

**AGENDA  
REGULAR BOARD MEETING OF THE  
SAN ELIJO JOINT POWERS AUTHORITY  
JANUARY 20, 2026 AT 8:30 A.M.  
SAN ELIJO WATER CAMPUS – BOARD MEETING ROOM  
2695 MANCHESTER AVENUE  
CARDIFF BY THE SEA, CALIFORNIA**

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1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. ORAL COMMUNICATIONS/PUBLIC COMMENT PERIOD (NON-ACTION ITEM)
5. NEW HIRES, AWARDS AND RECOGNITION

*Recognition*

Yani Reyes-Heyer, Accounting Supervisor,  
Bachelor's Degree in Business Administration – San Diego State University

Joshua McTaggart, Operator-in-Training  
Associate's Degree in Water Technology – Palomar College  
Associate's Degree in Wastewater Technology – Palomar College

6. \* **CONSENT CALENDAR**
7. \* [APPROVAL OF MINUTES FOR DECEMBER 09, 2025 MEETING](#)
8. \* [APPROVAL FOR PAYMENT OF WARRANTS AND MONTHLY INVESTMENT  
REPORTS – DECEMBER 2025](#)
9. \* [WASTEWATER TREATMENT REPORT – NOVEMBER 2025](#)
10. \* [RECYCLED WATER REPORT – NOVEMBER 2025](#)
11. \* [REPORTABLE MEETINGS](#)
12. \* [AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR ARC FLASH STUDIES](#)

13. \* [ORGANIZATIONAL CLASSIFICATION CHANGE – ELIMINATION OF FINANCIAL ANALYST SERIES AND ADDITION OF SENIOR ACCOUNTANT](#)

14. \* [WANKET TANK CONSTRUCTION PHASE AMENDMENTS](#)

15. \* 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**

16. [2026 ELECTION OF OFFICERS AND BOARD MEETING SCHEDULE](#)

1. Appoint Chairperson and Vice-Chairperson for the 2026 SEJPA Board of Directors, effective at the conclusion of the January 20, 2026 Board Meeting;
2. Select regular meeting schedule for 2026; and
3. Discuss and take action as appropriate

Staff Reference: General Manager

17. [WANKET RESERVOIR ASSIGNMENT AND ASSUMPTION AGREEMENT](#)

1. Authorize the General Manager to finalize terms and enter into an agreement with the Olivenhain Municipal Water District (Olivenhain) and the San Dieguito Water District (San Dieguito) for assignment of ownership rights related to the Wanket Reservoir; and
2. Discuss and take action as appropriate

Staff Reference: General Manager

18. [UPDATED FY 2024-25 FINANCIAL AUDIT REPORT ACCEPTANCE](#)

1. Accept and file the updated San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2025;
2. Accept and file the updated FY 2024-25 SEJPA Audit Conclusion Letter (SAS 114); and
3. Discuss and take action as appropriate

Staff Reference: Director of Finance and Administration

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".*

PUBLIC EMPLOYEE APPOINTMENT (Government Code Section 54957 (b)(1), Title: General Manager – Succession Planning

23. ADJOURNMENT

The next regularly scheduled San Elijo Joint Powers Authority Board Meeting will be Tuesday, February 17, 2026 at 8:30 a.m.

NOTICE:

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

The agenda package and materials related to an agenda item submitted after the packet's distribution to the Board are available for public review in the lobby of the SEJPA Administrative Office during normal business hours. Agendas and minutes are available at [www.sejpa.org](http://www.sejpa.org). The 2026 SEJPA Board meetings schedule, adopted following the January 2026 SEJPA Board Meeting, is available at [SEJPA Board Meeting Dates](#).

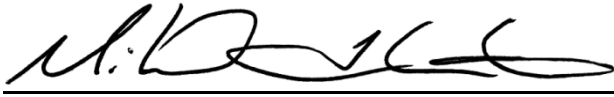
AFFIDAVIT OF POSTING

I, Michael T. Thornton, Secretary of the San Elijo Joint Powers Authority, hereby certify that I posted, or have caused to be posted, a copy of the foregoing agenda on the SEJPA website at [www.sejpa.org](http://www.sejpa.org), and in the following locations:

- San Elijo Water Campus (formerly known as San Elijo Water Reclamation Facility), 2695 Manchester Avenue, Encinitas, California
- City of Encinitas, 505 South Vulcan Avenue, Encinitas, California
- City of Solana Beach, 635 South Highway 101, Solana Beach, California

The original agenda was published on Thursday, January 15, 2026, at least 72 hours prior to the meeting, in accordance with Government Code Section 54954.2(a).

Date: January 20, 2026

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 BOARD MEETING  
HELD ON NOVEMBER 18, 2025  
AT THE SAN ELIJO WATER CAMPUS

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Kristi Becker, Chair

Luke Shaffer, Vice Chair

A meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Tuesday, December 09, 2025, at 8:30 a.m., at the San Elijo Water Campus.

