing agreements with the City of Encinitas for IT Managed Solutions and with Encina Wastewater Authority for Human Resources support and bulk chemical purchasing.

FISCAL IMPACT

There is no currently planned fiscal impact associated with approving the agreement. Each agency is responsible for funding its own services procured, thereby keeping each agency financially whole. There are potential cost savings from resource sharing activities due from economies of scale when procuring safety training, efficiencies of group training, and other benefits associated with partnering and collaboration.

It is therefore recommended that the Board of Directors:

1. Authorize the General Manager to execute an agreement with Olivenhain Municipal Water District for Resource Sharing that includes safety training and wastewater operator services; and
2. Discuss and take other action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachment 1: Agreement for Shared Safety Training Resources and Certified Wastewater Operator Services between Olivenhain Municipal Water District and San Elijo Joint Powers Authority

ATTACHMENT 1

AGREEMENT FOR SHARED SAFETY TRAINING RESOURCES AND CERTIFIED WASTEWATER OPERATOR SERVICES BETWEEN OLIVENHAIN MUNICIPAL WATER DISTRICT AND SAN ELIJO JOINT POWERS AUTHORITY

This Agreement is entered into by and between Olivenhain Municipal Water District, a Municipal Water District organized and operating pursuant to Water Code Sections 71000 *et seq.* (hereinafter OMWD) and San Elijo Joint Powers Authority, a joint powers authority organized and operating pursuant to Government Code Sections 6500 *et seq.* (hereinafter SEJPA), (collectively the Parties).

RECITALS

1. Since 1997, OMWD and SEJPA have partnered on several successful endeavors including developing a recycled water wholesale-retail relationship; state and federal grant pursuits; infrastructure development; and regional, multi-agency recycled water planning.

2. OMWD and SEJPA individually employ trained and certified professionals in the areas of water, wastewater, recycled water, Human Resources (HR), information technologies (IT), and other specialty areas and trades. Collaboratively sharing these resources between the agencies for specified projects and periods of engagements could be beneficial to the agencies and the employees for professional growth, and provide cost effective solutions to the communities that the agencies serve.

3. OMWD currently employs a full time Safety/Risk Compliance Administrator who has organized a yearly calendar of scheduled safety trainings.

4. SEJPA currently does not have a full time dedicated safety position on staff and seeks a cost-effective and high-quality safety training solution to fulfill this need.

5. OMWD and SEJPA desire to partner on certain safety training opportunities in order to provide economies of scale by combining selected training events between the Parties.

6. OMWD owns and operates the 4S Ranch Water Reclamation Facility (4S WRF), and staffs this facility with operators certified by the State Water Resources Control Board in wastewater operations, including one Grade 4 operator who serves as designated Chief Plant Operator.

7. SEJPA owns and operates the San Elijo Water Reclamation Facility (SEWRF), and staffs this facility with operators certified by the State Water Resources Control Board in wastewater operations, including two Grade 5 Wastewater Operators.

8. To ensure appropriate staffing of the 4S WRF at all times, OMWD desires to partner with SEJPA to occasionally share the services of a certified Wastewater Operator with a valid CA wastewater certification. In addition, both Parties desire to cross-train at either facility to familiarize staff with both facilities.

COVENANTS

1. **Scope.** OMWD and SEJPA desire to partner on certain safety training opportunities. By January 1, 2020 and then on December 1, 2020 and each subsequent year of this Agreement, OMWD will provide the yearly training calendar for the following calendar year to SEJPA. SEJPA staff will be invited to attend any of the scheduled trainings based on availability. The yearly training calendar is subject to change based on needs of the Parties and instructor availability. The Parties agree to discuss any additional safety training opportunities, not currently scheduled on the yearly training calendar, on a case by case basis.

Occasionally, OMWD may require the services of certified wastewater operators, up to and including Grade 4 certification. SEJPA agrees, based on availability, to make operators available with 30 (thirty) days advanced written notice from OMWD.

2. **Modification** This Agreement may be amended or modified for additional services only by mutual agreement of the Parties. No amendment or modification of this Agreement shall be binding unless it is in a written letter Agreement and signed by both General Managers.

3. **Billing.** OMWD shall bill SEJPA monthly on the first of the month for any safety trainings or classes that SEJPA staff attended in the previous month. The billing rate shall be calculated on a per-head amount mutually agreed upon in writing by both General Managers in advance of the training or class, and multiplied by the total number of SEJPA staff in attendance. Individual cost will vary based on each particular training and total number of staff in attendance.

SEJPA shall bill OMWD monthly on the first of the month for the total number of working hours that a Wastewater Operator provided services at OMWD in the previous month. The billing rate agreed upon in advance of the operator's or operators' assignment to OMWD shall include the current direct labor costs, fringe benefits, and an administrative fee that is equal to 10% of the labor costs and fringe benefits.

4. **Access to Records.** The Parties shall each keep proper books and records in which complete and correct entries shall be made of all OMWD's actual safety training costs and SEJPA's actual direct labor and fringe benefit costs for certified wastewater operators throughout the duration of this Agreement. All such records and books, except those exempt from disclosure by law, shall, upon written request, be made available and subject to inspection by any duly authorized representative of each Party, within 10 days after receipt of such notification.

5. **Insurance.** The Parties shall each maintain in full force and effect a policy of worker's compensation insurance which the Parties agree shall cover all work performed by their respective staff members under this Agreement, irrespective of where the work is performed, during the term of this Agreement. For example, if a SEJPA employee is injured while performing work for OMWD at OMWD pursuant to this Agreement, SEJPA's workers compensation insurance shall cover that SEJPA employee's claim.

6. **Assignment.** Neither this Agreement nor any of the duties, rights and/or obligations of either Party hereunder may be assigned without the prior written consent of both Parties to this Agreement, which consent shall not be unreasonably withheld.

7. **No Third Party Beneficiaries.** Nothing in this Agreement, express or implied, is intended to or shall confer upon any other agency or person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

8. **Term of Agreement.** The term of this Agreement shall be 3 (three) years from the effective date of this Agreement. The Agreement may be extended in 1-year increments beyond the initial three years only by mutual written Agreement of both Parties.

9. **Termination.** Either Party may unilaterally terminate this Agreement with 60 (sixty) days advanced written notification to the other Party. All amounts due under this Agreement shall continue and be due and payable upon termination.

10. **Entire Agreement.** This Agreement constitutes the entire understanding between the Parties with respect to the subject matter hereof superseding all negotiations, prior discussions, Agreements, and understandings, written or oral. This Agreement shall not be amended, except by written consent of the Parties, and no waiver of any rights under this Agreement shall be binding unless it is in writing signed by the Party waiving such rights. In the event any provision of this Agreement shall be held to be invalid and unenforceable, the other provisions of this Agreement shall be held to be valid and binding on the Parties.

11. **Binding Effect.** This Agreement shall be binding upon the Parties and their respective successors in interest, permitted assigns, executors, administrators, and personal representatives.

12. **Indemnification.** SEJPA agrees, to the fullest extent permitted by law, to indemnify and hold OMWD, its directors, officers, employees, or authorized volunteers harmless from any damage, liability, or cost (including attorney's fees and costs of defense) arising from, related to or in any way connected with this Agreement to the extent caused by SEJPA's willful misconduct or negligent acts, errors, or omissions, including such willful misconduct or negligent acts, errors, or omissions by subcontractors or others for whom SEJPA is legally liable.

OMWD agrees, to the fullest extent permitted by law, to indemnify and hold SEJPA, its directors, officers, employees, or authorized volunteers harmless from any damage, liability, or cost (including attorney's fees and costs of defense) arising from, related to, or in any way connected with this Agreement to the extent caused by OMWD's willful misconduct or negligent acts, errors, or omissions, including such willful misconduct or negligent acts, errors, or omissions by subcontractors or others for whom OMWD is legally liable.

13. **Jurisdiction, Forum, and Venue.** In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the Parties agree that proper jurisdiction, forum, and venue for any claims, causes of action, or other proceedings

concerning or arising out of this Agreement shall be in the state and federal courts located in the State of California, County of San Diego, in or nearest to the North County Superior Court. In the event of a dispute under this Agreement, no Party shall be deemed to be the Party who caused the uncertainty to exist and the prescriptions of Civil Code Section 1654 shall not be applicable to such dispute under this Agreement.

14. **Dispute Resolution.** In the event of a dispute relating to this Agreement, both Parties agree to use their best efforts to informally resolve the dispute without filing litigation. Accordingly, the Parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement or the relationship created by this Agreement to non-binding mediation before bringing a claim, controversy or dispute in a court or before any other tribunal. The mediation is to be conducted by either an individual mediator or a mediator appointed by mediation services mutually agreeable to the Parties. The mediation shall take place at a time and location which is also mutually agreeable; provided, however, in no event shall the mediation occur later than 90 days after either Party notifies the other of its desire to have a dispute placed before a mediator, unless the time period is extended by a written Agreement of the Parties. The costs and expenses of mediation, including compensation and expenses of the mediator (excluding the attorney's fees incurred by either Party), are to be shared by the Parties equally. If the Parties are unable to resolve the claim, controversy, or dispute within 90 days after the date either Party provides the other written notice of mediation, then either Party may bring and initiate a legal proceeding to resolve the claim, controversy, or dispute unless the time period is extended by a written Agreement of the Parties.

15. **Notices.** All letters, statements, or notices required pursuant to this Agreement shall be deemed effective upon receipt when personally served, transmitted by facsimile machine, or sent certified mail, return receipt requested, to the following addresses or facsimile numbers:

To: "SEJPA"
San Elijo Joint Powers Authority
Attention: Michael Thornton, General Manager
2695 Manchester Avenue
PO Box 1077
Cardiff by the Sea, CA 92007
Facsimile No. (760) 753-5935

To: "OMWD"
Olivenhain Municipal Water District
Attention: Kimberly A. Thorner, General Manager
1966 Olivenhain Road
Encinitas, CA 92024
Facsimile No. (760) 753-5640

16. **Effective Date.** The effective date of this Agreement executed in counterparts in Encinitas, California, within the North County Judicial District, County of San Diego, State of California, is _____. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same Agreement, and the signature of any Party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

Dated: _____

Olivenhain Municipal Water District,
a public agency

By: _____

Kimberly A. Thorner
General Manager

Dated: _____

San Elijo Joint Powers Authority,
a public agency

By: _____

Michael T. Thornton
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 28, 2019

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: FISCAL YEAR 2018-19 FINANCIAL AUDIT ACCEPTANCE

RECOMMENDATION

It is recommended that the Board of Directors:

1. Accept and file the Fiscal Year 2018-19 Audited Financial Statements for San Elijo Joint Powers Authority;
2. Accept and file the Fiscal Year 2018-19 SAS 114 Letter; and
3. Discuss and take action as appropriate.

BACKGROUND

San Elijo Joint Powers Authority (SEJPA) is required by California Government Code and Board policy to annually conduct an audit of its financial records. The Pun Group was awarded a professional service agreement over a 3 year period at the March 2016 Board meeting. The agreement provides for an audit of the financial records, to express an opinion on the financial statements, and to attend a Board meeting to present the year end draft audit report to SEJPA's Board of Directors.

DISCUSSION

The financial audit of SEJPA for Fiscal Year 2018-19 has been completed and it is the auditor's opinion that SEJPA's June 30, 2019 financial statements are presented fairly in all material aspects. The audit was performed in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. As part of the audit, The Pun Group is required by professional standards to communicate to the Board of Directors specific information related to the audit. This communication to those charged with governance (auditor's SAS 114 letter) includes information related to accounting practices, audit difficulties, disagreements with management (if any), management representations, corrected and uncorrected misstatements, and other audit findings, issues or matters. Upon completion of the audit, The

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

The audited financial statements include the following sections:

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

Mr. Kenneth Pun, CPA, the managing partner for The Pun Group, will present a summary of audit findings to the Board of Directors and answer questions.

It is therefore recommended that the Board of Directors:

1. Accept and file the Fiscal Year 2018-19 Audited Financial Statements for San Elijo Joint Powers Authority;
2. Accept and file the Fiscal Year 2018-19 SAS 114 Letter; and
3. Discuss and take action as appropriate.

Respectfully submitted,



Paul F. Kinkel
Director of Finance & Administration

- Attachment 1: San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2019
- Attachment 2: Fiscal Year 2018-19 SAS 114 Letter

ATTACHMENT 1

San Elijo Joint Powers Authority

Cardiff by the Sea, California

Financial Statements and Independent Auditors' Report

For the Year Ended June 30, 2019

San Elijo Joint Powers Authority
Financial Statements
For the Year Ended June 30, 2019

Table of Contents

	<u>Page</u>
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report on the Financial Statements.....	1
Management's Discussion and Analysis – Required Supplementary Information (Unaudited)	3
Financial Statements:	
Statement of Net Position.....	10
Statement of Revenues, Expenses, and Changes in Net Position.....	13
Statement of Cash Flows.....	14
Notes to the Financial Statements	19
Required Supplementary Information (Unaudited):	
Schedules of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios	48
Schedule of Pension Contributions	49
Schedule of Changes in Net OPEB Liability and Related Ratios	50
Supplementary Information:	
Combining Statement of Net Position.....	53
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	55
Combining Statement of Cash Flows.....	56
Other Information:	
Operating Budget Comparison Schedule – Wastewater (Unaudited)	58
Operating Budget Comparison Schedule – Recycled (Unaudited)	59

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the San Elijo Joint Powers Authority ("SEJPA"), which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Elijo Joint Powers Authority as of June 30, 2019, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Supplementary Information

The Combining Schedule of Net Position, the Combining Schedule of Revenues, Expenses, and Changes in Net Position, and the Combining Statement of Cash Flows are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses, and Changes in Net Position, and Combining Schedule of Cash Flows are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

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

The Pw Group, LLP

San Elijo Joint Powers Authority
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2019

Our discussion and analysis of the financial performance of the San Elijo Joint Powers Authority's (SEJPA) provides an overview of the SEJPA's financial activities as of and for the year ended June 30, 2019. Please read it in conjunction with the SEJPA's financial statements which begin on page 10.

Financial Statements

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

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

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

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

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

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

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

- Operations
- Capital and related financing
- Noncapital 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.

San Elijo Joint Powers Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2019

Financial Highlights

The SEJPA's net position increased by \$523,741 for the year ended June 30, 2019.

The SEJPA's revenues totaled \$10,076,182 for the year ended June 30, 2019, a decrease of \$25,396,677 resulting principally from member agency assessments to account for the 2017 Revenue Bonds.

The SEJPA's expenses totaled \$9,552,441 for the year ended June 30, 2019. The expense increase was \$176,701 or 1.9% primarily due to interest expense on the 2017 Revenue Bonds, increase in the pension liability, and depreciation.

Financial Analysis of the SEJPA

Net Position

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

	2019	2018	Increase (Decrease)	Percent Increase (Decrease)
Assets:				
Current and other assets	\$ 48,765,851	\$ 54,853,525	\$ (6,087,674)	(11.1%)
Capital assets	53,312,302	49,512,088	3,800,214	7.7%
Total Assets	102,078,153	104,365,613	(2,287,460)	(2.2%)
Deferred Outflows of Resources	743,254	1,037,082	(293,828)	(28.3%)
Liabilities:				
Current liabilities	3,119,185	4,470,291	(1,351,106)	(30.2%)
Non-current liabilities	30,692,617	32,524,634	(1,832,017)	(5.6%)
Total Liabilities	33,811,802	36,994,925	(3,183,123)	(8.6%)
Deferred Inflows of Resources	144,060	65,966	78,094	118.4%
Net Position:				
Net investment in capital assets	25,245,211	18,799,752	6,445,459	34.3%
Restricted	630,000	630,000	-	0.0%
Unrestricted	42,990,334	48,912,052	(5,921,718)	(12.1%)
Total Net Position	\$ 68,865,545	\$ 68,341,804	\$ 523,741	0.8%

Net position increased by \$523,741 from fiscal year 2018 to 2019. Net investment in capital assets increased \$6,445,459 in fiscal year 2019. This increase is the result of principal paid on long-term debt, and the investment in capital assets, net of depreciation expense.

San Elijo Joint Powers Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2019

Financial Analysis of the SEJPA (Continued)

Net Position (Continued)

Restricted net position is unchanged for the year ended June 30, 2019 as funds restricted for bond reserves remain in place.

Unrestricted net position (those that can be used to finance day-to-day operations) decreased \$5,921,718 primarily due to cash funding for the Preliminary Treatment and Encinitas Ranch Recycled Water Expansion projects.