1. CALL TO ORDER

Board Chair Becker called the meeting to order at 8:33 a.m.

2. ROLL CALL

*Directors Present:*

Board Chair

Kristi Becker

Vice Chair

Luke Shaffer

Board Member

David Zito

Board Member

Jim O'Hara (arrived 8:43 a.m.)

*Others Present:*

General Manager

Michael Thornton

Director of Operations

Christopher Trees

Director of Infrastructure and Sustainability

Thomas Falk

Director of Finance and Administration

Kevin Lang

Administrative Coordinator

Vanessa Hackney

*SEJPA Counsel:*

Snell and Wilmer

Adriana Ochoa

*City of Encinitas/San Dieguito Water District*

Senior Management Analyst

Ashlee Stratakis

*City of Solana Beach:*

Public Works Director

Orelia DeBraal

City Engineer

Dan Goldberg

3. PLEDGE OF ALLEGIANCE

Board Chair Becker led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS/PUBLIC COMMENT PERIOD

None.

5. AWARDS AND RECOGNITION

Recognition of Service to SEJPA:

Retirement from San Elijo Joint Powers Authority – Casey Larsen – 17 Years of Service

Recognition of Recent Achievement -

Winston Friedly – Electrical and Instrumentation Certification – Grade II

6. CONSENT CALENDAR

Agenda Item No. 7	Approval of Minutes for the November 18, 2025 Board Meeting
Agenda Item No. 8	Approval for Payment of Warrants and Monthly Investment Report – November 2025
Agenda Item No. 9	Wastewater Treatment Report – October 2025
Agenda Item No. 10	Recycled Water Report – October 2025
Agenda Item No. 11	Reportable Meetings
Agenda Item No. 12	Supervisory Control and Data Acquisition (SCADA) Services Contract Amendment
Agenda Item No. 13	Purposely Left Blank
Agenda Item No. 14	Purposely Left Blank

Moved by Board Member Zito and seconded by Vice Chair Shaffer to approve the Consent Calendar.

Motion carried with the following vote of approval:

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

16. FY 2024-25 FINANCIAL AUDIT REPORT ACCEPTANCE

Guest Speaker Michael Zizzi, CPA, a Partner for Leaf & Cole, LLP, gave a presentation reporting on the financial audit of SEJPA for Fiscal Year (FY) 2024-25, conducted annually as required by California Government Code and Board policy. The financial audit of SEJPA for FY 2024-25 has been completed and it is the auditor's opinion that SEJPA's June 30,

2025 financial statements are presented fairly in all material respects, as evidenced by their unqualified opinion. The audit was performed in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Upon completion of the audit, Leaf & Cole, LLP stated that no transactions were noted where there was a lack of authoritative guidance or consensus. In addition, there were no difficulties or disagreements with management in performing and completing the audit.

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

1. Accept and file the San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2025; and to
2. Accept and file the FY2024-25 SEJPA Audit Conclusion Letter (SAS 114);

Motion carried with the following vote of approval:

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

17. SAN ELIJO JOINT POWERS AUTHORITY FY 2024-25 FINANCIAL PERFORMANCE REVIEW

Director of Finance and Administration Kevin Lang presented an informational report on SEJPA's FY 2024–25 financial performance. Total operating expenses across all programs were approximately \$10.5 million, with overall expenditures ending the fiscal year \$96,973 (1%) under budget despite continued cost pressures related to personnel, materials, and contracted services. Core programs, including Wastewater Treatment, Ocean Outfall, and the Recycled Water Utility, finished the year under budget, reflecting effective cost controls and prudent use of budgeted contingencies. Variances in certain reimbursable pump station and laboratory programs were either offset by additional revenues or fully reimbursed by participating agencies.

The Recycled Water Utility reported strong financial performance, with operating expenses under budget and revenues exceeding projections due to increased water sales, incentive revenues, and higher interest earnings, resulting in a net surplus of \$281,637 retained in reserves. All debt service obligations were met as scheduled, and SEJPA maintained its AA+ credit rating. The Board was also informed of continued progress in addressing pension liabilities, with the PARS Trust balance increasing to approximately \$1.2 million and improving the CalPERS funded ratio from 75% to 81% on a post-PARS basis. No Board action was required.

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

18. GENERAL MANAGER'S REPORT

General Manager, Michael Thornton, presented that in FY 2024-25 SEJPA received \$1,891,978 in grant funding, and is currently in the process of preparing and completing a Single Audit which is a requirement for entities that receive more than \$750,000 of Federal Grant support. Additionally, SEJPA updated and submitted the Title XVI Feasibility Study with our grant partners to leverage a remaining \$6,000,000 in available grant funding.

19. GENERAL COUNSEL'S REPORT

None.

20. BOARD MEMBER COMMENTS

None.