Revenues, Expenses and Changes in Net Position

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

	2019	2018	Increase (Decrease)	Percent Increase (Decrease)
Revenues				
Operating contributions from members	\$ 3,278,174	\$ 3,492,887	\$ (214,713)	(6.1%)
Charges for services to other government agencies	4,472,156	7,928,115	(3,455,959)	(43.6%)
Other nonoperating revenue	2,179,588	1,304,599	874,989	67.1%
Member agency assessments	153,514	22,747,258	(22,593,744)	(99.3%)
State grants	(7,250)	-	(7,250)	100.0%
Total revenues	10,076,182	35,472,859	(25,396,677)	(71.6%)
Expenses				
Operating expenses	8,599,404	8,350,733	248,671	3.0%
Nonoperating expenses	953,037	1,025,007	(71,970)	(7.0%)
Total expenses	9,552,441	9,375,740	176,701	1.9%
Increase in net position	\$ 523,741	\$ 26,097,119	\$ (25,573,378)	(98.0%)

Capital Assets

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

	2019	2018	Increase (Decrease)	Percent Increase (Decrease)
Construction in progress	\$ 4,037,434	\$ 3,952,384	\$ 85,050	2.2%
Plant equipment	86,593,683	80,684,280	5,909,403	7.3%
Lab equipment	87,335	97,566	(10,231)	(10.5%)
Office equipment	83,896	83,896	-	0.0%
Vehicles	289,287	289,287	-	0.0%
Subtotal	91,091,635	85,107,413	5,984,222	7.0%
Less accumulated depreciation	(37,779,333)	(35,595,325)	(2,184,008)	6.1%
Total capital assets, net	\$ 53,312,302	\$ 49,512,088	\$ 3,800,214	7.7%

San Elijo Joint Powers Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2019

Financial Analysis of the SEJPA (Continued)

Capital Assets (Continued)

The net additions to capital assets for fiscal year 2019 totaled \$5,984,222. Capital asset additions include the Preliminary Treatment and Encinitas Ranch Recycled Water Expansion projects, in addition to several smaller projects.

Long-Term Debt

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

	2019	2018	Increase (Decrease)	Percent Increase (Decrease)
2011 Refunding Revenue Bonds	\$ 294,886	\$ 1,789,733	\$ (1,494,847)	(83.5%)
2017 Revenue Bonds	24,081,271	24,151,495	(70,224)	(0.3%)
State loan payable	1,608,773	2,383,854	(775,081)	(32.5%)
Private placement loan payable	1,433,578	1,519,553	(85,975)	(5.7%)
SFID Reimbursement Agreement payable	425,702	429,328	(3,626)	(0.8%)
SDG&E loan	427,107	480,495	(53,388)	(11.1%)
Total long-term debt	<u>\$ 28,271,317</u>	<u>\$ 30,754,458</u>	<u>\$ (2,483,141)</u>	<u>(8.1%)</u>

The total long-term debt decreased by \$2,483,141 primary due to principal payments on the 2011 Refunding Bonds and the State Loan Payable.

Economic Factors

Consistent with the prior year, SEJPA's fiscal year 2019-20 sanitary fund operations and maintenance budget is \$5,406,346. The water reclamation budget is \$1,535,009. Sales of reclaimed water are budgeted to be approximately 1,643-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 \$188,400 and is \$28,000 higher than last year's budget levels.

The capital project program will have a budget of \$1,672,427 during the upcoming year. This is primarily for improvements to the wastewater, ocean outfall, pump stations, and reclamation programs.

Costs of sanitary services are allocated on the basis of percentage of use, as indicated by measured flows, or level of effort, as appropriate. On the basis of connected equivalent dwelling units (EDU's) for wastewater treatment provided to the member agencies, the budgeted cost is approximately \$164 per EDU per year for 2019-20. This represents a 5% increase from 2018-19. The Encinitas Ranch Golf Course pays a set annual price for interruptible water service. For the remaining water agencies, recycled water sales are based on individual contracts which may include minimum annual purchase volumes and negotiated water rate prices. These revenues are supplemented by incentives from the Metropolitan Water District and the San Diego County Water Authority.

San Elijo Joint Powers Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2019

Economic Factors (Continued)

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

Contacting the Authority's Financial Manager

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

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Financial Statements

FINANCIAL STATEMENTS

San Elijo Joint Powers Authority
Statement of Net Position
June 30, 2019

ASSETS

Current assets:

Cash and investments	\$ 24,744,101
Due from other governmental agencies	639,348
Accrued interest receivable	362,619
Prepaid items	35,314
Current portion of loans receivable	550,000
Total current assets	26,331,382

Non-current assets:

Restricted cash and cash equivalents	630,645
Loans receivable - net of current portion	21,800,000
Other assets	3,824
Capital assets:	
Nondepreciable	4,037,434
Depreciable, net of accumulated depreciation	49,274,868
Total capital assets	53,312,302
Total non-current assets	75,746,771
Total assets	102,078,153

DEFERRED OUTFLOWS OF RESOURCES

Deferred amount on refunding	30,964
Deferred outflows of resources related to pensions	705,063
Deferred outflows of resources related to OPEB	7,227
Total deferred outflows of resources	743,254

See accompanying Notes to the Financial Statements.

San Elijo Joint Powers Authority
Statement of Net Position (Continued)
June 30, 2019

LIABILITIES

Current liabilities:

Accounts payable	\$ 598,279
Accrued liabilities	174,855
Accrued interest payable	343,231
Retention payable	253,845
Unearned revenue	229,552
Revenue refunding bonds - due within one year	115,000
Revenue bonds - due within one year	435,000
State loan payable - due within one year	794,455
Private placement loan payable - due within one year	89,580
SDG&E loan - due within one year	53,388
Compensated absences - due within one year	32,000
Total current liabilities	3,119,185

Non-current liabilities:

Due to member agencies payable from restricted assets	645
Revenue refunding bonds - due in more than one year	179,886
Revenue bonds - due in more than one year	23,646,271
State loan payable - due in more than one year	814,318
Private placement loan payable - due in more than one year	1,343,998
SFID reimbursement agreement payable	425,702
SDG&E loan - due in more than one year	373,719
Net pension liability	2,998,025
Total OPEB liability	471,024
Compensated absences - due in more than one year	439,029
Total non-current liabilities	30,692,617
Total liabilities	33,811,802

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions	143,361
Deferred inflows of resources related to OPEB	699
Total deferred inflows of resources	144,060

NET POSITION

Net investment in capital assets	25,245,211
Restricted	630,000
Unrestricted	42,990,334
Total Net Position	\$ 68,865,545

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San Elijo Joint Powers Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019

Operating revenues:

Charges for services to other government agencies	\$ 4,472,156
Contributions from the City of Encinitas	1,859,782
Contributions from the City of Solana Beach	1,418,392
Total operating revenues	<u>7,750,330</u>

Operating expenses:

Personnel costs	3,233,156
Depreciation and amortization	2,213,166
Utilities	734,002
Contracted services	1,019,767
Supplies	539,169
Disposal services	263,636
Miscellaneous	114,583
Repair parts expense	197,692
Rent	150,002
Permit/purveyor fees	71,006
Insurance	63,225
Total operating expenses	<u>8,599,404</u>

Operating income (849,074)

Non-operating revenues (expenses):

Investment income	1,669,140
State grants	(7,250)
Rental income	28,239
Loss on disposal of assets	(848)
Interest expense	(952,189)
Other	482,209
Total non-operating revenues, net	<u>1,219,301</u>

Net income before capital contributions 370,227

Capital contributions:

Assessments from City of Encinitas	76,757
Assessments from City of Solana Beach	76,757
Total capital contributions	<u>153,514</u>

Change in net position 523,741

Net position:

Beginning of year	68,341,804
End of year	<u>\$ 68,865,545</u>

See accompanying Notes to the Financial Statements.

San Elijo Joint Powers Authority
Statement of Cash Flows
For the Year Ended June 30, 2019

Cash flows from operating activities:	
Cash receipts from customers	\$ 8,026,660
Cash payments to vendors and suppliers for materials and services	(3,880,300)
Cash payments to employees for services	(3,056,172)
Net cash provided by operating activities	<u>1,090,188</u>
Cash flows from non-capital financing activities:	
Rental and other nonoperating income	<u>503,199</u>
Net cash provided by non-capital financing activities	<u>503,199</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(6,009,130)
Payment of bond issuance costs	41,287
Principal paid on long-term debt	(2,483,141)
Interest paid on long-term debt	(988,308)
Capital contributions	153,514
Net cash (used in) capital and related financing activities	<u>(9,285,778)</u>
Cash flows from investing activities:	
Proceeds from loans receivable	1,415,000
Investment earnings	1,676,072
Net cash provided by investing activities	<u>3,091,072</u>
Net decrease in cash and cash equivalents	(4,601,319)
Cash and cash equivalents:	
Beginning of year	<u>29,976,065</u>
End of year	<u>\$ 25,374,746</u>
Cash and cash equivalents:	
Cash and cash equivalents	\$ 24,744,101
Restricted cash and cash equivalents	<u>630,645</u>
Total cash and cash equivalents	<u>\$ 25,374,746</u>

See accompanying Notes to the Financial Statements.

San Elijo Joint Powers Authority
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2019

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

Operating income	\$ (849,074)
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Adjustments to reconcile operating income to net cash provided by operating activities:

Depreciation and amortization	2,213,166
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Change in assets, liabilities, deferred outflows of resources, and deferred inflows of resources:

Due from other governmental agencies	69,351
Prepaid items	(9,576)
Deferred outflows related to pensions	259,769
Deferred outflows related to OPEB	(7,227)
Accounts payable	(460,861)
Accrued liabilities	37,695
Retentions payable	(256,781)
Unearned revenue	206,979
Net pension liability	(228,992)
Net OPEB liability	38,004
Compensated absences	(359)
Deferred inflows related to pensions	85,344
Deferred inflows related to OPEB	(7,250)

Total adjustments	<u>1,939,262</u>
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Net cash provided by operating activities	<u><u>\$ 1,090,188</u></u>
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Non-cash items:

Amortization of other assets	\$ 5,098
Amortization of deferred amount on refunding	41,286

Total non-cash items	<u><u>\$ 46,384</u></u>
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NOTES TO THE FINANCIAL STATEMENTS

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San Elijo Joint Powers Authority
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1 – Reporting Entity

The San Elijo Joint Powers Authority (SEJPA), a Joint Powers Authority authorized by California Government Code Section 6500, was established on June 17, 1987 with the power to own, operate, maintain and upgrade the San Elijo Water Reclamation Facility (WRF) through an agreement between the Cardiff Sanitation District (Cardiff) and the Solana Beach Sanitation District (Solana Beach) (collectively, the “member agencies”). The SEJPA which is governed by a board consisting of four members, two from each member agency; serves as a wastewater treatment facility for the member agencies as well as portions of Rancho Santa Fe Community Services District, Improvement Areas 2 and 3, and portions of the City of San Diego. On July 1, 1990, the City of Solana Beach succeeded to the powers and responsibilities of the Solana Beach Sanitation District; and on October 18, 2001, the City of Encinitas succeeded to the powers and responsibilities of the Cardiff Sanitation District.

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

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Method of Accounting

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

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

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Method of Accounting (Continued)

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

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

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

Estimates

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

Revenue Recognition

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

Cash and Cash Equivalents

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

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

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

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

Investments

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

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all amounts due from other government agencies, loans receivable and the retrofit loans receivable were fully collectible; therefore no allowance for doubtful accounts was recorded at June 30, 2019.

Capital Assets

Capital assets consist of construction in progress, plant equipment, lab equipment, office equipment, and vehicles. Capital assets purchased or acquired with a cost exceeding \$2,000 and an estimated useful life of more than one year are reported at historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is calculated on the straight-line method over the following estimated useful lives:

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

Capitalized Interest

The SEJPA incurred interest charges on long-term debt. No interest was capitalized as a cost of construction for the year ended June 30, 2019.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Amortization

2011 Refunding Bonds

Bond insurance costs are being amortized on the straight-line method over periods not to exceed the debt maturities. Amortization expense totaled \$5,098 for the year ended June 30, 2019.

The original issue premium is being amortized on the straight-line method over the remaining life of the related debt. Amortization of the original issue premium totaled \$79,848 for the year ended June 30, 2019 and is included in interest expense.

The deferred amount on refunding is being amortized over the remaining life of the refunded debt. Amortization expense totaled \$41,286 for the year ended June 30, 2019, and is included in interest expense.

2017 Revenue Bonds

The original issue premium is being amortized on the straight-line method over 30 years. Amortization of the original issue premium totaled \$70,224 for the year ended June 30, 2019 and is included in interest expense.

Classification of Liabilities

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

Compensated Absences

Employees are entitled to accrue vacation leave up to a maximum amount equal to twice the employees' annual accrual rate, after which accrual ceases until the balance of maximum accrued falls below the maximum accumulation (208 – 368 hours, depending on length of service). Upon separation of employment, accrued vacation benefits that have not been used are paid to the employee. Sick leave benefits may be accrued up to a maximum of 1,000 hours after which accrual ceases. Employee who are not terminated for cause and have given the SEJPA 14 calendar days written notice are paid for 50% of their sick leave balance upon separation. Accumulated and unpaid vacation and sick-leave totaling \$471,029 is accrued when incurred and included in noncurrent liabilities at June 30, 2019.

Risk Management

The SEJPA is a member of the California Sanitation Risk Management Authority (CSRMA). CSRMA is a risk-pooling self-insurance authority created under provisions of California Government Code Sections 6500 et. seq. The purpose of CSRMA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Each insured agency pays for its proportionate share of its individually contracted insurance coverage and consulting services. At June 30, 2019, the SEJPA participated in the programs of CSRMA as follows:

- **General Liability including Bodily Injury, Property Damage, Public Entity Errors and Omissions, Employment Practices Liability and Automobile Liability**

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

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Risk Management (Continued)

- **Property Damage**

\$69,729,288 in scheduled values is covered through the APIP Property Program with a \$1,000,000,000 shared loss limit per occurrence with a \$25,000 deductible. Coverage includes: all risk property coverage, mobile equipment, auto physical damage and boiler and machinery. The SEJPA has a \$5,000 to \$350,000 deductible for boiler and machinery coverage depending on the size of the machinery.

- **Faithful Performance/Employee Dishonesty Bond**

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

- **Workers' Compensation**

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

The SEJPA pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. The SEJPA's insurance expense totaled \$63,225 for the year ended June 30, 2019. There were no instances in the past three years where a settlement exceeded the SEJPA's coverage.

Pensions

For purposes of measuring the net pension liability at June 30, 2019, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation date	June 30, 2017
Measurement date	June 30, 2018
Measurement period	July 1, 2017 to June 30, 2018

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

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefits

For purposes of measuring the total OPEB liability at June 30, 2019, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 9). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for OPEB reporting:

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

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

Net Position

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

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

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

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

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

Economic Dependency

SEJPA received approximately 42.06% of its operating revenues from its member agencies for the year ended June 30, 2019.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 3 – Cash and Cash Equivalents

At June 30, 2019, cash and investments are reported at fair value based on quoted market prices. The following table presents the fair value measurements of investments recognized in the accompanying statement of net position measured at fair value on a recurring basis and the level within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2019:

	Amount Invested	Percentage of Portfolio	Measurement Input
Petty cash	\$ 174	0.00%	N/A
Deposits held with financial institutions	15,884,129	62.60%	N/A
Local Agency Investment Fund (LAIF)	9,490,443	37.40%	Uncategorized
Total cash and investments	\$ 25,374,746	100.00%	

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

Cash and investments	\$ 24,744,101
Restricted cash and cash equivalents	630,645
Total cash, investments, and cash equivalents	\$ 25,374,746

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Minimum Rating
Local agency bonds	5 years	None	None
U.S. Treasury obligations	5 years	None	None
State obligations	5 years	None	None
CA local agency obligations	5 years	None	None
U.S. agency securities	5 years	None	None
Bankers' acceptances	180 days	40%	None
Commercial paper	270 days	25%	A 1
Negotiable certificates of deposit	5 years	30%	None
Repurchase agreements	1 year	None	None
Reverse repurchase agreements	92 days	20%	None
Medium-term notes	5 years	30%	A
Mutual funds	n/a	20%	Multiple
Money market mutual funds	n/a	20%	Multiple
Collateralized bank deposits	5 years	None	None
Mortgage pass-through securities	5 years	20%	AA
Time deposits	5 years	None	None
California Local Agency Investment Fund (LAIF)	n/a	None	None
County pooled investments	n/a	None	None

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 3 – Cash and Cash Equivalents (Continued)

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The SEJPA manages its exposure to interest rate risk by purchasing shorter term investments so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of the SEJPA's investments (including investments held by the bond trustee) to market interest rate fluctuations is shown via the distribution of the SEJPA's investments by maturity at June 30, 2019 as follows:

	Amount Invested	Percentage of Portfolio	Measurement Input
Petty cash	\$ 174	0.00%	N/A
Deposits held with financial institutions	15,884,129	62.60%	N/A
Local Agency Investment Fund (LAIF)	9,490,443	37.40%	Uncategorized
Total cash and investments	\$ 25,374,746	100.00%	

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

Cash and investments	\$ 24,744,101
Restricted cash and cash equivalents	630,645
Total cash, investments, and cash equivalents	\$ 25,374,746

Disclosures Relating to Credit Risk

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

Credit ratings as of June 30, 2019 were as follows:

<u>Description</u>	<u>Minimum Legal Rating</u>	<u>Standards & Poor's Rating at June 30, 2019</u>
Local Agency Investment Fund (LAIF)	N/A	Not Rated
Open ended money market mutual funds	N/A	Not Rated

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 3 – Cash and Cash Equivalents (Continued)

Disclosures Relating to Concentration of Credit Risk

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

The investment policy of the SEJPA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The SEJPA holds no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the SEJPA's total investments at June 30, 2019.

Disclosures Relating to Custodial Credit Risk

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

At June 30, 2019, none of the SEJPA's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. At June 30, 2019, no SEJPA investments were held by the same broker-dealer (counterparty) that was used by the SEJPA to buy the securities.