21. CLOSED SESSION

A Closed Session was held PUBLIC EMPLOYEE APPOINTMENT in accordance with Government Code Section 54957 (b)(1), Title: General Manager – Succession Planning.

There was no reportable action for closed session.

22. ADJOURNMENT

The meeting adjourned at 9:55 a.m. The next Board of Directors meeting is scheduled to be held on Tuesday, January 20, 2026 at 8:30 a.m.



**SAN ELIJO JOINT POWERS AUTHORITY  
PAYMENT OF WARRANTS  
For the Month of DECEMBER 2025**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
46035	Abila	Licenses	Accounting software support and subscription	\$ 394.32
46036	Aflac	EE Deduction Benefits Payable	Aflac - Dec	717.16
46037	Aguilar Plant Care, Inc	Services - Maintenance	Palm tree treatment	2,875.00
46038	Akeso Occupation Health	Services - Medical	Hearing test and new hire physical	410.00
46039	Allied Storage Containers	Equipment Rental/Lease	20' and 40' storage containers - Dec	359.89
46040	Ardurra Group, Inc	Services - Engineering	Wanket tank refurbish support - Oct	3,575.00
46041	AT&T	Utilities - Telephone	Phone service - Nov	772.28
46042	Black & Veatch	Services - Engineering	Dewatering facilities upgrades through Nov	73,193.50
46043	Brax Process and Pump Equip.	Repair Parts Expense	Ground water pump	2,104.10
46044	Brenntag Pacific, Inc	Supplies - Chemicals	Citric Acid	3,777.72
46045	California Water Technologies	Supplies - Chem - Ferric Chlo	Ferric chloride solution	12,022.59
46046	Canyon Springs Enterprises	Retention	Stormwater Capture and Reuse - Retention payment	58,544.35
46047	CDM Smith	Services - Engineering	Services for Wanket Tank	91,081.64
46048	Consolidated Electrical Dist.	Repair Parts Expense	Maintenance shop light	202.03
46049	CA Sanitation Risk Mgmt. Auth.	Workers Comp. Insurance	FY 24-25 Work Comp Insurance policy true-up	11,928.00
46050	The Reinalt-Thomas Corp.	Vehicle Maintenance	Pump run truck #3 tires	588.01
46051	Dixieline Lumber Company	Supplies - Shop & Field	Various supplies	99.08
46052	Westbound Solar 2, LLC	Utilities - Solar Power	Solar - Nov	8,633.28
46053	Eide Bailly LLP	Services - Professional	Single audit prep services	11,753.00
46054	Eurofins Calscience, LLC	Services - Laboratory	Testing water samples	1,463.50
46055	Didra Felix	Seminars/Education	Employee reimbursement - Tuition	2,300.00
46056	J.R. Filanc Construction Co.	Services - Contractors	Wanket Tank Refurbishment - Oct and Nov	537,610.40
46057	gacon	Services - Contractors	Labor compliance for Wanket Tank - Oct	1,878.50
46058	Grainger, Inc.	Supplies - Chemicals	Various supplies	330.26
46059	Madison L Haney	Seminars/Education	Employee reimbursement - Tuition	2,300.00
46060	Hardy Diagnostics	Supplies - Lab	Various lab supplies	832.46
46061	Liquid Environmental Solution	Services - Grease & Scum	Roll off box and pumping service	3,832.96
46062	McMaster-Carr Supply Co.	Repair Parts Expense, Supplies - Shop & Field	Various supplies	3,077.13
46063	Joshua C McTaggart	Seminars/Education	Employee reimbursement - Tuition	625.38
46064	MetLife - Group Benefits	Dental/Vision	Dental - Jan	3,440.53
46065	Midas Shop	Vehicle Maintenance	Oil change - Standby truck #7	71.72
46066	Cosby Oil Company, Inc	Fuel	Fuel - Dec	870.47
46067	Olivenhain Municipal Water Dis	Services - Professional	Rincon NSDWRC support services	203.71
46068	OneSource Distributors, Inc.	Repair Parts Expense	Various supplies	2,263.11
46069	Pacific Pipeline Supply	Repair Parts Expense	Various supplies	411.55
46070	PE Instruments	Services - Maintenance	Lomas Santa Fe flow meter program and calibration	584.32
46071	RingCentral, Inc	Utilities - Telephone	Phone service	532.36
46072	Rising Tide Partners, LLC	Services - Professional	Communications services - Nov 25	1,517.50
46073	Robert Half International, Inc	Services - Temp	Temp service period ending - 12/19/25	1,737.50
46074	Santa Fe Irrigation District	Utilities - Water	Water	98.16
46075	Santa Fe Irrigation District	SFID Distribution Pipeline	Pipeline purchase payment	1,974.17
46076	San Dieguito Water District	Utilities - Water	Water	960.90
46077	Snell & Wilmer L.L.P	Services - Legal	General counsel through Nov	3,112.63
46078	Terminix Processing Center	Services - Maintenance	Pest control service	514.15
46079	Michael Thornton	Subsistence - Travel/Rm & Bd	Employee reimbursement - Water Summit meeting expenses	528.18
46080	Unifirst Corporation	Services - Uniforms	Uniform service	334.79