Investment in State of California Local Agency Investment Fund

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

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

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

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 3 – Cash and Cash Equivalents (Continued)

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

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

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

As of June 30, 2019, SEJPA had \$9,490,443 invested in LAIF, which had invested 1.77% of the pool investment funds in structured notes and asset-backed securities. The LAIF fair value factor of 1.001711790 was used to calculate the fair value of the investment in LAIF.

Note 4 – Due From Other Government Agencies

The SEJPA provides reclaimed water and wastewater treatment to a variety of governmental agencies within San Diego County. The following is a detail of amounts owed to/from the SEJPA by these agencies at June 30, 2019:

<u>Description</u>	<u>Balance</u>
San Dieguito Water District	\$ 219,387
City of Del Mar	156,802
San Diego County Water Authority	76,365
Santa Fe Irrigation District	74,411
City of Encinitas	49,952
Olivenhain Municipal Water District	42,403
Other	16,193
Rancho Santa Fe CSD 2 & 3	3,835
Total due from other governmental agencies	<u>\$ 639,348</u>

Note 5 – Restricted Assets

Restricted assets were provided by and are to be used for the following at June 30, 2019:

<u>Funding Source</u>	<u>Use</u>	<u>Amount</u>
Receipts from customers	State loan reserve requirement	\$ 630,000
Debt proceeds and interest earned	Debt service - Solana Beach	48
Debt proceeds and interest earned	Debt service - Encinitas	597
		<u>\$ 630,645</u>

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 6 – Loans Receivable

The City of Encinitas and the City of Solana Beach have entered into the fourth amendment and restated loan agreements with the SEJPA. The loans bear interest from 2% to 4%. Principal and interest are payable semi-annually four days prior to each September 1 and March 1 of each year, in order to provide the SEJPA with sufficient funds to service the debt on the 2011 Refunding Revenue Bonds and 2017 Revenue Bonds (See Note 8). Loans receivable consist of the following at June 30, 2019:

	<u>June 30, 2019</u>
City of Solana Beach	\$ 11,175,000
City of Encinitas	<u>11,175,000</u>
Subtotal	22,350,000
Less: current portion	<u>(550,000)</u>
Total	<u><u>\$ 21,800,000</u></u>

Note 7 – Capital Assets

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

Description	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Non-depreciable assets:					
Construction in progress	\$ 3,952,384	\$ 5,836,487	\$ -	\$ (5,751,437)	\$ 4,037,434
Total non-depreciable assets	<u>3,952,384</u>	<u>5,836,487</u>	<u>-</u>	<u>(5,751,437)</u>	<u>4,037,434</u>
Depreciable assets:					
Plant equipment	80,684,280	172,643	(14,677)	5,751,437	86,593,683
Lab equipment	97,566	-	(10,231)	-	87,335
Office equipment	83,896	-	-	-	83,896
Vehicles	289,287	-	-	-	289,287
Total depreciable assets	<u>81,155,029</u>	<u>172,643</u>	<u>(24,908)</u>	<u>5,751,437</u>	<u>87,054,201</u>
Accumulated depreciation:					
Plant equipment	(35,165,328)	(2,193,517)	13,829	(236)	(37,345,252)
Lab equipment	(74,790)	(5,811)	10,231	242	(70,128)
Office equipment	(70,867)	(3,794)	-	(3)	(74,664)
Vehicles	(284,340)	(4,946)	-	(3)	(289,289)
Total accumulated depreciation	<u>(35,595,325)</u>	<u>(2,208,068)</u>	<u>24,060</u>	<u>-</u>	<u>(37,779,333)</u>
Total depreciable assets, net	<u>45,559,704</u>	<u>(2,035,425)</u>	<u>(848)</u>	<u>5,751,437</u>	<u>49,274,868</u>
Total capital assets, net	<u><u>\$ 49,512,088</u></u>	<u><u>\$ 3,801,062</u></u>	<u><u>\$ (848)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 53,312,302</u></u>

Depreciation totaled \$2,208,068 for the year ended June 30, 2019. Depreciation plus amortization of other assets of \$5,098, as reported in the Statement of Revenues, Expenses, and Changes in Net Position, totaled \$2,213,166 for the year ended June 30, 2019.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 8 – Noncurrent Liabilities

A summary of changes in noncurrent liabilities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance July 1, 2019	Classification	
					Due Within One Year	Due in More Than One Year
Payable from Restricted Assets:						
Due to member agencies payable from restricted assets	\$ 196	\$ 449	\$ -	\$ 645	\$ -	\$ 645
Total payable from restricted assets	196	449	-	645	-	645
Long-Term Debt:						
2011 Refunding Revenue Bonds	1,650,000	-	(1,415,000)	235,000	115,000	120,000
add: original issue premium	139,733	-	(79,847)	59,886	-	59,886
2017 Revenue Bonds	22,115,000	-	-	22,115,000	435,000	21,680,000
add: original issue premium	2,036,495	-	(70,224)	1,966,271	-	1,966,271
State loan payable	2,383,854	-	(775,081)	1,608,773	794,455	814,318
Private placement loan payable	1,519,553	-	(85,975)	1,433,578	89,580	1,343,998
SFID Reimbursement Agreement payable	429,328	-	(3,626)	425,702	-	425,702
SDG&E financing	480,495	-	(53,388)	427,107	53,388	373,719
Total long-term debt	30,754,458	-	(2,483,141)	28,271,317	1,487,423	26,783,894
Other Noncurrent Liabilities:						
Compensated absences	471,388	195,012	(195,371)	471,029	32,000	439,029
Total OPEB liability	433,020	38,004	-	471,024	-	471,024
Net pension liability	3,227,017	-	(228,992)	2,998,025	-	2,998,025
Total other noncurrent liabilities	4,131,425	233,016	(424,363)	3,940,078	32,000	3,908,078
Total long-term obligations	\$ 34,886,079	\$ 233,465	\$ (2,907,504)	\$ 32,212,040	\$ 1,519,423	\$ 30,692,617

2011 Refunding Revenue Bonds

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

Although the refunding resulted in a deferred amount on refunding of \$340,611, the SEJPA in effect reduced the aggregate debt service payments by approximately \$222,000 each year over the next six years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of \$1,251,450. The deferred amount on refunding totaled \$30,964 at June 30, 2019.

The 2011 Refunding Revenue Bonds are payable in annual principal installments ranging from \$50,000 to \$1,415,000 through March 1, 2021. Interest payments are due semiannually on September 1, and March 1. Interest rates on the bonds range from 2% to 4%. The 2011 Refunding Revenue Bonds outstanding total \$1,415,000 at June 30, 2019. Accrued interest totaled \$2,156 at June 30, 2019. The member agencies have covenanted to make payments of loan installments in each year from net revenues derived from the operation of each Agency's respective wastewater collection system.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 8 – Noncurrent Liabilities (Continued)

2011 Refunding Revenue Bonds (Continued)

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 115,000	\$ 6,468	\$ 121,468
2021	120,000	3,420	123,420
Total	<u>\$ 235,000</u>	<u>\$ 9,888</u>	<u>\$ 244,888</u>

2017 Revenue Bonds

On June 21, 2017, the 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 the SEJPA’s capital improvement plan. The SEJPA entered into *Series 2017 Loan Agreements* with the City of Encinitas and the City of Solana Beach (together the “Cities”) to assist in the financing of the Cities’ respective shares of the Bonds. Each *Series 2017 Loan Agreement* is an absolute and unconditional obligation of the City of Encinitas and the City of Solana Beach, respectively, to make payments from an secured by a pledge of System Revenues and other funds of each respective City lawfully available therefor and does not constitute an obligation of the other City. Each of the Cities has agreed to pay its respective Loan Installments from its System Revenues comprised of gross revenues derived from its respective wastewater collection and disposal system (including the SEJPA’s treatment of wastewater collected by its system) after the deduction of operation and maintenance expenses, in an amount sufficient to pay the annul 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 the SEJPA has made certain covenants with respect to the operation and maintenance of its facilities.

The Loan Installments paid by Encinitas would pay approximately 50% of the total debt service on the Bonds and the Loan Installments paid by Solana Beach would pay approximately 50% of the debt service on the Bonds.

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 435,000	\$ 902,775	\$ 1,337,775
2021	450,000	889,725	1,339,725
2022	460,000	876,225	1,336,225
2023	475,000	862,425	1,337,425
2024-2028	2,685,000	4,004,475	6,689,475
2029-2033	3,415,000	3,268,875	6,683,875
2034-2038	4,250,000	2,440,800	6,690,800
2039-2043	5,090,000	1,590,313	6,680,313
2044-2047	4,855,000	494,800	5,349,800
Total	<u>\$ 22,115,000</u>	<u>\$ 15,330,413</u>	<u>\$ 37,445,413</u>

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 8 – Noncurrent Liabilities (Continued)

State Loan Payable

In March 1998, the SEJPA entered into an agreement with the State Water Resources Control Board for funding of the San Elijo Water Reclamation System. The loan was funded through the State Revolving Fund loan program administered by the State of California in the amount of \$12,633,522. The State Revolving Fund loan program provides funding for water reclamation projects at a reduced interest rate of 2.5%. The state loan payable outstanding totaled \$1,608,773 at June 30, 2019. Accrued interest totaled \$35,192 at June 30, 2019. The San Elijo Water Reclamation Project represented the construction of tertiary treatment, operational storage facilities, effluent pump stations and a reclaimed water distribution system. Annual loan payments are made by the SEJPA in the amount of \$834,675 and continue through August 2020. The SEJPA has agreed to maintain a dedicated source of revenue sufficient to provide reasonable assurance of repayment of the loan.

The terms of the state loan payable require the SEJPA to place \$63,000 into a reserve fund each year for ten (10) years, beginning with the issuance of the loan. The reserve fund balance was \$630,000 at June 30, 2019 (See Note 5).

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 794,455	\$ 40,219	\$ 834,675
2021	814,318	20,358	834,675
Total	<u>\$ 1,608,773</u>	<u>\$ 60,577</u>	<u>\$ 1,669,350</u>

Private Placement Loan Payable

In November 2011, the 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 \$1,433,578 at June 30, 2019. Accrued interest totaled \$4,958 at June 30, 2019. The SEJPA's obligation to pay the loan repayments is a special obligation limited solely to the net revenues as defined in the loan agreement. The SEJPA has covenanted that it will fix, prescribe and collect rates, fees and charges sufficient to generate net revenues at least equal to 115% of the amount of the maximum annual debt service.

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 89,580	\$ 58,574	\$ 148,154
2021	93,336	54,817	148,153
2022	97,249	50,904	148,153
2023	101,327	46,826	148,153
2024-2028	574,042	166,723	740,765
2029-2032	478,044	40,492	518,536
Total	<u>\$ 1,433,578</u>	<u>\$ 418,336</u>	<u>\$ 1,851,914</u>

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 8 – Noncurrent Liabilities (Continued)

SFID Reimbursement Agreement Payable

The Santa Fe Irrigation District (SFID) constructed a reclaimed water distribution pipeline extension of 3,400 linear feet to the 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 the SFID at a monthly rate of \$450 per acre foot of recycled water delivered through the extension including water delivered to purveyors other than SFID. In addition, SEJPA made an initial down payment of \$50,000. SEJPA will further make a lump sum payment of all remaining principal and interest due after completion of the 20th year 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 \$425,702 at June 30, 2019.

San Diego Gas & Electric Loan:

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 53,388	\$ -	\$ 53,388
2021	53,388	-	53,388
2022	53,388	-	53,388
2023	53,388	-	53,388
2024-2028	213,555	-	213,555
Total	<u>\$ 427,107</u>	<u>\$ -</u>	<u>\$ 427,107</u>

Note 9 – Postemployment Benefits

Plan Description

The 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 the SEJPA to the retiree is \$139 per month, which is set by CalPERS.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 9 – Postemployment Benefits (Continued)

Eligibility

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

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

Contributions

The obligation of the SEJPA to contribute to the plan is established and may be amended by the Board of Directors. The Board of Directors has established a policy of funding the actuarially determined contribution (ADC) on a pay as you go basis. For the fiscal year ended June 30, 2019, the SEJPA's average contribution rate was 0.59 % of covered-employee payroll. Employees are not required to contribute to the plan.

Total OPEB Liability

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

Total OPEB liability	<u>\$ 471,024</u>
Total OPEB liability	<u>\$ 471,024</u>

Actuarial Assumptions

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

Actuarial Assumptions:

Discount Rate	3.15%
Inflation	2.75%
Aggregate payroll increases	3.00%
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	CalPERS 1997-2011
Mortality Improvement Scale	Modified MP-2014, which converge to ultimate mortality improvement rates in 2022.
Pre-retirement turnover	Ranging from 0.01% to 17.42% based on termination rates under the CalPERS pension plan.
Healthcare Trend Rate	An annual healthcare cost trend rate of 6.5% initially reduced by decrements to an ultimate of 5.0% therefore.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2019.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 9 – Postemployment Benefits (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.15% percent. This discount rate is the mid-point, rounded to five basis points, of the range of 3-20 year municipal bond rate indices; S&P Municipal bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 433,020
Changes Recognized for the Measurement Period:	
Service cost	19,445
Interest on the total OPEB liability	15,625
Changes of benefit terms	-
Difference between expected and actual experience	8,259
Changes of assumptions	6,771
Contributions from the employer	-
Net investment income	-
Administrative expenses	-
Benefit payments	(12,096)
Net Changes during July 1, 2018 to June 30, 2019	38,004
Balance at June 30, 2019 (Measurement Date)	\$ 471,024

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

The following presents the total OPEB liability of the SEJPA, as well as what the SEJPA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.35 percent) or 1-percentage- point higher (4.35 percent) than the current discount rate:

Plan's Total OPEB Liability/(Asset)		
Discount Rate - 1% (2.15%)	Current Discount Rate (3.15%)	Discount Rate + 1% (4.15%)
\$ 541,657	\$ 471,024	\$ 413,916

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 9 – Postemployment Benefits (Continued)

Change in the Total OPEB Liability (Continued)

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

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

Plan's Total OPEB Liability		
Discount Rate - 1%	Healthcare Cost Trend Rates	Discount Rate + 1%
(5.5% decreasing to 4.0%)	(6.5% decreasing to 5.0%)	(7.5% decreasing to 6.0%)
\$ 406,356	\$ 471,024	\$ 552,798

OPEB Expense

For the fiscal year ended June 30, 2019, the SEJPA recognized OPEB expense of \$35,623.

Deferred outflows or deferred inflows of resources associated with OPEB at June 30, 2019 were the following:

	Deferred outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ 7,227	\$ -
Changes of assumptions	-	(699)
Total	\$ 7,227	\$ (699)

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
2020	\$ 553
2021	553
2022	553
2023	553
2024	554
Thereafter	3,762
	\$ 6,528

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 10 – Defined Benefit Pension Plan

Plan Descriptions

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The SEJPA participates in the miscellaneous 2.5% at 55 pool, for those employees hired before July 1, 2012. New employees with no prior CalPERS membership and those with prior CalPERS membership with a break in service greater than six months, hired after July 1, 2012 participate in the miscellaneous 2% at 62 pool. Employees hired after July 1, 2012 with prior CalPERS membership with less than six months break in service, participate in the miscellaneous 2% at 60 pool.

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

Hire Date	Miscellaneous		
	Prior to July 1, 2012	On or After July 1, 2012	
		Second Tier	PEPRA
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.25%
Required employer contribution rates	10.110%	7.200%	6.533%

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

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 10 – Defined Benefit Pension Plan (Continued)

Employees Covered by the Benefit Terms

For the year ended June 30, 2019, the SEJPA's plan's proportionate share of aggregate employer contributions made for the plan was as follows:

	<u>Miscellaneous</u>
Contributions - employer	<u>\$ 398,079</u>

At June 30, 2019, the following employees were covered by the benefit terms for the miscellaneous plan:

	<u>Miscellaneous</u>
Active employees	20
Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to, but not yet receiving benefits	15
Total	<u>49</u>

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

As of June 30, 2019, the SEJPA reported net pension liabilities for its proportionate shares of the net pension liability of the plan as follows:

	<u>Miscellaneous</u>
Proportionate share of net pension liability	<u>\$ 2,998,025</u>

The SEJPA's net pension liability for the plan is measured as the proportionate share of the net pension liability. The net pension liability of the plan is measured as of June 30, 2018, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The SEJPA's proportion of the net pension liability was based on a projection of the SEJPA's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2017). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 10 – Defined Benefit Pension Plan (Continued)

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

- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2018). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2018 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2017-18).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

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

	<u>Miscellaneous</u>
Proportion June 30, 2017	0.080480%
Proportion June 30, 2018	0.079640%
Change - increase (decrease)	<u>-0.000840%</u>

For the year ended June 30, 2019, the SEJPA recognized pension expense of \$465,275. At June 30, 2019, the SEJPA reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Contribution made after the measurement date	\$ 356,338	\$ -
Difference between expected and actual experience	75,885	-
Changes of assumptions	258,019	-
Net difference between projected and actual earnings on pension plan investments	14,821	
Employer contributions in excess/(under) proportionate share of contributions	-	(42,760)
Adjustments due to difference in proportions	-	(100,601)
Total	<u>\$ 705,063</u>	<u>\$ (143,361)</u>

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 10 – Defined Benefit Pension Plan (Continued)

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

The \$356,338 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources
2020	\$ 228,321
2021	130,815
2022	(126,804)
2023	(26,968)
Thereafter	-
Total	<u>\$ 205,364</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability determined in the June 30, 2017 actuarial accounting valuation. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

The underlying mortality assumption and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2014. Further details for the Experience Study can be found on the CalPERS website under "Forms and Publications."

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

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 10 – Defined Benefit Pension Plan (Continued)

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

Change of Assumption

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.65 percent to 7.15 percent as of the June 30, 2017 measurement date to correct the adjustment, which previously reduced the discount rate for administrative expense. The discount rate remained at 7.15% as of the June 30, 2018 measurement date.

Discount Rate

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

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

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

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

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 10 – Defined Benefit Pension Plan (Continued)

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

Discount Rate (Continued)

Asset Class	New Strategic Allocation	Real Return	
		Years 1 - 10 ¹	Years 11 + ²
Global equity	47.00%	4.90%	5.38%
Global fixed income	19.00%	0.80%	2.27%
Inflation sensitive assets	6.00%	0.60%	1.39%
Private equity	12.00%	6.60%	6.63%
Real estate	11.00%	2.80%	5.21%
Infrastructure and forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

¹ An expected inflation of 2.5% was used for this period.

² An expected inflation of 3.0% was used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the plan, as of the measurement date calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Plan's Net Pension Liability/(Asset)		
Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
\$ 4,817,252	\$ 2,998,025	\$ 1,496,284

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

Payable to the Pension Plan

At June 30, 2019, the SEJPA reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 11 – Net Position

At June 30, 2019, net investment in capital assets consisted of the following:

Description	Balance
Net investment in capital assets:	
Capital assets – not being depreciated	\$ 4,037,434
Capital assets, net – being depreciated	49,274,868
Deferred amount on refunding	30,964
Retention payable	(253,845)
2011 Refunding Revenue Bonds	(294,886)
2017 Revenue Bonds	(24,081,271)
State loan payable	(1,608,773)
Private placement loan	(1,433,578)
SFID loan payable	(425,702)
Total net investment in capital assets	<u>\$ 25,245,211</u>

Note 12 – Commitments and Contingencies

Contracts

The SEJPA has entered into various contracts for the purchase of material and construction of capital assets. The amounts contracted are based on the contractor's estimated cost of construction. At June 30, 2019, the total unpaid amount on these contracts is approximately \$236,033.

Litigation

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

Operating Leases

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

In January 2007, the SEJPA entered into a Communications Site License Agreement as lessor with Omnipoint Communications, Inc. which was subsequently conveyed to T-Mobile West, LLC. The initial term of the agreement, which calls for an annual payment of \$20,400 and increasing 3% annually, is for 5 years commencing the earlier of the date the licensees intend to commence construction or October 1, 2007. This lease agreement may be extended automatically for five additional five-year terms on the same terms and conditions at the election of Omnipoint. The lease renewed October 1, 2017. The SEJPA recognized rental income in the amount of \$28,239 for the year ended June 30, 2019.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 13 – New and Upcoming Governmental Accounting Standards Implementation

GASB Statement No. 83

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (ARO). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. Application of this statement did not have a material effect on the SEJPA's financial statements for the fiscal year ending June 30, 2019.

GASB Statement No. 88

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. Application of this statement did not have a material effect on the SEJPA's financial statements for the fiscal year ending June 30, 2019.

Upcoming Governmental Accounting Standards Implementation

GASB Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2020.

GASB Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2021.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2019

Note 14 – New and Upcoming Governmental Accounting Standards Implementation (Continued)

GASB Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2021.

GASB Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests— An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2020.

GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2022.

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

San Elijo Joint Powers Authority
Required Supplementary Information (Unaudited)
Schedules of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios
Last Ten Fiscal Years*
As of June 30, 2019

	Miscellaneous Plan				
	6/30/2018 ¹	6/30/2017 ¹	6/30/2016 ¹	6/30/2015 ¹	6/30/2014 ¹
Plan's proportion of the net pension liability	0.079550%	0.081861%	0.079200%	0.089800%	0.031140%
Plan's proportionate share of the net pension liability	\$ 2,998,025	\$ 3,227,017	\$ 2,924,994	\$ 2,463,640	\$ 1,937,636
Plan's covered payroll ²	\$ 2,072,596	\$ 1,930,102	\$ 1,916,333	\$ 1,718,001	\$ 1,707,696
Plan's proportionate share of the net pension liability as a percentage of covered payroll	144.65%	167.19%	152.63%	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 total pension liability	77.71%	75.07%	74.35%	76.91%	80.46%
Plan's proportionate share of aggregate employer contributions ^{3,4}	\$ 398,079	\$ 367,677	\$ 315,703	\$ 308,067	\$ 215,709

Notes to Schedule:

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

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

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

¹ Ten year historical information is not available.

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

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

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

San Elijo Joint Powers Authority
Required Supplementary Information (Unaudited)
Schedule of Pension Contributions
Last Ten Fiscal Years
As of June 30, 2019

Miscellaneous Plan

	2018-19 ¹	2017-18 ¹	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Contractually determined contribution (actuarially determined)	\$ 356,338	\$ 302,451	\$ 302,683	\$ 286,852	\$ 267,504	\$ 256,232
Contributions in relation to the actuarially determined contributions ²	(356,338)	(302,451)	(437,683)	(411,852)	(267,504)	(256,232)
Contribution deficiency (excess)	\$ -	\$ -	\$ (135,000)	\$ (125,000)	\$ -	\$ -
Covered payroll ^{3,4}	\$ 2,072,596	\$ 1,930,102	\$ 1,916,333	\$ 1,829,430	\$ 1,832,405	\$ 1,707,696
Contributions as a percentage of covered payroll ³	17.19%	15.67%	22.84%	22.51%	14.60%	15.00%

¹ Ten year historical information is not available. Fiscal year 2015 was the first year of implementation.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as

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

Notes to Schedule

Valuation date:

6/30/2017

valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry Age Normal

Amortization method/period

For details, see June 30, 2015 Funding Valuation Report

Asset valuation method

Actuarial Value of Assets. For details, see June 30, 2015 Funding Valuation Report.

Inflation

2.75%

Salary increases

Varies by entry age and service

Payroll growth

3.00%

Investment rate of return

7.50%, net of pension plan investment and administrative expenses, including inflation

Retirement age

The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.

Mortality

The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

San Elijo Joint Powers Authority
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years ¹
For the Year Ended June 30, 2019

Measurement period, year ending:	6/30/2019 ¹	6/30/2018 ¹	6/30/2017 ¹
Total OPEB liability			
Service cost	\$ 19,445	\$ 18,879	\$ 18,267
Interest	15,625	14,565	13,926
Changes of benefit terms	-	-	-
Differences between expected and actual experience	8,259	-	-
Changes of assumptions	6,771	(9,274)	-
Benefit payments, including refunds of member contributions	(12,096)	(14,170)	(13,242)
Net change in total OPEB liability	38,004	10,000	18,951
Total OPEB liability - beginning	433,020	423,020	404,069
Total OPEB liability - ending (a)	\$ 471,024	\$ 433,020	\$ 423,020
OPEB fiduciary net position			
Contributions - employer	\$ 12,096	\$ 14,170	\$ 13,242
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(12,096)	(14,170)	(13,242)
Administrative expense	-	-	-
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	-	-	-
Plan net OPEB liability - ending (a) - (b)	\$ 471,024	\$ 433,020	\$ 423,020
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 2,043,682	N/A	\$ 1,856,890
Plan total OPEB liability as a percentage of covered-employee payroll	23.00%	N/A	22.78%

¹ Ten year historical information is not available.

SUPPLEMENTARY INFORMATION

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San Elijo Joint Powers Authority
Combining Statement of Net Position
June 30, 2019

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	23,117,505	1,626,596	\$ 24,744,101
Due from other governmental agencies	125,108	514,240	639,348
Accrued interest receivable	355,832	6,787	362,619
Prepaid items	20,896	14,418	35,314
Current portion of loans receivable	550,000	-	550,000
Total current assets	<u>24,169,341</u>	<u>2,162,041</u>	<u>26,331,382</u>
Non-current assets:			
Restricted cash and cash equivalents	630,645	-	630,645
Loans receivable - net of current portion	21,800,000	-	21,800,000
Other assets	3,824	-	3,824
Capital assets:			
Nondepreciable	3,270,594	766,840	4,037,434
Depreciable, net of accumulated depreciation	<u>33,701,795</u>	<u>15,573,073</u>	<u>49,274,868</u>
Total capital assets	<u>36,972,389</u>	<u>16,339,913</u>	<u>53,312,302</u>
Total non-current assets	<u>59,406,858</u>	<u>16,339,913</u>	<u>75,746,771</u>
Total assets	<u>83,576,199</u>	<u>18,501,954</u>	<u>102,078,153</u>
Deferred outflows of resources:			
Deferred amount on refunding	30,964	-	30,964
Deferred outflows related to pensions	594,368	110,695	705,063
Deferred outflows related to OPEB	<u>6,092</u>	<u>1,135</u>	<u>7,227</u>
Total deferred outflows of resources	<u>631,424</u>	<u>111,830</u>	<u>743,254</u>

San Elijo Joint Powers Authority
Combining Statement of Net Position (Continued)
June 30, 2019

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
Liabilities			
Current liabilities:			
Accounts payable	542,618	55,661	\$ 598,279
Accrued liabilities	138,202	36,653	174,855
Accrued interest payable	303,081	40,150	343,231
Retention payable	253,845	-	253,845
Unearned revenue	229,552	-	229,552
Revenue refunding bonds - due within one year	115,000	-	115,000
Revenue bonds - due within one year	435,000	-	435,000
State loan payable - due within one year	-	794,455	794,455
Private placement loan payable - due within one year	-	89,580	89,580
SDG&E loan - due within one year	53,388	-	53,388
Compensated absences - due within one year	27,200	4,800	32,000
Total current liabilities	<u>2,097,886</u>	<u>1,021,299</u>	<u>3,119,185</u>
Non-current liabilities:			
Due to member agencies payable from restricted assets	645	-	645
Revenue refunding bonds - due in more than one year	179,886	-	179,886
Revenue bonds - due in more than one year	23,646,271	-	23,646,271
State loan payable - due in more than one year	-	814,318	814,318
Private placement loan payable - due in more than one year	-	1,343,998	1,343,998
SFID reimbursement agreement payable	-	425,702	425,702
SDG&E loan - due in more than one year	373,719	-	373,719
Net pension liability	2,527,335	470,690	2,998,025
Total OPEB liability	397,073	73,951	471,024
Compensated absences - due in more than one year	374,092	64,937	439,029
Total non-current liabilities	<u>27,499,021</u>	<u>3,193,596</u>	<u>30,692,617</u>
Total liabilities	<u>29,596,907</u>	<u>4,214,895</u>	<u>33,811,802</u>
Deferred inflows of resources:			
Deferred inflows related to pensions	120,854	22,507	143,361
Deferred inflows related to OPEB	589	110	699
Total deferred inflows of resources	<u>121,443</u>	<u>22,617</u>	<u>144,060</u>
Net position:			
Net investment in capital assets	12,373,351	12,871,860	25,245,211
Restricted	630,000	-	630,000
Unrestricted	41,485,922	1,504,412	42,990,334
Total net position	<u>\$ 54,489,273</u>	<u>\$ 14,376,272</u>	<u>\$ 68,865,545</u>

San Elijo Joint Powers Authority
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019

	Wastewater	Recycled	Total
Operating revenues:			
Charges for services to other government agencies	1,700,663	2,771,493	\$ 4,472,156
Contributions from the City of Encinitas	1,859,782	-	1,859,782
Contributions from the City of Solana Beach	1,418,392	-	1,418,392
Total operating revenues	4,978,837	2,771,493	7,750,330
Operating expenses:			
Personnel costs	2,700,046	533,110	3,233,156
Depreciation and amortization	1,568,790	644,376	2,213,166
Utilities	430,478	303,524	734,002
Contracted services	723,382	296,385	1,019,767
Supplies	416,102	123,067	539,169
Disposal services	263,636	-	263,636
Miscellaneous	67,983	46,600	114,583
Repair parts expense	162,022	35,670	197,692
Rent	51,438	98,564	150,002
Permit/purveyor fees	46,739	24,267	71,006
Insurance	44,257	18,968	63,225
Total operating expenses	6,474,873	2,124,531	8,599,404
Operating income	(1,496,036)	646,962	(849,074)
Non-operating revenues (expenses):			
Investment income	1,657,751	11,389	1,669,140
State grants	-	(7,250)	(7,250)
Rental income	28,239	-	28,239
Loss on disposal of assets	(848)	-	(848)
Interest expense	(838,191)	(113,998)	(952,189)
Other	480,394	1,815	482,209
Total non-operating revenues (expenses), net	1,327,345	(108,044)	1,219,301
Net income before capital contributions	(168,691)	538,918	370,227
Capital contributions:			
Assessments from City of Encinitas	76,757	-	76,757
Assessments from City of Solana Beach	76,757	-	76,757
Total capital contributions	153,514	-	153,514
Change in net position	(15,177)	538,918	523,741
Net position:			
Beginning of year	54,504,450	13,837,354	68,341,804
End of year	<u>\$ 54,489,273</u>	<u>\$ 14,376,272</u>	<u>\$ 68,865,545</u>

San Elijo Joint Powers Authority
Combining Statement of Cash Flows
For the Year Ended June 30, 2019

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
Cash flows from operating activities:			
Cash receipts from customers	\$ 5,466,586	\$ 2,560,074	\$ 8,026,660
Cash payments to vendors and suppliers for materials and services	(2,833,427)	(1,046,873)	(3,880,300)
Cash payments to employees for services	(2,522,119)	(534,053)	(3,056,172)
Net cash provided by operating activities	<u>111,040</u>	<u>979,148</u>	<u>1,090,188</u>
Cash flows from non-capital financing activities:			
Rental and other nonoperating income	508,633	(5,434)	503,199
Net cash provided by (used in) non-capital financing activities	<u>508,633</u>	<u>(5,434)</u>	<u>503,199</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(5,883,833)	(125,297)	(6,009,130)
Payment of bond issuance costs	41,287	-	41,287
Principal paid on long-term debt	(1,618,460)	(864,681)	(2,483,141)
Interest paid on long-term debt	(857,058)	(131,250)	(988,308)
Capital contributions	153,514	-	153,514
Net cash (used in) capital and related financing activities	<u>(8,164,550)</u>	<u>(1,121,228)</u>	<u>(9,285,778)</u>
Cash flows from investing activities:			
Proceeds from loans receivable *	1,415,000	-	1,415,000
Investment earnings	1,666,593	9,479	1,676,072
Net cash provided by investing activities	<u>3,081,593</u>	<u>9,479</u>	<u>3,091,072</u>
Net decrease in cash and cash equivalents	(4,463,284)	(138,035)	(4,601,319)
Cash and cash equivalents:			
Beginning of year	28,211,434	1,764,631	29,976,065
End of year	<u>\$ 23,748,150</u>	<u>\$ 1,626,596</u>	<u>\$ 25,374,746</u>
 Cash and cash equivalents	 \$ 23,117,505	 \$ 1,626,596	 \$ 24,744,101
Restricted cash and cash equivalents	630,645	-	630,645
Total cash and cash equivalents	<u>\$ 23,748,150</u>	<u>\$ 1,626,596</u>	<u>\$ 25,374,746</u>

San Elijo Joint Powers Authority
Combining Statement of Cash Flows (Continued)
For the Year Ended June 30, 2019

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ (1,496,036)	\$ 646,962	\$ (849,074)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,568,790	644,376	2,213,166
Change in assets, liabilities, deferred outflows of resources, and deferred inflows of resources:			
Due from other governmental agencies	280,770	(211,419)	69,351
Prepaid items	(253)	(9,323)	(9,576)
Deferred outflows related to pensions	206,442	53,327	259,769
Deferred outflows related to OPEB	(6,092)	(1,135)	(7,227)
Accounts payable	(370,356)	(90,505)	(460,861)
Accrued liabilities	24,611	13,084	37,695
Retentions payable	(256,781)	-	(256,781)
Unearned revenue	206,979	-	206,979
Net pension liability	(151,089)	(77,903)	(228,992)
Total OPEB liability	37,666	338	38,004
Compensated absences	(302)	(57)	(359)
Deferred inflows related to pensions	72,700	12,644	85,344
Deferred inflows related to OPEB	(6,009)	(1,241)	(7,250)
Total adjustments	<u>1,607,076</u>	<u>332,186</u>	<u>1,939,262</u>
Net cash provided by operating activities	<u>\$ 111,040</u>	<u>\$ 979,148</u>	<u>\$ 1,090,188</u>
Non-cash items:			
Amortization of other assets	\$ 5,098	\$ -	\$ 5,098
Amortization of deferred amount on refunding	41,286	-	41,286
Total non-cash items	<u>\$ 46,384</u>	<u>\$ -</u>	<u>\$ 46,384</u>

San Elijo Joint Powers Authority
Operating Budget Comparison Schedule - Wastewater
For the Year Ended June 30, 2019
(Unaudited)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues:			
Charges for services to other government agencies	\$ 1,732,183	\$ 1,700,663	\$ (31,520)
Contributions from the City of Encinitas	1,808,164	1,859,782	51,618
Contributions from the City of Solana Beach	1,586,272	1,418,392	(167,880)
Total operating revenues	<u>5,126,619</u>	<u>4,978,837</u>	<u>(147,782)</u>
Operating expenses:			
Personnel costs	2,550,954	2,700,046	(149,092)
Depreciation and amortization	-	1,568,790	(1,568,790)
Utilities	660,271	430,478	229,793
Contracted services	672,393	723,382	(50,989)
Supplies	265,245	416,102	(150,857)
Disposal services	244,920	263,636	(18,716)
Miscellaneous	76,182	67,983	8,199
Repair parts expense	142,870	162,022	(19,152)
Rent	52,161	51,438	723
Permit/purveyor fees	61,651	46,739	14,912
Insurance	47,343	44,257	3,086
Contingency	160,400	-	160,400
Total operating expenses	<u>4,934,390</u>	<u>6,474,873</u>	<u>(1,540,483)</u>
Operating income (loss)	<u>\$ 192,229</u>	<u>\$ (1,496,036)</u>	<u>\$ (1,688,265)</u>

San Elijo Joint Powers Authority
Operating Budget Comparison Schedule - Recycled
For the Year Ended June 30, 2019
(Unaudited)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues:			
Charges for services to other government agencies	\$ 2,975,393	\$ 2,771,493	\$ (203,900)
Total operating revenues	<u>2,975,393</u>	<u>2,771,493</u>	<u>(203,900)</u>
Operating expenses:			
Personnel costs	542,798	533,110	9,688
Depreciation and amortization	-	644,376	(644,376)
Utilities	356,123	303,524	52,599
Contracted services	247,283	296,385	(49,102)
Supplies	139,741	123,067	16,674
Miscellaneous	21,318	46,600	(25,282)
Repair parts expense	55,000	35,670	19,330
Rent	97,100	98,564	(1,464)
Permit/purveyor fees	24,792	24,267	525
Insurance	18,105	18,968	(863)
Total operating expenses	<u>1,502,260</u>	<u>2,124,531</u>	<u>(622,271)</u>
Operating income (loss)	<u>\$ 1,473,133</u>	<u>\$ 646,962</u>	<u>\$ (826,171)</u>

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ATTACHMENT 2

October 14, 2019

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

We have audited the financial statements of the San Elijo Joint Powers Authority (SEJPA) for the year ended June 30, 2019, and have issued our report thereon dated October 14, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

New Accounting Standards

GASB Statement No. 83

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (ARO). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. Application of this statement did not have a material effect on the SEJPA's financial statements for the fiscal year ending June 30, 2019.