# SAN ELIJO JOINT POWERS AUTHORITY

## PAYMENT OF WARRANTS

### For the Month of DECEMBER 2025

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
46081	USA Bluebook	Repair Parts Expense, Supplies - Lab	Various supplies	832.38
46082	Valley CM, Inc.	Services - Professional	Management and inspection services - Aug and Nov	10,455.00
46083	Verizon Wireless	Utilities - Telephone	Telephone - Nov	617.21
46084	Verizon Wireless	Utilities - Telephone	Cell Service - Nov	711.43
46085	Volt Management Corp	Services - Temp	Internship program and temp service	8,622.24
46086	WageWorks	Payroll Processing Fees	Admin fee - Dec	176.00
45982	Sterling Infosystems, Inc	Preemployment Screening	Safety clearance reports	186.23
45983	Adam Kaye	Services - Professional	Public communications	400.00
45984	Ag Tech, LLC	Services - Biosolids Hauling	Biosolids hauling and reuse - Nov	16,358.13
45985	AT&T	Utilities - Internet	Internet service - Nov	2,183.33
45986	Scott Best	Subsistence - Travel/Rm & Bd	Employee reimbursement - Mileage	85.96
45987	Brenntag Pacific, Inc	Supplies - Chem - Odor	Sodium Hydroxide	2,271.89
45988	CA. Office Cleaning, Inc.	Services - Janitorial	Office and window cleaning	6,567.00
45989	Consolidated Electrical Dist.	Repair Parts Expense	Various supplies	1,900.71
45990	Clean Water SoCal	Subsistence - Meals	Holiday luncheon - C. Trees	85.00
45991	Corodata	Rent	Record storage - Nov	121.93
45992	County of San Diego	Fees - Permits	Permit fees - APCD Olivenhain Pump Station Generator	723.00
45993	Dixieline Lumber Company	Repair Parts Expense	Various supplies	51.34
45994	EDCO Waste & Recycling Service	Utilities - Trash	Trash - Nov	520.68
45995	City of Encinitas	Service - IT Support	Admin IT network - Dec	6,860.00
45996	ERA	Supplies - Lab	Various lab supplies	387.60
45997	Eurofins Calscience, LLC	Services - Laboratory	Testing water samples	968.00
45998	Excel Landscape, Inc.	Services - Landscape	Grounds maintenance service and repair - Nov	4,884.83
45999	Fisher Scientific	Supplies - Chemicals	AWP chemicals	326.94
46000	Winston Friedly	Dues & Memberships	Employee reimbursement - CWEA grade II test fee	224.00
46001	Golden Bell Products	Supplies - Chemicals	Various supplies	1,317.24
46002	Golf Carts and More Inc	Vehicle Maintenance	Golf cart service	463.21
46003	Grainger, Inc.	Repair Parts Expense, Supplies - Safety	Various supplies	1,204.11
46004	GSE Construction Company Inc.	Retention	Biosolids facilities improvements	470,945.43
46005	Hardy Diagnostics	Supplies - Lab	Various lab supplies	1,131.36
46006	Harrington Industrial Plastics	Repair Parts Expense	Various supplies	707.08
46007	Hemlock, Industries Inc.	Supplies - Shop & Field	Various supplies	938.07
46008	Idexx Distribution, Inc.	Supplies - Lab	Various lab supplies	4,527.44
46009	Integrated Aqua Systems, Inc	Repair Parts Expense	Various supplies	8,948.07
46010	Marine Taxonomic Services, LTD	Services - Contractors	Intensive WQ monitoring/plume tracking Q4 Nov 25	2,870.00
46011	McMaster-Carr Supply Co.	Repair Parts Expense	Various supplies	2,999.17
46012	Nautilus Environmental, Inc	Services - Laboratory	Laboratory toxicity testing services - Sep and Oct 2025	4,630.00
46013	Cosby Oil Company, Inc	Fuel	Fuel - Nov	511.39
46014	Olin Corp - Chlor Alkali	Supplies - Chem - Sodium Hypo	Procurement of Sodium Hypochlorite	11,318.37
46015	Olivenhain Municipal Water Dis	Services - Professional	Rincon NSDWRC support services and Woodward and Curran	301.90
46016	OneSource Distributors, Inc.	Repair Parts Expense	Various supplies	1,047.30
46017	Otis Elevator Company	Services - Maintenance	Elevator maintenance - Dec	221.62
46018	Pacific Pipeline Supply	Repair Parts Expense	Gate valve wheel	124.62
46019	Reward Strategy Group, Inc	Services - Professional	Class and comp consulting services	5,515.00
46020	RSF Security Systems	Services - Alarm	Security - Dec - Feb 26	2,052.00
46021	Rusty Wallis, Inc.	Supplies - Shop & Field	Water softener, tank service and salt bags	384.73