GASB Statement No. 88

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. Application of this statement did not have a material effect on the SEJPA's financial statements for the fiscal year ending June 30, 2019.

No other new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the SEJPA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 14, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the SEJPA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios, Schedules of Contributions for Pension and OPEB, and the Schedule of Changes in Net OPEB Liability and Related Ratios, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

We were engaged to report on the Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, Combining Statement of Cash Flows, Operating Budget Comparison Schedule – Wastewater, and Operating Budget Comparison Schedule – Reclamation which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

The PwC Group, LLP

San Diego, California

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 28, 2019

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: SAN ELIJO JOINT POWERS AUTHORITY END OF YEAR REVIEW OF THE
FISCAL YEAR 2018-19 OPERATING AND DEBT SERVICE EXPENSES

RECOMMENDATION

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

BACKGROUND

San Elijo Joint Powers Authority (SEJPA) owns and operates the San Elijo Water Reclamation Facility (SEWRF), 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 and Solana Beach, as well as other local government agencies.

Programs operated by SEJPA include:

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

In providing these services, SEJPA seeks to accomplish its mission in an environmentally, socially, and fiscally responsible manner. Each of the above programs is funded by the customer base that is served and cost allocations are applied based on actual flows treated or level of effort provided. Operational funding collected but not spent is returned to the contributing agencies. The total operating budget for the Fiscal Year (FY 2018-19) was \$6,436,646.

DISCUSSION

SEJPA manages and operates ten programs. Nine of the programs completed the year at or under budget, and one over budget. The Laboratory program exceeded budget as a result of staff transition and the implementation of new Environmental Laboratory Accreditation Program (ELAP) regulatory requirements.

The following information is the actual expense for FY 2018-19, which ended June 30, 2019. The final expense for FY 2018-19 does not include an investment contribution to the PARS trust, which is intended to assist with funding future CalPERS pension obligations. Wastewater treatment and disposal operation and maintenance (O&M) revenues are based on each program's cost. Wastewater treatment is based on influent, disposal is based on effluent, and other programs are based on actual cost. Below is a table depicting wastewater treatment and disposal revenues for the member and other government agencies:

Wastewater Treatment & Disposal Revenues by Member & Other Government Agencies

<i>Agency</i>	Final FY 2018-19	Budget FY 2018-19	Over/(Under) Budget	% of Budget
City of Encinitas	1,859,782	1,808,164	51,618	102.9%
City of Solana Beach	1,418,392	1,586,271	(167,879)	89.4%
City of Escondido	529,483	589,487	(60,004)	89.8%
Rancho CSD's 2 & 3	319,183	315,184	3,999	101.3%
City of Del Mar	551,056	566,739	(15,683)	97.2%
Total O&M Wastewater Revenue	4,677,896	4,865,845	(187,949)	96.1%

Below is a table of expense and budget variance for FY 2018-19 by each of the SEJPA Programs:

Summary by Program

Program	Final FY 2018-19	Budget FY 2018-19	Over/(Under) Budget	% Budget Spent
Wastewater Treatment	2,893,123	2,889,948	3,175	100.1%
Laboratory	564,996	489,018	75,978	115.5%
Ocean Outfall	616,893	694,998	(78,104)	88.8%
Cardiff Sanitary Division	213,105	240,987	(27,881)	88.4%
Encinitas Sanitary Division	142,240	149,056	(6,816)	95.4%
City of Encinitas	30,420	31,389	(968)	96.9%
City of Solana Beach	311,710	375,483	(63,773)	83.0%
City of Solana Beach Services	15,866	16,763	(897)	94.6%
City of Del Mar	28,728	46,745	(18,018)	61.5%
Programs before Recycled Water	4,817,081	4,934,386	(117,305)	97.6%
Recycled Water	1,499,185	1,502,260	(3,075)	99.8%
Total All SEJPA Programs	6,316,266	6,436,646	(120,380)	98.1%

Overall, as an agency, SEJPA was 1.9% under the budget or \$120,380. Recycled Water was about at budget, and Wastewater Treatment and Disposal, which includes pump stations and other services was \$117,305 or 2.8% under budget.

Wastewater Treatment

<i>Expense Category</i>	Final FY 2018-19	Budget FY 2018-19	Over/(Under) Budget	% Budget Spent
Personnel	1,424,475	1,354,057	70,418	105.2%
Supplies & Services	1,420,893	1,438,991	(18,098)	98.7%
Capital Outlay	47,755	25,000	22,755	191.0%
Contingency	-	71,900	(71,900)	0.0%
Total JPA Wastewater Treatment	2,893,123	2,889,948	3,175	100.1%

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

Wastewater Treatment finished the fiscal year at budget. Personnel expense and Capital Outlay was higher as a result of required repairs; however, these expenditures were offset by unspent budget in Supplies and Services in addition to Contingency.

Laboratory

<i>Expense Category</i>	Final FY 2018-19	Budget FY 2018-19	Over/(Under) Budget	% Budget Spent
Personnel	428,382	414,675	13,707	103.3%
Supplies & Services	127,401	64,043	63,358	198.9%
Capital Outlay	9,213	5,800	3,413	158.8%
Contingency	-	4,500	(4,500)	0.0%
Total JPA Laboratory	564,996	489,018	75,978	115.5%

The laboratory located at the San Elijo Water Reclamation Facility provides analytical laboratory services for SEJPA's wastewater, Ocean Outfall, and recycled water programs as well as to other entities through contract agreements. For the Fiscal Year 2018-19, contract agreements include the Fairbanks Ranch Community Services District, the Rancho Santa Fe Community Services District, the Santa Fe Valley Community Services District, and the Whispering Palms Community Services District. Laboratory expenses have exceeded budget due to additional management time spent addressing the new Environmental Laboratory Accreditation Program (ELAP) regulations in addition to leadership transition as a result of a retirement. ELAP's new standard focuses heavily on quality management systems to ensure that labs can provide users with data of known and documented quality. Capital Outlay exceeded budget due to the replacement of equipment that is used for cleaning and sterilizing.

Ocean Outfall

<i>Expense Category</i>	Final FY 2018-19	Budget FY 2018-19	Over/(Under) Budget	% Budget Spent
Personnel	307,448	315,415	(7,967)	97.5%
Supplies & Services	307,221	343,083	(35,862)	89.5%
Capital Outlay	2,224	12,500	(10,276)	17.8%
Contingency	-	24,000	(24,000)	0.0%
Total JPA Ocean Outfall	616,893	694,998	(78,104)	88.8%

This program provides a cost center for all operation and maintenance services related to the ocean outfall system. These activities include effluent pump station operations and maintenance; ocean monitoring; sampling and testing; and annual outfall inspection. As the outfall capacity is shared through an agreement with the City of Escondido, all operations and maintenance costs are shared on the basis of actual usage measured by discharged flow to the outfall (86% City of Escondido and 14% SEJPA). Capital improvement project costs are shared based on owned capacity (79% City of Escondido and 21% SEJPA).

Ocean Outfall was under budget by \$78,104. All expense categories are under budget for this fiscal year.

Cardiff Sanitary Division Pump Stations

<i>Expense Category</i>	Final FY 2018-19	Budget FY 2018-19	Over/(Under) Budget	% Budget Spent
Personnel	133,896	155,630	(21,734)	86.0%
Supplies & Services	79,209	71,157	8,052	111.3%
Capital Outlay	-	-	-	
Contingency	-	14,200	(14,200)	0.0%
Total Cardiff Sanitary Division	213,105	240,987	(27,881)	88.4%

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

This program was under budget by \$27,881 primarily due to lower than anticipated Personnel expense. Supplies and Services expense exceeded budget as a result of the implementation of a pilot odor control system which not only reduces odors caused by lower flows in the sewer conveyance system, but decreases corrosion. This excess expense was funded by Contingency.

Encinitas Sanitary Division Pump Station

<i>Expense Category</i>	Final FY 2018-19	Budget FY 2018-19	Over/(Under) Budget	% Budget Spent
Personnel	53,434	68,211	(14,778)	78.3%
Supplies & Services	88,806	67,344	21,461	131.9%
Capital Outlay	-	-	-	
Contingency	-	13,500	(13,500)	0.0%
Total Encinitas Sanitary Division	142,240	149,056	(6,816)	95.4%

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

The program is under budget by \$6,816 or 4.6%. Personnel costs and unspent Capital Outlay contributed to the savings; however, Supplies and Services are greater than planned by \$21,461. This additional cost was for an engineering study to determine optimal replacements for end-of-life grinder equipment. Pump station costs vary year to year dependent on equipment failures, required maintenance and engineering.

City of Encinitas Urban & Storm Water

<i>Expense Category</i>	Final FY 2018-19	Budget FY 2018-19	Over/(Under) Budget	% Budget Spent
Personnel	19,979	23,711	(3,731)	84.3%
Supplies & Services	10,441	7,678	2,763	136.0%
Capital Outlay	-	-	-	
Contingency	-	-	-	
Total City of Encinitas	30,420	31,389	(968)	96.9%

SEJPA provides maintenance and operation services to the City of Encinitas that includes the Urban Runoff Treatment Facility, the Phoebe Storm Water Pump Station, Cardiff Storm Water Diversion Structure, and the Storm Drain Sediment Drying and Disposal program. The actual costs incurred are paid for by the City of Encinitas. This program was \$968 or 3.1% under budget.

City of Solana Beach Pump Stations

<i>Expense Category</i>	Final FY 2018-19	Budget FY 2018-19	Over/(Under) Budget	% Budget Spent
Personnel	152,481	180,839	(28,358)	84.3%
Supplies & Services	144,612	165,744	(21,132)	87.3%
Capital Outlay	14,617	-	14,617	
Contingency	-	28,900	(28,900)	0.0%
Total City of Solana Beach	311,710	375,483	(63,773)	83.0%

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

This program is under budget due to lower than planned Personnel and Supplies & Services expenses. The additional expense resulting from the implementation of the pilot odor control was offset by lower than planned utilities. The Capital Outlay expense included replacing a failed pump at the Solana Beach Pump Station which was paid for through the use of Contingency funding.

City of Solana Beach Services Generator Services

<i>Expense Category</i>	Final FY 2018-19	Budget FY 2018-19	Over/(Under) Budget	% Budget Spent
Personnel	5,792	6,328	(536)	91.5%
Supplies & Services	10,074	10,435	(361)	96.5%
Capital Outlay	-	-	-	
Contingency	-	-	-	
Total City of Solana Beach Services	15,866	16,763	(897)	94.6%

This program provides generator services to the Solana Beach City Hall and the Lomas Santa Fe Fire Station. The program was about at budget.

Del Mar Services Pump Station

<i>Expense Category</i>	Final FY 2018-19	Budget FY 2018-19	Over/(Under) Budget	% Budget Spent
Personnel	20,534	32,088	(11,555)	64.0%
Supplies & Services	8,194	11,261	(3,067)	72.8%
Contingency	-	3,400	(3,400)	0.0%
Total City of Del Mar	28,728	46,749	(18,022)	61.5%

Under this program, SEJPA provides pump station operation and maintenance services to the City of Del Mar. The FY 2018-19 costs incurred were on an as-needed basis per requests from Del Mar's staff. The actual costs incurred are paid for by the City of Del Mar.

Recycled Water

SEJPA owns and operates a recycled water utility which wholesales recycled water to the Santa Fe Irrigation District, the San Dieguito Water District, the City of Del Mar, and the Olivenhain Municipal Water District, as well as provides direct water sales to the Encinitas Ranch Golf Authority (ERGA). SEJPA's recycled water program typically delivers between 1,400 and 1,600 acre-feet per year (AFY) of recycled water to its retail partners. For FY 2018-19, SEJPA budgeted 1,605 acre feet (AF); the program sold 1,356 AF or 15.5% less than budget. Total revenue for the Recycled Water program was \$2.76 Million. This decrease is a result of higher precipitation. Local customers that use the recycled water for landscape irrigation include the Solana Beach Coastal Rail Trail, Encinitas Ranch Golf Course, Lomas Santa Fe Executive and Country Club Golf Courses, Ecke YMCA, Encinitas Community Park, Del Mar Fairgrounds, local schools, parks, businesses, and street/freeway landscape.

Summary of Recycled Water Expenses:

<i>Expense Category</i>	Final FY 2018-19	Budget FY 2018-19	Over/(Under) Budget	% Budget Spent
Personnel	547,082	542,798	4,285	100.8%
Supplies & Services	951,648	944,462	7,186	100.8%
Capital Outlay	455	15,000	(14,545)	3.0%
Total Operating Expense	1,499,185	1,502,260	(3,075)	99.8%

The total expense for Recycled Water was about at budget. Personnel expense was slightly above budget by 0.8% in part due to additional staff effort to replace the R.O. membranes. Supplies & Services was also slightly over budget. Additional funds were spent on public outreach and the pursuit of grant opportunities which was offset by lower than planned utilities. These expenses increase public awareness and support in addition to providing additional funding for the program.

Debt Service

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

<i>Long Term Debt</i>	Original Balance	Paid in Prior Years	Paid in FY 2018-19	FY 2018-19 Balance
2011 Refunding Bonds	24,465,000	22,815,000	1,415,000	235,000
2017 Revenue Bonds (Clean Water)	22,115,000	-	-	22,115,000
State Revolving Loan (SRF)	12,633,522	10,249,668	775,081	1,608,773
Private Placement Loan (AWP)	2,000,000	480,448	85,975	1,433,577
Santa Fe Irrigation Loan (SFID)	526,149	96,820	3,626	425,703
SDG&E On Bill Financing	533,883	53,388	53,388	427,107
Total Long Term Debt Outstanding	62,273,554	33,695,324	2,333,070	26,245,160

All of SEJPA's loans and bonds were paid timely and in accordance with the agreement provisions. SEJPA's Standard & Poor's bond credit rating is AA+.

Overall Summary

Overall, SEJPA expense was below budget by \$120,384 or 1.9%. The pump stations, wastewater treatment, ocean outfall and other service programs were under budget by \$117,309 or 2.4%. Recycled Water expenditures were \$3,075 or 0.2% under budget. All debt service payments were paid in accordance with the loan agreements.

Respectfully submitted,



Paul Kinkel, Director of Finance and Administration

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 28, 2019

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: PROPOSED RECYCLED WATER INFRASTRUCTURE PURCHASE

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to execute the attached Pipeline Transfer and Cost Reimbursement Agreement by and between the San Elijo Joint Powers Authority and the City of Solana Beach; and
2. Discuss and take action as appropriate.

BACKGROUND

San Elijo Joint Powers Authority (SEJPA) owns and operates a recycled water utility that provides recycled water to multiple water purveyors in north San Diego County. SEJPA's recycled water program provides a locally produced, drought resistant water supply to the businesses and residents of the cities of Del Mar (CODM), Encinitas, and Solana Beach (COSB) at a price point below potable water.

To ensure the recycled water program is providing the maximum value to the public, both in terms of sustainable water supply and cost of service, the SEJPA has been working with local cities and agencies to expand the recycling program. SEJPA, Santa Fe Irrigation District (SFID), and Olivenhain Municipal Water District are all contributing partners in the North San Diego Water Reuse Coalition, a partnership of nine water, wastewater, recycled water agencies, and cities that are focused on the cooperative advancement of water reuse in north San Diego County. The regionalism of the recycled water system is a focus of this coalition and has led to the integration of recycled water systems across north coastal San Diego County.

In 2015, the SEJPA, COSB, and CODM teamed to extend SEJPA's existing recycled water distribution system to enable SEJPA/SFID to serve new recycled water customers within both cities and specifically to serve the Solana Beach Coastal Rail Trail. COSB was interested in

expanding the use of recycled water to reduce potable water use, specifically by targeting commercial and multi-family landscape irrigation water use in accordance with the COSB Climate Action Plan. SEJPA and the COSB entered into a Grant Agreement for the Integrated Regional Water Management (IRWM) Program Related to 2015 Proposition 84 IRWM Implementation Grant to help fund the design and construction. The project was successful in attracting grant funding of approximately \$600,000.

In 2016, COSB completed construction of a 7,920 linear feet of 6-inch and 8-inch recycled water distribution pipeline (the "Extension") which connected to SEJPA's existing recycled water distribution system; the location and nature of which is more fully described on Exhibit "A" of the Pipeline Transfer and Cost Reimbursement Agreement (Attachment).

DISCUSSION

The Agreement being presented to the SEJPA Board of Directors is for the purchase of the recycled water pipeline constructed by COSB as described in the Agreement in Exhibit A. COSB funded the design and construction of 7,920 linear-feet of 6-inch and 8-inch diameter pipeline in order to expedite the conversion of the Coastal Rail Trail to recycled water service and to provide recycled water service to businesses and homeowner associations along Via de la Valle. The pipeline connects to existing SEJPA distribution piping at the intersection of Via de la Valle and Jimmy Durante Blvd, travels west along Via de la Valle to Camino Del Mar, and extends north along S. Cedros, Solana Circle, and Del Mar Downs Road. As the pipeline is located on the border between the SFID and CODM service areas, it provides the opportunity to increase recycled water sales to both SFID and CODM. Potential customers include homeowner associations in Solana Beach, City parks, and trails in the area.

The pipeline purchase agreement, titled "Pipeline Transfer and Cost Reimbursement Agreement by and Between the San Elijo Joint Powers Authority and the City of Solana Beach," includes the following key terms and conditions:

- Total cost (design and construction less cost by others) to be reimbursed - \$1,191,652
- A portion of the reimbursement (approximately \$600,000) will be paid by an IRWM grant,
- Reimbursement rate is \$450/AF of recycled water delivered through pipeline,
- Reimbursement rate (\$450/AF) applies to all recycled water delivered through pipeline, including deliveries to other purveyors (CODM),
- No interest on outstanding reimbursement amount,
- SEJPA has the allowance to make additional payments at any time,
- SEJPA shall make payment for water delivered through the pipeline to date (\$20,933), and
- In accordance with the attached Agreement, transfer of ownership would occur shortly after execution of the Agreement by both agencies.

FINANCIAL IMPACT

The SEJPA will pay COSB \$450 per acre foot (AF) for new water sales through the pipeline until the debt is retired. The payment cost to COSB (\$450 per AF) will be recovered from the new water sales, which the current wholesale price is \$1,580 per AF. The total reimbursement amount due to COSB is \$1,191,652. Project grant funding of approximately \$600,000 from the California Department of Water Resources (Proposition 84 IRWM grant program) is expected to be received in FY 2019-20, and will be provided to COSB, reducing the overall cost due to COSB from the SEJPA. The agreement allows for the SEJPA to recover grant administration costs of up to \$33,333 and apply any actual costs incurred for the construction of service lateral and meter installations as part of connecting new customers to the pipeline for the benefit of COSB, which is estimated at \$80,000.

The estimated project reimbursement is estimated as follows:

Item	Agency	Amount
Total Reimbursement Amount due to COSB	SEJPA	\$ 1,191,652
Estimated grants	IRWM Prop 84	-600,000
Estimated Cash Customer Connections	SEJPA	-80,000
Estimated Cash Contribution Grant Admin	SEJPA	-33,333
Estimated Final Reimbursement Amount		\$ 478,319

It is therefore recommended that the Board of Directors:

1. Authorize the General Manager to execute the attached Pipeline Transfer and Cost Reimbursement Agreement by and between the San Elijo Joint Powers Authority and the City of Solana Beach; and
2. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachment: Pipeline Transfer and Cost Reimbursement Agreement by and Between the San Elijo Joint Powers Authority and the City of Solana Beach

ATTACHMENT

PIPELINE TRANSFER AND COST REIMBURSEMENT AGREEMENT BY AND BETWEEN SAN ELIJO JOINT POWERS AUTHORITY AND THE CITY OF SOLANA BEACH

This Pipeline Transfer and Cost Reimbursement Agreement (“Agreement”) is entered into by and between the City of Solana Beach, a municipal corporation organized and operating under the general laws of the State of California (hereinafter “COSB”) and San Elijo Joint Powers Authority, a joint powers authority organized and operating pursuant to Government Code Sections 6500 et seq., (hereinafter “SEJPA”), (collectively “the Parties”), effective as of the date of execution below.

RECITALS

WHEREAS, SEJPA owns and operates the San Elijo Water Reclamation Facility (“SEWRF”), which has the capacity to produce approximately 3 million gallons per day (“MGD”) of tertiary treated recycled water from collected and treated wastewater. SEJPA is empowered to exercise powers common to county sanitation districts organized under Health & Safety Code section 4700, et. seq., which includes the power to “sell, or otherwise dispose of, any water, sewage effluent, fertilizer, or other by-product resulting from the operation of a sewerage system, sewage disposal plant, refuse disposal plant, or treatment plant, and construct, maintain, and operate such pipe lines and other works as may be necessary for that purpose” (Health & Safety Code § 4744); and

WHEREAS, SEJPA owns and operates recycled water facilities capable of delivering recycled water to a variety of projects including the COSB within the Santa Fe Irrigation District (“SFID”) service area and the City of Del Mar (“CODM”); and

WHEREAS, SFID, and SEJPA have been partners for several years in the North San Diego Water Reuse Coalition, a partnership of nine water, wastewater, and recycled water agencies and cities that are focused on the cooperative advancement of water reuse in North San Diego County. The regionalism of the recycled water system is a focus of this coalition and has led to the integration of recycled water systems across North San Diego County. The COSB Southwest Quadrant and the CODM are currently supplied with recycled water by SEJPA, representing the growth of the recycled water system in North San Diego County; and

WHEREAS, the provision of recycled water in the COSB and CODM areas will convert common areas, greenbelts and maintained landscape to fiscally and environmentally sustainable recycled water, as well as provide for the conversion of 38 acre-foot per year of potable water as part of the 2015 Integrated Regional Water Management (“IRWM”) Implementation Grant Proposal attached to this Agreement as Exhibit “D” and incorporated herein by this reference; and

WHEREAS, the SEJPA, COSB and CODM desire to extend SEJPA’s existing recycled water distribution system to enable SEJPA to serve new reclaimed water

customers within the cities and expand the allowable project yield as set forth in the IRWM Implementation Grant Proposal (Exhibit D); and

WHEREAS, Component 4 of the larger project for integrated water resource solutions for the Carlsbad Watershed as set forth in the IRWM Implementation Grant Proposal (Exhibit D) was the extension of Pipeline No. 2 west along Via de la Valle;

WHEREAS, effective March 8, 2018, the SEJPA and the COSB entered into that certain Grant Agreement for the Integrated Regional Water Management Program Related to 2015 Proposition 84 Integrated Regional Water Management (IRWM) Implementation Grant, Project No. 6-80044, Agreement No. 84-4-6-80044, a true and correct copy of which is attached to this Agreement as Exhibit "E" and is incorporated herein by this reference ("LPP Agreement");

WHEREAS, pursuant to LPP, the COSB constructed an extension of 7,920 linear feet of 6-inch lateral and 8-inch main reclaimed water distribution pipeline (the "Extension") connected to the SEJPA's reclaimed water distribution system (specifically SEJPA Pipeline No. 2), the location and nature of which is more fully described on Exhibit "A," attached hereto and incorporated herein; and

WHEREAS, the SEJPA is willing to purchase the Extension from the COSB at an agreed upon price fair and reasonable to both Parties and assume all continuing obligations and responsibilities for the same; and

WHEREAS, the Parties intend that this Agreement replaces the LPP Agreement; and

WHEREAS, the SEJPA and the COSB will amend this Agreement based on the cost of the customer connections to the Extension, the cost of obtaining grants, and actual IRWM grants received to determine the final reimbursement amount as set forth in this Agreement; and

WHEREAS, pursuant to this Agreement, the Parties desire and intend to convey ownership of the Extension, through the attached Bill of Sale, together with all ongoing operation and maintenance responsibilities from the COSB to the SEJPA and provide for reimbursement from the SEJPA to COSB for the costs incurred to design and construct the Extension; and

WHEREAS, the SEJPA shall own and be responsible for the operation and maintenance of its reclaimed water treatment and distribution system up to the point of delivery designated as the customer meter; and

WHEREAS, the Extension of the reclaimed water distribution system and the associated increased reclaimed water use is mutually beneficial to the SEJPA, COSB, SFID, CODM and, in general, to the San Diego County region.

COVENANTS

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, the SEJPA and COSB agree as follows:

1. Transfer of Ownership. As of 11:59 pm on date of execution of this Agreement, COSB relinquishes all rights and responsibilities of ownership, including all operation and maintenance responsibilities, for the Extension and SEJPA hereby accepts ownership, including all rights and responsibilities, for the Extension. From that time forward, the SEJPA shall own the Extension and be responsible for all operations and maintenance of the Extension as part of its reclaimed water distribution system. As of 11:59 pm on date of execution of this Agreement, this Agreement shall replace the LPP Agreement, which shall be of no force and effect as between SEJPA and COSB. To the extent that there remain any legal duties, obligations or responsibilities to third parties under the LPP Agreement, SEJPA hereby expressly assumes them and agrees to perform them.
 - a. COSB represents, covenants and warrants to SEJPA that:
 - i. COSB has good and merchantable title to the Extension and has authority to enter into and perform its obligations under this Agreement;
 - ii. There are no liens or other encumbrances on the Extension;
 - iii. All taxes, assessments or impositions of any kind with respect to the Extension, if applicable, have been paid in full;
 - iv. There is no litigation of any kind currently pending or threatened regarding the Extension or COSB's use of the Extension;
 - v. No violation of any state or federal law governing dangerous, toxic or hazardous pollutants, contaminants, chemicals, waste, materials or substances (herein collectively called "Environmental Regulations") now exists relating to the Extension, no notice of any such violation or any alleged violation thereof has been issued or given by any governmental entity or agency, and there is not now any investigation or report involving the Extension by any governmental entity or agency which in any way related to dangerous, toxic or hazardous pollutants, contaminants, chemicals, waste, materials or substances, as defined in or governed by the provisions of any Environmental Regulations related thereto (hereinafter collectively called "Hazardous Substances");

- vi. No person, party or private or governmental agency or entity has given any notice or asserted any claim, cause of action, penalty, cost or demand for payment or compensation, whether or not involving any injury or threatened injury to human health, the environment or natural resources, resulting or allegedly resulting from any activity or event described in subsection 1.a.v. above;
 - vii. There are not now any actions, suits, proceedings or damage settlements relating in any way to Hazardous Substances in, upon, under or over the Extension;
 - viii. The Extension is not subject to any lien or claim for lien or threat of lien in favor of any governmental entity or agency as a result of any release or threatened release of any Hazardous Substance;
 - ix. The Extension is not subject to any conditions imposed during the environmental review or permitting process; and
 - x. The Extension lies completely within the public right-of-way from Valley Ave. to Highway 101 on Via de la Valle.
- b. For purposes of Section 1.a the representations, covenants and warranties made herein are limited to the best of the COSB's knowledge, which shall mean only the actual knowledge of Mohammad Sammak, Director of Engineering and Public Works of the COSB and not any implied, imputed or constructive knowledge, without any requirement of independent investigation having been made or any duty to investigate.
 - c. SEJPA shall access the Extension based on its rights to construct, operate and maintain certain infrastructure across, along, in under over or upon any road, street, alley, avenue or highway within any city as provided under applicable law, including but not limited to California Health and Safety Code section 4759.1.
 - d. Together with the transfer of the Extension, COSB shall provide to SEJPA all pertinent records, maps, and drawings, including, but not limited to, as-built drawings, repair records, maintenance logs, service leak and repair history, pipeline leak records, and other such supporting documentation.
 - e. The Parties shall execute a Bill of Sale for the transfer of the Extension from the COSB to the SEJPA in a form identical or substantially similar to that set forth as Exhibit "B," attached hereto and incorporated herein.
 - f. COSB shall execute the Quit Claim Deed and SEJPA shall execute a Certificate of Acceptance of the Extension from the COSB in the forms

identical or substantially similar to those set forth as Exhibit “C,” which shall be recorded with the San Diego County Recorder.

- g. The entire agreement between the COSB and SEJPA with respect to the transfer of the Extension is expressly set forth herein. The Parties are not bound by any agreements, understandings, representations or warranties (whether written or oral) other than as are expressly set forth and stipulated in this Agreement. SEJPA acknowledges that the Extension is being conveyed in an “AS IS” and “WHERE IS” condition and with all existing defects (patent and latent), provided that this Section shall not release or waive any rights of SEJPA against the COSB in the event the COSB breaches any of the warranties and representations that are expressly set forth and stipulated in this Agreement. SEJPA HEREBY EXPRESSLY WAIVES ANY AND ALL IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO QUALITY, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL WARRANTIES EXCEPT THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT. This Section shall survive the delivery of the Bill of Sale and the termination or expiration of this Agreement.

2. Reimbursement of Capital Costs. SEJPA shall reimburse the COSB \$1,191,652 for fair and reasonable costs incurred in the design and construction of the Extension. The total cost for the Extension and the reimbursement amount is as follows:

Item	Agency	Amount
Design Costs	COSB	\$ 315,000
Construction Costs	COSB	950,429
Construction Management	SEJPA	92,560
Total Costs		1,357,989
Cash Contribution Paid	SFID	-50,000
Cash Cost Share Paid	SEJPA	-116,337
Total Reimbursement Amount		<u>\$ 1,191,652</u>

3. The source of funds for payment of the Reimbursement Amount will be a combination of the actual cash value of services to be provided by SEJPA in the future, actual grants received, and water sales, which the Parties currently estimate as follows:

Item	Agency	Amount
Total Reimbursement Amount		\$ 1,191,652
Estimated grants	IRWM Prop 84	-600,000
Est. Cash Customer Connections	SEJPA	-80,000
Est. Cash Contribution Grant Admin	SEJPA	-33,333
Total Water Sales Reimbursement Amount		<u>\$ 478,319</u>

- a. SEJPA shall keep adequate records and provide annual financial reporting to the COSB.
 - b. This is a zero interest transaction and there shall be no interest calculated on any unpaid balance of the principal Reimbursement Amount nor any other cash contribution to this project. All payments shall be applied to principal.
 - c. Reimbursement payments shall be made until the total capital cost of the Extension has been fully reimbursed.
 - d. SEJPA shall reimburse the COSB based on water sales annually at a rate of \$450 per acre foot for each acre foot of recycled water delivered to any customers through the Extension. This includes all SFID, CODM and non-SFID/CODM customers that utilize the Extension for service. Therefore, if customers from another water purveyor are served by the Extension, the COSB shall receive payment by the SEJPA at a rate of \$450 per acre foot for this service. The volume of recycled water served through the Extension shall be calculated using customer meter records as provided by SFID, CODM and other water purveyors.
 - e. For clarification only, assuming all the customers connected to the pipeline use a combined total of 38 acre feet per year (AFY) in the first year. The payment due would be \$450 x 38 AFY (\$17,100) in that year. Increases in recycled water demand served through the Extension would increase the annual payment amount and reduce the reimbursement period. See Exhibit D for a map of planned customer connections.
 - f. The SEJPA has the right to make additional principal payments at any time during the Agreement. This Agreement has no prepayment penalties and all additional principal payments received prior to July 1, shall be credited to the year in which the payment was made.
 - g. In addition to reimbursement payments from recycled water sales, the SEJPA shall provide cash contributions by providing grant administration services and connecting customers to the Extension. Planned customer connections are reflected on Exhibit D. The Parties acknowledge that the value of these SEJPA services as indicated above is currently an estimate and that the Parties intend that the final total Water Sales Reimbursement Amount shall be based on the actual value of such services provided.
4. Grants and Other Financial Incentives. The Parties acknowledge that there may be additional financial incentives or grants available from San Diego County Water Authority ("CWA") or Metropolitan Water District ("MWD") to offset the

design and construction costs of the Extension. The Parties acknowledge that amount of these grants as indicated above is currently an estimate and that the Parties intend that the final total Water Sales Reimbursement Amount shall be based on the actual value of the grants or financial incentives received on account of the Extension. SEJPA shall make payments to COSB in the amount of grant funding or other financial incentives received by SEJPA related to the Extension within thirty (30) days of receipt of such funds by SEJPA.