**SAN ELIJO JOINT POWERS AUTHORITY  
PAYMENT OF WARRANTS  
For the Month of DECEMBER 2025**

<b>Warrant #</b>	<b>Vendor Name</b>	<b>G/L Account</b>	<b>Warrant Description</b>	<b>Amount</b>
46022	Santa Fe Irrigation District	Utilities - Water	Water	11,130.12
46023	Santa Fe Irrigation District	SFID Distribution Pipeline	Pipeline purchase payment	4,993.80
46024	Abigail Marina Schlenk	Other Personnel Cost	Employee reimbursement - Health and wellness	120.00
46025	San Dieguito Water District	Utilities - Water	Water	4,995.60
46026	Sloan Electric Company	Repair Parts Expense	Lomas Santa Fe jockey pump motor	2,292.93
46027	SWRCB	Dues & Memberships	Annual registration renewal - T. Cook	775.00
46028	Terminix Processing Center	Services - Maintenance	Pest control service	115.11
46029	Unifirst Corporation	Services - Uniforms	Uniform service	314.17
46030	Underground Service Alert/SC	Services - Alarm	Dig alert and safe excavation board	140.78
46031	USA Bluebook	Repair Parts Expense, Supplies - Lab	Various supplies	617.87
46032	University of Southern CA	Dues & Memberships	Membership - M. Piper	120.00
46033	Volt Management Corp	Services - Temp	Internship program and temp service	7,978.36
46034	Benefits Coordinators Corp.	Dental/Vision	Vision - Dec	458.40
On-line 1176	BankCard Center	Supplies - Lab, Chemicals, Vehicle Maintenance	Various supplies	10,075.30
On-line 1177	Home Depot Credit Services	Supplies - Shop & Field	Various supplies	1,437.75
On-line 1178	Mission Square	ICMA Retirement	ICMA - 401 a	8,472.47
On-line 1179	Mission Square - 304175	EE Deduction Benefits Payable	ICMA 457	9,795.88
On-line 1180	Public Employees- Retirement	Retirement Plan - PERS	Retirement - Nov Pay Period	24,502.38
On-line 1181	WM Corporate Services, Inc.	Services - Sediment Disposal	Roll off bins - Nov	4,172.16
On-line 1182	San Diego Gas & Electric	Utilities - Gas & Electric	Gas and electric - Nov	88,361.28
On-line 1183	Home Depot Credit Services	Repair Parts Expense	Various supplies	1,267.02
On-line 1184	Blue Triton Brands Inc	Supplies - Lab	Kitchen and lab supplies	374.84
On-line 1185	Sun Life Financial	Life Insurance/Disability	Life and disability - Jan	3,316.24
On-line 1186	WM Corporate Services, Inc.	Services - Sediment Disposal	Roll off bins - Dec	3,999.74
On-line 1187	Noren Products, Inc	Repair Parts Expense	AC Unit	4,983.00
Payroll ACH	San Elijo Payroll Account	Payroll	Payroll - Pay Date 12/12/2025	135,323.88
Payroll ACH	San Elijo Payroll Account	Payroll	Payroll - Pay Date 12/26/2025	140,565.72
				<u><u>\$ 1,915,816.03</u></u>

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

**For the Month of DECEMBER 2025  
As of DECEMBER 31, 2025**

PAYMENT OF WARRANTS

\$ 1,915,816.03

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



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Kevin Lang  
Director of Finance and Administration

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

**As of DECEMBER 31, 2025**

<b>FUNDS ON DEPOSIT WITH</b>	<b>AMOUNT</b>
<b>LOCAL AGENCY INVESTMENT FUND</b> <i>(DECEMBER 2025 YIELD 4.025%)</i>	\$ 5,924,822.56
<b>CALIFORNIA BANK AND TRUST</b> <i>(DECEMBER 2025 YIELD 0.01%)</i>	569,108.34
<b>U.S. Bank</b> <i>(DECEMBER 2025 YIELD 4.40%)</i>	13,124,337.04
<b>PARS</b> <i>(NOVEMBER 2025 YIELD 0.55%)</i>	1,163,621.73
<b>TOTAL RESOURCES</b>	<u>\$ 20,781,889.67</u>

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

January 20, 2026

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: Director of Operations

SUBJECT: WASTEWATER TREATMENT REPORT – NOVEMBER 2025

RECOMMENDATION

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

DISCUSSION

Monthly Treatment Facility Performance and Evaluation

Wastewater treatment for the San Elijo Joint Powers Authority (SEJPA) met all National Pollutant Discharge Elimination System (NPDES) ocean effluent limitation requirements for the month of November 2025. The primary indicators of treatment performance include the removal of Total Suspended Solids (TSS) and Carbonaceous Biochemical Oxygen Demand (CBOD). SEJPA is required to remove a minimum of 85 percent of the TSS and CBOD from the wastewater. Treatment levels for **TSS** and **CBOD** were **98.2** and **98.4** percent removal, respectively, during the month of November.

## Exceptional Water Treatment

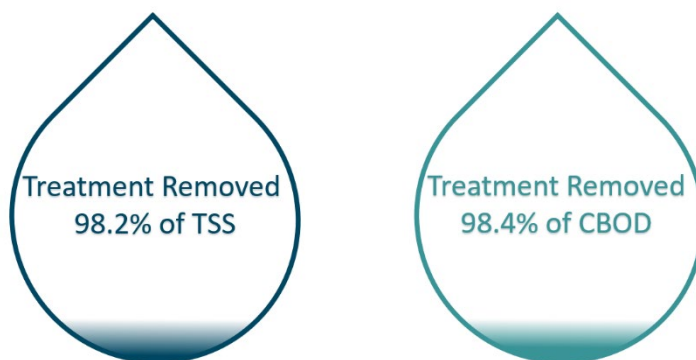
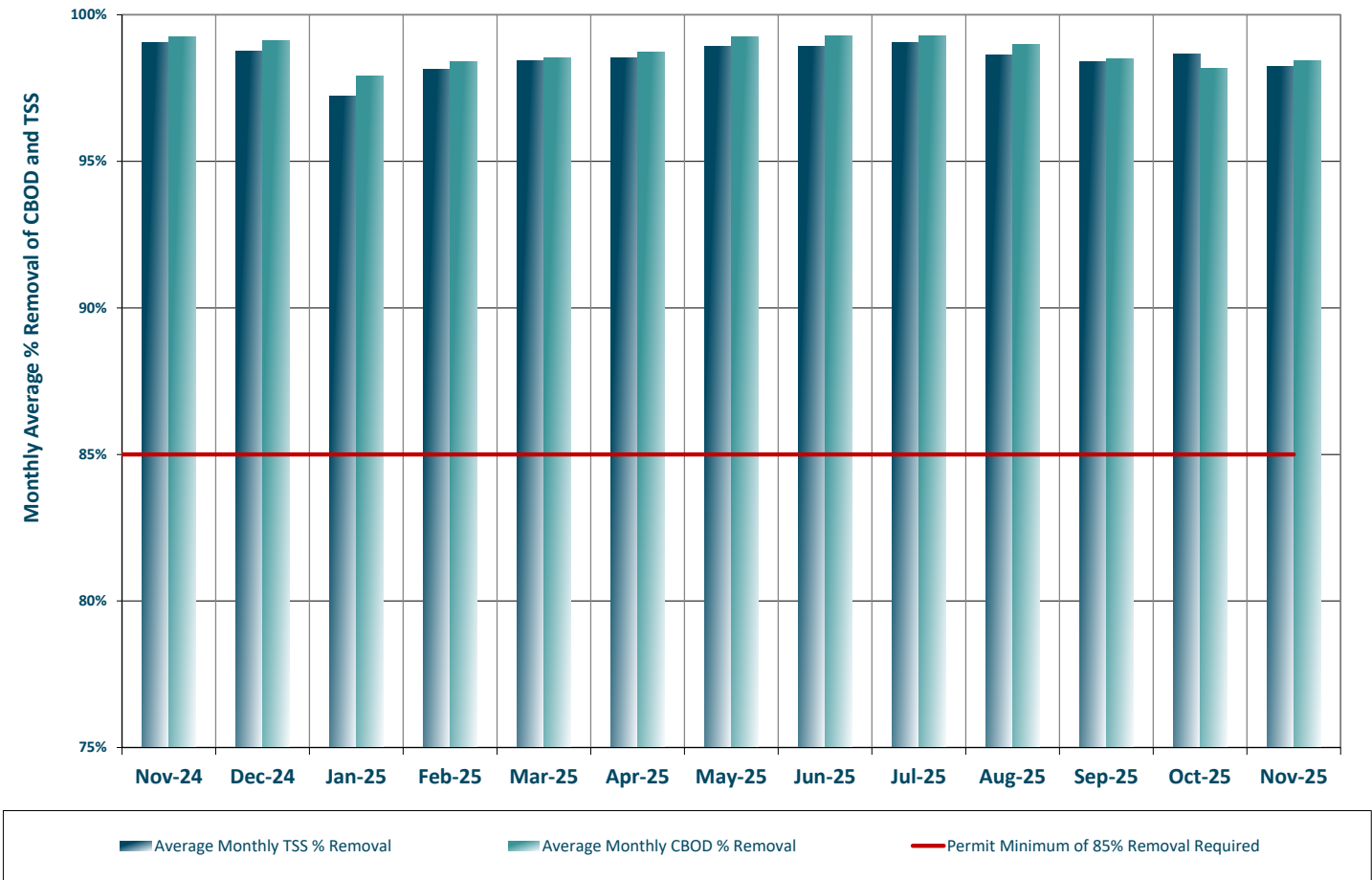


Figure 1 (below) shows historic treatment performance trends for the removal of TSS and CBOD over the last 13 months compared to the permit minimum removal requirement of 85%.