- a. COSB agrees that by entering into this Agreement with the SEJPA, COSB shall be ineligible to apply for financial incentives from either the CWA or MWD related to the Local Water Supply Development Program, the Local Resources Program (LRP) Conversion, or other similar programs, for the Extension.
- b. This Agreement does not prevent the COSB from pursuing incentives, rebates, or grants for other water reclamation projects, nor does it prevent the COSB from pursuing incentives, rebates, or grants for customer retrofit costs that are served by the Extension.

5. General Provisions.

- a. Amendment. Because the amount of the grants or financial incentives and the value of the customer connections and grant administration services to be provided by SEJPA in the future are currently estimates, the Parties agree that five (5) years after the execution of this Agreement, the Parties shall meet and confer in good faith and execute an amendment to section 3 of this Agreement to reflect the actual amount of grants and financial incentives received related to the Extension and actual cash contributions provided by SEJPA to arrive at the final total Water Sales Reimbursement Amount. Such amendment and any other amendments to this Agreement shall be in writing and executed by both Parties.
- b. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered an original but all of which shall constitute one agreement.
- c. Severability. Should any portion, word, clause, phrase, sentence or paragraph of this Agreement be declared void or unenforceable, such portion shall be considered independent and severable from the remainder, the validity of which shall remain unaffected.
- d. Ambiguity. The Parties acknowledge that this Agreement was jointly prepared by them, by and through their respective legal counsel, and any uncertainty or ambiguity existing herein shall not be interpreted against any of the Parties, but otherwise shall be interpreted according to the application of the rules on interpretation of contracts.

- e. Waiver. Failure to insist on compliance with any term, covenant or condition contained in this Agreement shall not be deemed a waiver of that term, covenant or condition, nor shall any waiver or relinquishment of any right or power contained in this Agreement at any one time or more times be deemed a waiver or relinquishment of any right or power at any other time or times.
- f. Governing Law. This Agreement is made and entered into in the State of California, and shall in all respects be interpreted, enforced and governed under the laws of said State without giving effect to conflicts of laws principles.
- g. Entire Agreement. This Agreement, including all referenced attachments and exhibits, constitutes the entire agreement between the Parties who have executed it and supersedes any and all other agreements, understandings, negotiations, or discussions, either oral or in writing, express or implied, on the subject matter of this Agreement between the Parties to this Agreement.
- h. Notices. All communications, notices, and demands of any kind which either party hereto may be required or may desire to give to or serve upon the other party or any office hereof or by enclosing it in a sealed envelope and depositing it in the United States mail, postage prepaid, certified return-receipt, and addressed to the respective parties as follows:

SEJPA:

San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff by the Sea, CA 92007-7077
Attn: General Manager

COSB:

City of Solana Beach
635 South Highway 101
Solana Beach, CA 92075
Attn: City Manager

- i. Attorneys' Fees. In the event an action is filed by either party to enforce any rights or obligations under this Agreement, including an action for declaratory relief, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs, in addition to any other relief granted by the Court.

IN WITNESS WHEREOF, the Parties hereto have caused this Pipeline Transfer and Cost Reimbursement Agreement to be executed and be effective immediately upon execution by both Parties.

SAN ELIJO JOINT POWERS AUTHORITY

Michael Thornton
General Manager

Date Signed: _____

APPROVED AS TO FORM:

[Name]
General Counsel

CITY OF SOLANA BEACH

By _____
Gregory Wade
City Manager

Date Signed: _____

APPROVED AS TO FORM:

ATTEST:

Johanna N. Canlas
City Attorney

Angela Ivey
City Clerk

[ATTACH NOTARY ACKNOWLEDGMENT]

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO) ss:

On _____, 2019, before me,
_____, a Notary Public, personally appeared
_____, who proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the within instrument
and acknowledged to me that he/she/they executed the same in his/her/their authorized
capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO) ss:

On _____, 2019, before me,
_____, a Notary Public, personally appeared
_____, who proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the within instrument
and acknowledged to me that he/she/they executed the same in his/her/their authorized
capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

Exhibit A

Legal Description of the Extension

Four 6-inch diameter lateral recycled water pipelines and an 8-inch diameter main recycled water pipeline in the County of San Diego, State of California located in the public right-of-way extending a total of approximately 7,920 feet and commencing at the intersections of Valley Avenue and Via de la Valle West, extending along Via de la Valle with the laterals branching northward and concluding past the intersection of Highway 101 and Via de la Valle (the "Extension"). Below is a map depicting the location of the Extension:

Location of the Extension

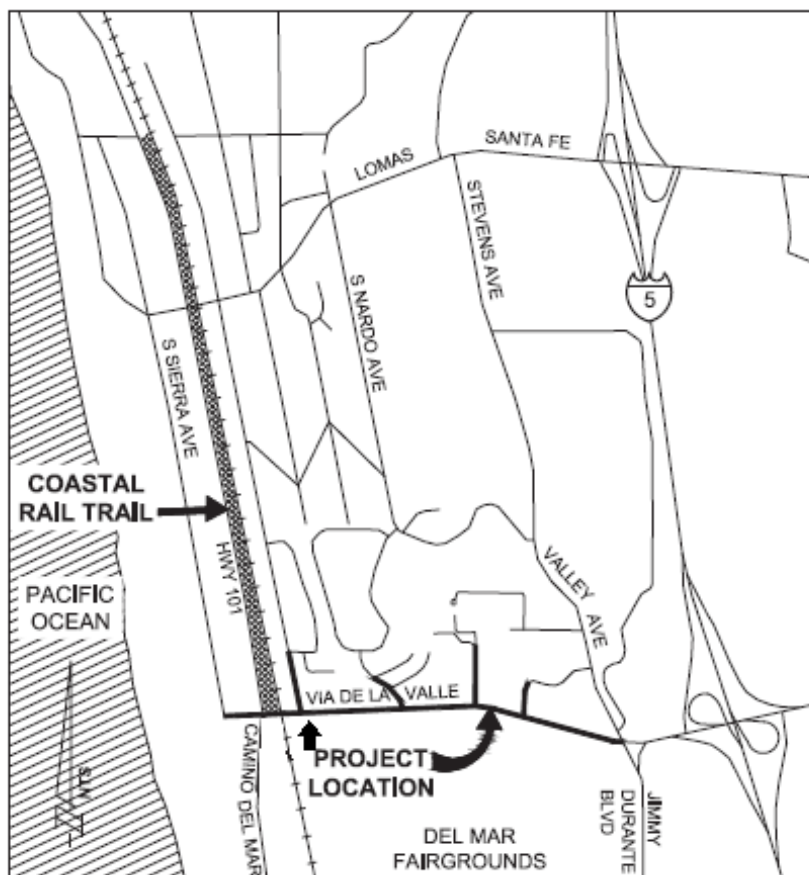


Exhibit B
Bill of Sale
(Attached)

BILL OF SALE

CITY OF SOLANA BEACH (Seller), hereby conveys, and grants unto SAN ELIJO JOINT POWERS AUTHORITY (Buyer), the following described assets, under such terms as are more specifically defined under that certain Pipeline Transfer and Cost Reimbursement Agreement between Buyer and Seller dated _____, 2019 in consideration for the promises and covenants contained in said Agreement:

Four 6-inch diameter lateral recycled water pipelines and a 8-inch diameter recycled water pipeline in the County of San Diego, State of California located in the public right-of-way extending a total of approximately 7,920 feet and commencing at the intersections of Valley Avenue and Via de la Valle West, extending west along Via de la Valle with the laterals branching northward and concluding past the intersection of Highway 101 and Via de la Valle as further depicted on the map attached hereto as Exhibit A and incorporated herein by this reference.

Seller hereby warrants that the above-described facilities are free and clear of any and all encumbrances. In this regard Seller hereby agrees to protect and defend Buyer's right to own all the facilities hereby transferred to Buyer wherein the defense of the Buyer's right to own results from any person or entity's alleged rights to any of the facilities described hereinabove. Buyer hereby unconditionally accepts the above-described facilities in their "as is" condition.

CITY OF SOLANA BEACH

SAN ELIJO JOINT POWERS
AUTHORITY

By: _____
Gregory Wade
City Manager

By: _____
Michael T. Thornton, P.E.
General Manager

Exhibit C

Quit Claim Deed and Certificate of Acceptance

(attached)

RECORDING REQUESTED BY AND WHEN
RECORDED MAIL THIS AGREEMENT TO:

San Elijo Joint Powers Authority
2695 Manchester Ave.
PO Box 1077
Cardiff by the Sea, CA 92007-7077

NO FEE REQUIRED PER GOVERNMENT
CODE SECTION 6103

DOCUMENTARY TRANSFER TAX: \$0
EXEMPT PER REVENUE & TAXATION
CODE SECTION 11922.

Space Above for Recorder's Use

QUIT CLAIM DEED

The CITY OF SOLANA BEACH (Grantor), for a valuable consideration, hereby REMISES, RELEASES AND QUIT CLAIMS to SAN ELIJO JOINT POWERS AUTHORITY (Grantee), all that real property (Property) described as follows:

Four 6-inch diameter lateral recycled water pipelinea and a 8-inch diameter recycled water pipeline in the County of San Diego, State of California located in the public right-of-way extending a total of approximately 7,920 feet and commencing at the intersections of Valley Avenue and Via de la Valle West, extending west along Via de la Valle with the laterals branching northward and concluding past the intersection of Highway 101 and Via de la Valle as further depicted on the map attached hereto as Exhibit A and incorporated herein by this reference.

IN WITNESS WHEREOF, the CITY OF SOLANA BEACH has caused this quit claim to be executed by its _____ (designee), pursuant to _____ [authority to convey] on this _____ day of _____, 2018.

CITY OF SOLANA BEACH

By: _____

Gregory Wade, City Manager

CERTIFICATE OF ACCEPTANCE

[Gov. Code § 27281]

This is to certify that the interest in real property, conveyed by the PIPELINE TRANSFER AND COST REIMBURSEMENT AGREEMENT, dated _____, attached hereto and incorporated by reference, from the City of Solana Beach, a government agency, to the San Elijo Joint Powers Authority ("Authority"), a joint powers authority, is hereby accepted by the undersigned officer of the Authority pursuant to authority conferred by resolution of the Authority's Board adopted on _____, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

SAN ELIJO JOINT POWERS AUTHORITY

By _____
Michael T. Thornton, P.E.
Board Secretary and General Manager

Exhibit D

2015 IRWM Implementation Grant Proposal, Including Map of Planned RW Customer Connections

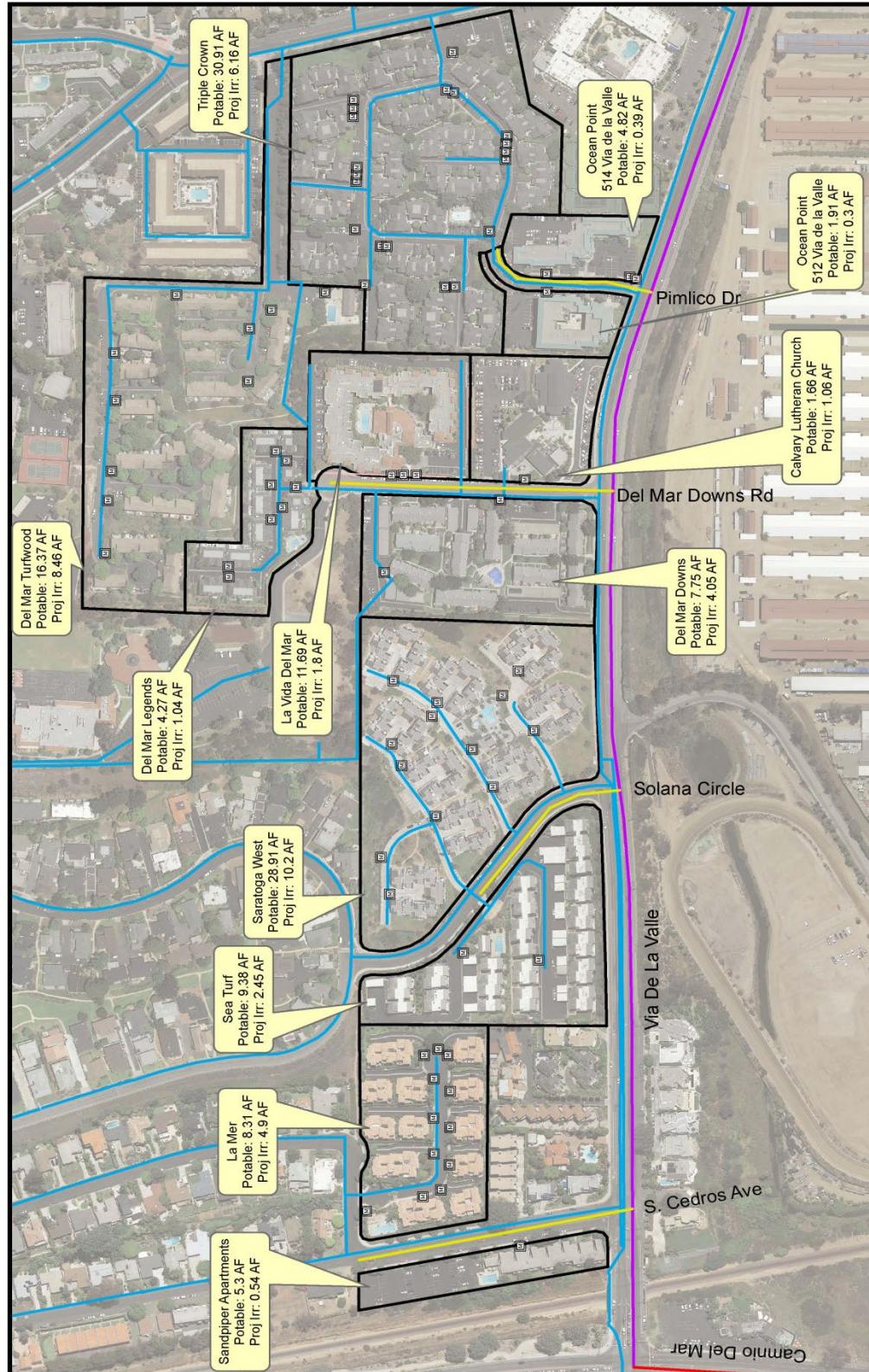


Exhibit E

LPP Agreement

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 28, 2019

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: CAPITAL IMPROVEMENT PROGRAM UPDATE

RECOMMENDATION

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

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) has the responsibility to maintain permit compliance with regulatory agencies and legal agreements with customers to provide wastewater and recycled water services. Proactive asset management and capital improvement planning are key components in keeping these commitments.

In 2014, SEJPA retained the services of Carollo Engineers to conduct an evaluation of the wastewater and recycled water capital assets owned by SEJPA at the San Elijo Water Reclamation Facility (SEWRF).

The results of the evaluation and Carollo's recommendations were documented in the 2015 Facility Plan. Recommended projects were prioritized using a "triple-bottom line" approach to evaluate and weight each project against the others using three main factors:

- ✓ Financial (30%): Implement cost effective projects and solutions. Maximize economic benefits for customers through cost effective operations.
- ✓ Environmental (35%): Meet or exceed permit requirements and minimize reportable violations. Seek sustainable and efficient operational practices, maximize resource recovery, and minimize impacts to the environment.
- ✓ Social (35%): Maintain a high standard of work safety and maximize community benefits through improved aesthetics and recreational uses.

The recommendations from the 2015 Facility Plan created the foundation for the SEJPA Capital Improvement Program, which includes regulatory compliance analysis, risk assessment for system failure, project prioritization, and budgetary cost estimates.

In 2017, SEJPA successfully secured \$23.9 million in a bond offering to fund a majority of recommended capital projects. The SEJPA has also collected \$14.8 million in cash, \$4.7 million

from Caltrans, and anticipates \$1.0 million in grants. Staff bundled the projects into phases in order to prioritize capital spending, streamline project delivery, minimize community impacts, and reduce cost through economies of scale.

DISCUSSION

Phase I of the SEJPA Capital Improvement Program is substantially complete and includes the Land Outfall Replacement, Preliminary Treatment Upgrades, and Odor Control Improvements.

- The Land Outfall Replacement project was completed in 2018. This project replaced the original 30-inch diameter asbestos-concrete land outfall that was installed in 1965. The new pipeline is approximately 2,600 linear feet in length, constructed of high density polyethylene, and installed at a depth greater than the original pipeline to minimize conflicts with other buried utilities and future construction projects.
- The Preliminary Treatment and Odor Control Upgrades were combined into a single project and will replace antiquated equipment, repair or replace damaged steel and concrete, improve the treatment process performance, and upgrade the odor control system. Construction began in June 2017 and the project reached substantial completion in May 2019.

Phase II of the Capital Program consists of Electrical System Improvements, Encinitas Ranch Recycled Water Expansion, the 2018 Supervisory Control and Data Acquisition (SCADA) Upgrade projects, and Water Campus Improvements (formerly Building and Site Improvements).

Electrical System Improvements were completed in 2018. These improvements included the replacement of Meter Service No. 2 automatic transfer switch, electrical breaker repair and maintenance, replacement of the control panels within the headworks building, and the completion of an arc-flash study on all high voltage equipment at the SEWRF. The study was performed in compliance with current National Fire Protection Association codes and standards.