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



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

FIGURE 2: TREATED EFFLUENT FLOWS REMOVAL OF TSS

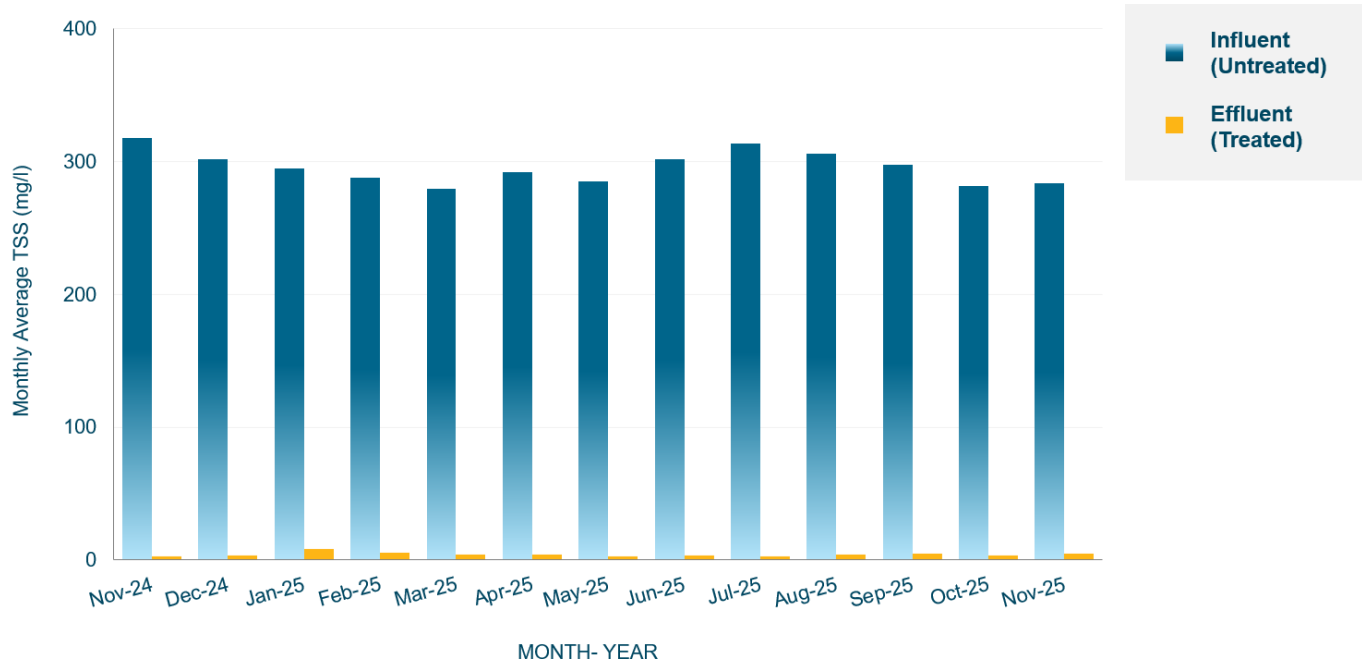
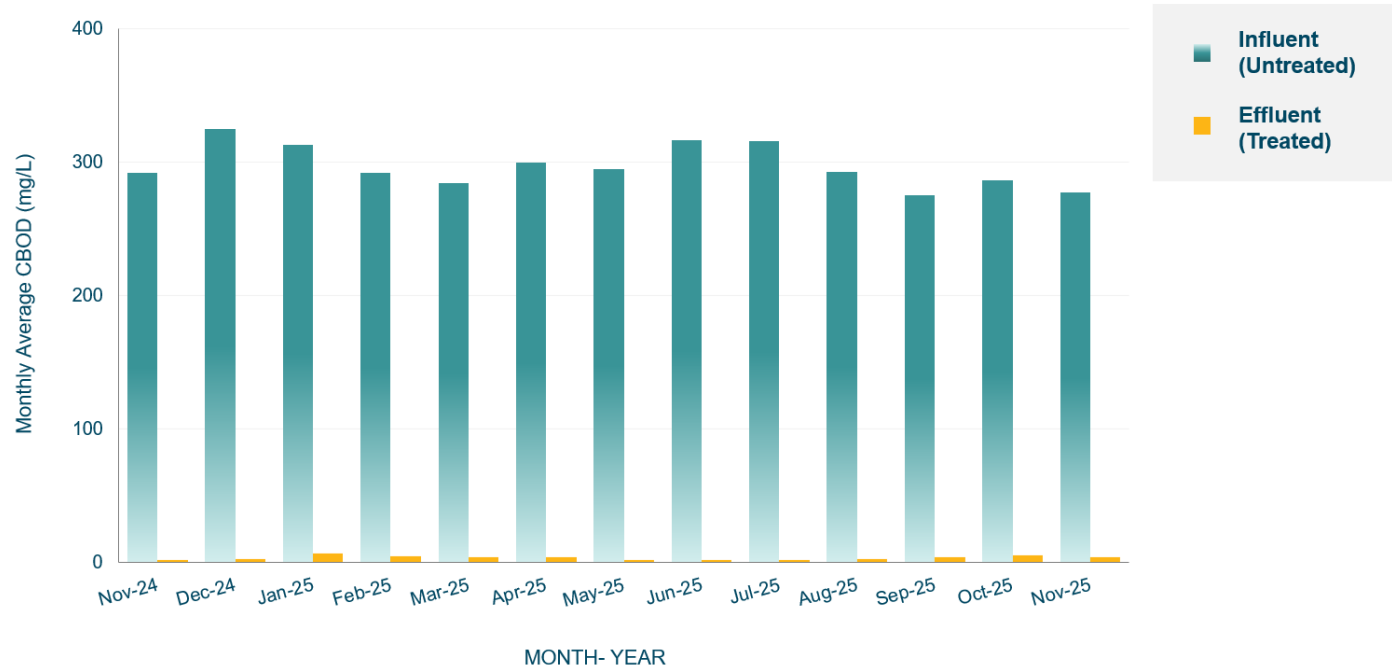