The Encinitas Ranch Recycled Water Expansion project includes the construction of pipelines and a water pressure boosting station to serve the Encinitas Ranch Community Association, two agricultural users, and the City of Encinitas trail system. Construction began in October 2018 and the project is now complete. Recycled water service to the community commenced July 2019.

In September 2018, the SCADA Upgrade project was awarded to Tesco Controls, Inc. The main elements of the project include new hardware, software, programming, equipment installation, and system testing and commissioning. SCADA upgrades will be performed at six functional areas within the SEWRF and at five wastewater pump stations located within the Cities of Encinitas and Solana Beach. Cybersecurity enhancements will raise security to meet current industry standards. The project was expected to be complete by September 2019; however, critical hardware components were damaged during shipment, extending the schedule to December 2019.

The Water Campus Improvements project is currently in the design and permitting phase and includes:

- New buildings
- Road and parking improvements
- Regional bike/pedestrian path in cooperation with Caltrans and the City of Encinitas
- Fire system modernization
- New perimeter fencing, access control, and security improvements
- SCADA and electrical system upgrades
- Solar power generation
- Storm water conveyance, attenuation, and treatment

The Construction Manager At-Risk (CMAR) alternative delivery method was chosen to expedite the project, and to provide cost controls beyond the traditional design-bid-build delivery method. PCL Construction was awarded the contract at the December 2018 Board meeting. Currently, staff is coordinating with resource agencies to obtain project permits. Contribution agreements with Caltrans are in place for engineering, environmental services, and construction cost sharing. In September 2019, the project was presented to the City of Encinitas Planning Commission and received unanimous approval. The Water Campus Improvements are currently in the public appeal period. Assuming the project is not appealed, staff will submit the grading and building permit applications. Concurrently, staff is developing the contract Guaranteed Maximum Price for Board approval. Construction is expected to begin in February 2020.

Phase III, the Solids Treatment Project, is in the pre-design phase. A Project Definition Report (PDR) is currently in development that will identify the preferred project alternatives. The PDR is expected to be complete in late-2019.

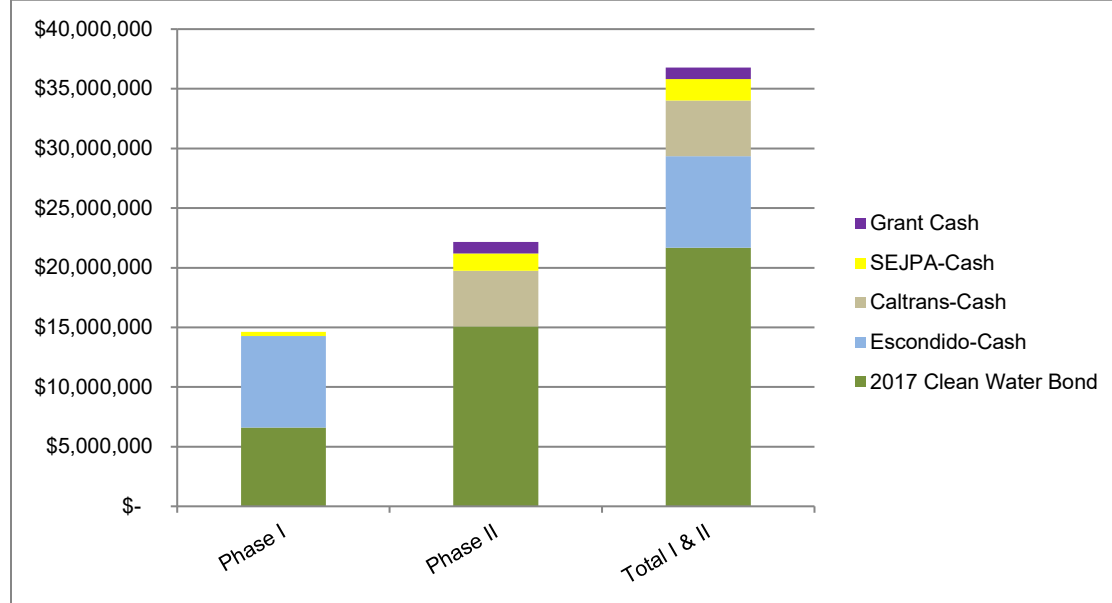
FINANCIAL IMPACT

Phase I capital budget was estimated at \$13.7 million. The final cost for these projects is \$14.6 million, or approximately 7% above budget. The funding strategy is \$8.0 million in cash and \$6.6 million in bond funds.

Phase II capital budget is estimated to be \$21.8 million. The funding strategy is \$1.6 million in cash, \$14.5 million in bond funds, \$4.7 million from Caltrans, 1.0 million in grants.

Funding for Phase I and II are shown in Figure 1 below:

Figure 1. Phase I and II Capital Project Funding By Source



Funding for the capital projects is based on owned or leased capacity by the agencies served, which includes the Cities of Encinitas, Solana Beach, Escondido, and Del Mar, and Rancho Santa Fe Community Services Districts.

Phase III capital budget is estimated at \$7.8 million. This phase is in early development stages and staff is working with engineers to evaluate current technologies and select desired project elements. Phase III will be funded with the remaining bond proceeds and cash contributions.

Budget and funding adjustments will be made as capital projects are developed, awarded, and constructed. The 2017 Clean Water Bonds and grant funding, combined with current and future cash contributions for capital projects, are the financial basis for SEJPA's Capital Improvement Program.

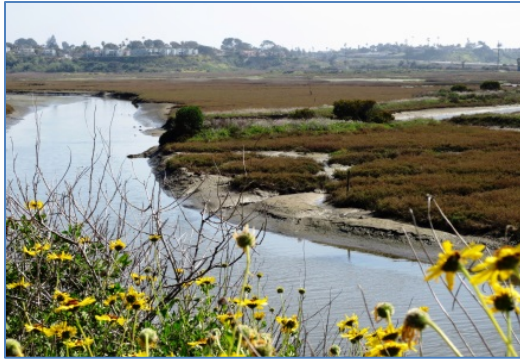
Respectfully submitted,

Michael T. Thornton, P.E.
General Manager

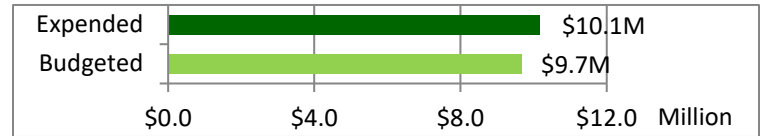
Attachments: Capital Project Status Reports



Land Outfall Replacement Project



Capital Program: Phase I
Project Status: Completed
Notice to Proceed: May 2017
Completion Date: June 2018



Timeline

Construction Start
 May 2017

Original End Date
 March 2018

Completion
 June 2018



	<i>Budget</i>	<i>Approved Changes</i>	<i>Revised Budget</i>	<i>Final Costs</i>
Construction	\$ 8,553,000	\$ 422,521*	\$ 8,975,521	8,975,521
CM/Engr/Env	698,177	189,344	887,521	887,521
Contingency	428,000	(428,000)	-	-
Permits/Other	-	194,532	194,532	194,532
PROJECT TOTAL:	\$ 9,679,177	\$ 378,397	\$10,057,574	10,057,574

*includes sum of deductive change orders and final change order of \$450,000.

Project Description

The work included installation of (approximate lengths) 2,600 feet of 30-inch diameter HDPE pipe via horizontal directional drilling (HDD), 400 feet of 30-inch pipe via open trench construction, 300 feet of dual 10-inch force mains via open trench construction, and 110 feet of 60-inch steel casing under Coast Highway. The HDD began at Cardiff State Beach, continued beneath Coast Highway (through the steel casing), the San Elijo Lagoon, NCTD railroad, the Nature Center, and Manchester Avenue before daylighting at the San Elijo Water Reclamation Facility (SEWRF). Tie-ins to the new pipeline were made at the beach and at the SEWRF. Project work sites have been restored after all work was completed. Project was completed with zero work injuries and environmental claims.

Work Completed: July 2019 – September 2019

None.

Planned Work: October 2019

None.

Priorities or Issues to be Resolved

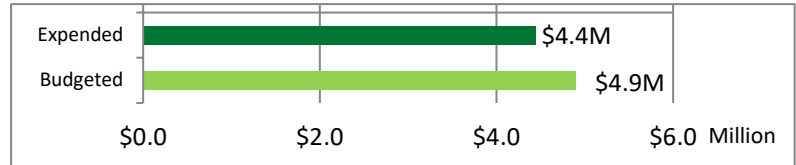
None.



Preliminary Treatment & Odor Control Upgrades



Capital Program: Phase I
Project Status: Completed
Notice to Proceed: June 2017
Completion Date: September 2019



Timeline

Construction Start
June 2017

Orig. Completion
October 2018

Completion
July 2019



Budget	Original Budget	Approved Changes	Revised Budget	Final Costs
Construction:	\$3,871,480	\$127,942	\$3,999,422	\$3,796,816
CM/Engineering:	582,137	190,126	772,263	772,263
Contingency:	443,570	(318,068)	125,502	-
PROJECT TOTAL:	\$4,897,187	\$0	\$4,897,187	\$4,569,079

Project Description

The project consists of constructing new concrete treatment structures, installing new screening and dewatering equipment, rehabilitating existing concrete channels and structures, and replacing aged chemical storage tanks. The work also includes replacing worn out mechanical, electrical, and other components associated with odor control systems necessary to capture and remove odors and corrosive gases.

Work Completed: July 2019 – September 2019

Finished demobilization and clean-up activities. Ongoing optimization of new screening and dewatering equipment. Initiated odor control system test and balance work. Executed settlement and release agreement with the contractor.

Planned Work: October 2019

Finalize test and balance of the odor control system. Ongoing warranty issue resolution.

Priorities or Issues to be Resolved

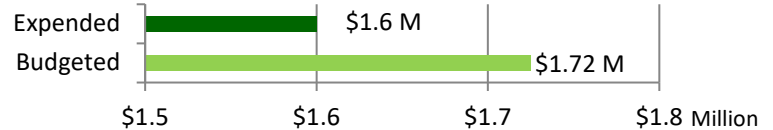
Resolve remaining warranty issues.



Encinitas Ranch Recycled Water Expansion



Capital Program: Phase II
Project Status: Completed
Construction Start: October 2018
Completion Date: July 2019



Timeline

Construction Start
October 2018

Completion
July 2019

	<i>Budget</i>	<i>Approved Changes</i>	<i>Revised Budget</i>	<i>Final Costs</i>
Construction Schedule A	\$1,225,000	\$108,920	\$1,333,920	\$1,333,920
CM/Engr/PR	274,683	-	274,683	274,683
Contingency (15%):	224,953	(108,920)	116,033	-
PROJECT TOTAL:	\$1,724,636	\$0	\$1,724,636	\$1,608,603

Project Description

Schedule A includes construction of a booster pump station (located at Encinitas Ranch Golf Course) and recycled water pipeline extension. The 1.5 mile small diameter (6-inch to 8-inch) pipeline will serve the community of Encinitas Ranch, two agricultural users, and the City of Encinitas trail system. The project is a key component of SEJPA's \$2.5M IRWM grant. The project is anticipated to offset 45 acre-feet per year of potable water use for landscape irrigation or approximately 50% of the total IRWM project potable water offset. Schedule B includes construction of 1,100 feet of 6-inch pipeline intended to serve HOA's along Requeza Street, but will not be installed at this time due to lack of water use commitments along the proposed pipeline alignment.

Work Completed: July 2019 – September 2019

Continued coordination with Encinitas Ranch Community Association, City of Encinitas Parks Department, Fox Point Farms, San Dieguito Water District, and County Department of Environmental Health for recycled water conversion of community, agricultural users, and City hiking trail. Ongoing pump system optimization work. Commenced recycled water service to ERCA and City trail. Negotiated final change orders and executed settlement agreement with the contractor to close out the project.

Planned Work: October 2019

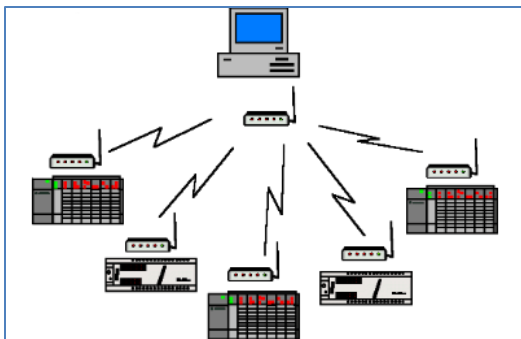
Continued coordination with agricultural users for recycled water conversion.

Priorities or Issues to be Resolved

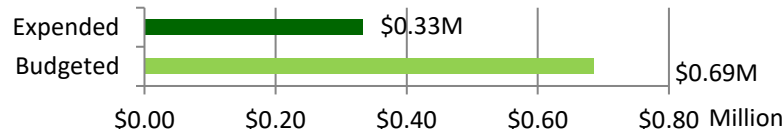
Assist with recycled water conversion approvals for Fox Point Farms.



2018 SCADA Upgrade Project



Capital Program: Phase II
Project Status: Construction
Notice to Proceed: November 13, 2018
Est. Completion Date: December 2019



Timeline

Construction Start
October 2018

Est. Completion
December 2019



Budget	Budget	Approved Changes	Revised Budget	Spent to Date
Construction	\$560,000	\$39,714	\$599,714	\$295,500
CM/Engineering	63,200	-	63,200	37,979
Contingency (10%):	62,320	(39,714)	22,606	-
PROJECT TOTAL:	\$685,520	\$0	\$685,520	\$333,479

Project Description

The Work consists of SCADA System improvements including new hardware, software, programming, equipment installation, system testing and commissioning, warranty, training and support services. Hardware includes servers, data historians, monitors, programmable logic controllers, and equipment panels. Software to replace 11 workstations with remote terminals will also be supplied. Programming, hardware/software, and equipment installation will be performed at six functional areas within the San Elijo Water Reclamation Facility and at five wastewater pump stations located within the cities of Encinitas and Solana Beach. Cybersecurity enhancements are also included to help detect, protect, respond, and recover from cyber threats.

Work Completed: July 2019 – September 2019

Reorder and reprogramming of new server equipment damaged by contractor during shipment. Ongoing setup for the new system, including software testing in preparation for implementation. Initiated field work to install remote terminals. Installed new server rack and demolished existing control cabinet. Transitioned existing fiber system to new network switch. Continued bi-weekly progress meetings.

Planned Work: October 2019

Equipment shipment, installation, setup, and functional testing. Initiate system startup and develop outstanding punch list items.

Priorities or Issues to be Resolved

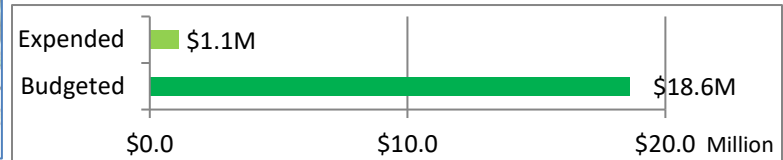
Planning and preparation for system startup/testing and conversion from the existing system to the new system. Installation of new hardware with minimal system downtime.



Water Campus Improvements



Capital Program: Phase II
Project Status: Design/Permitting
Design Start: March 2017
Est. Design Completion: Fall 2019
Est. Construction Completion: Summer 2021



Timeline

CMAR RFP

September 2018

Full Construction

Fall 2019

Est. Completion

Spring 2021

	<i>Budget</i>	<i>Approved Changes</i>	<i>Revised Budget</i>	<i>Spent to Date</i>
SEJPA Construction:	\$10,940,000	-	\$10,940,000	-
Caltrans/Misc	5,300,000	-	5,300,000	467,552
CM/Engineering:	1,480,000	-	1,480,000	649,551
Contingency:	880,000	-	880,000	-
Total:	\$18,600,000	\$0	\$18,600,000	\$1,117,103

Project Description

Work consists of replacing aging administration, operations, and maintenance buildings; enhancing safety, security, and public access; improving storm water capture and reuse; and upgrading onsite utilities and fire fighting systems. Solar power, energy efficiency, electric car charging, and other Climate Action Plan measures will be incorporated. Planned community benefits include public parking, regional multi-use path. Opportunities for interactive learning and education will be integrated into the site design.

Work Completed: July - Sept 2019

Completed the project CEQA addendum. Completed the City of Encinitas Coastal Development Permit process. Presented project to Encinitas Planning Commission on Sept 19, 2019, received unanimous approval. Prepared first draft of the project cost estimate; approximately 20% over budget. Conducted first value engineering review to identify opportunities for cost reductions. Cost drivers include the addition of a full traffic signal, multi-use path fencing, drainage, and landscaping, utility conflicts at the front of the site, soil conditions under building site, unidentified project fees, and undergrounding the storm channel.

Planned Work: Oct -Dec 2019

Refine the project design for cost items tracking significantly over budget, then prepare new project cost estimate. Negotiate scope of work and fee with design team for additional work and unforeseen conditions. Develop solar power scope of work and procurement agreement. Develop project guaranteed maximum price and execute Stage II agreement with PCL (present to SEJPA Board for approval - Jan 2020).

Priorities or Issues to be Resolved

Prepare project easements (open space, wetlands, multi-use trail) necessary to commence construction. Obtain grading and building permits. Execute Stage II agreement with PCL. Execute power purchase agreement for solar project.