FIGURE 3: TREATED EFFLUENT FLOWS REMOVAL OF CBOD





## Member Agency Flows

Table 1 provides a summary of influent and effluent flows for November. Average daily influent volumes were measured for each contributing agency. During this reporting period, roughly 23% of the influent was treated and beneficially reused as recycled water, while the balance was conveyed to the ocean outfall.

TABLE 1 – INFLUENT AND EFFLUENT FLOWS IN NOVEMBER

	Influent (mgd)	Recycled Water (mgd)	Effluent (mgd)*
Cardiff Sanitaru Division	1.407	0.330	1.077
Citu of Solana Beach	1.050	0.246	0.804
Rancho Santa Fe SID	0.188	0.045	0.143
City of Del Mar	0.424	0.099	0.325
Total San Eliio Water Campus Flow	3.069	0.720	2.349

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

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

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

MONTH	AVERAGE DAILY INFLUENT FLOW RATE (MGD)					CONNECTED EDUs					AVERAGE UNIT INFLUENT FLOW RATE (GAL/EDU/DAY)				
	CSD	RSF	SB	DM	TOTAL DESIGN	CSD	RSF	SB	DM	TOTAL EDUS	CSD	RSF	SB	DM	TOTAL PLANT
Nov-22	1.205	0.124	0.879	0.336	2.544	8,557	585	8,142	2,616	19,900	141	212	108	138	128
Dec-22	1.186	0.133	0.906	0.374	2.599	8,557	585	8,142	2,616	19,900	139	228	111	151	131
Jan-23	1.630	0.200	0.979	0.379	3.188	8,557	585	8,142	2,616	19,900	190	342	120	153	160
Feb-23	1.323	0.167	0.930	0.371	2.791	8,557	585	8,142	2,616	19,900	155	286	114	149	140
Mar-23	1.892	0.255	1.044	0.392	3.583	8,557	585	8,142	2,616	19,900	221	436	128	154	180
Apr-23	1.244	0.187	0.915	0.303	2.649	8,557	586	8,142	2,616	19,901	145	319	112	123	133
May-23	1.184	0.167	0.879	0.295	2.525	8,557	586	8,142	2,616	19,901	138	285	108	120	127
Jun-23	1.185	0.144	0.891	0.413	2.633	8,557	586	8,142	2,616	19,901	136	282	109	171	132
Jul-23	1.160	0.146	0.949	0.446	2.701	8,557	586	8,166	2,616	19,925	136	249	116	182	136
Aug-23	1.242	0.177	0.954	0.494	2.867	8,559	586	8,166	2,622	19,933	145	302	117	200	144
Sep-23	1.161	0.161	0.885	0.371	2.578	8,559	586	8,166	2,622	19,933	136	275	108	152	129
Oct-23	1.125	0.163	0.870	0.308	2.466	8,559	587	8,166	2,622	19,934	131	278	107	125	124
Nov-23	1.246	0.186	0.961	0.409	2.802	8,559	588	8,166	2,622	19,935	146	317	118	149	141
Dec-23	1.313	0.173	1.011	0.377	2.874	8,559	588	8,166	2,622	19,935	153	294	124	133	144
Jan-24	1.416	0.190	1.055	0.380	3.041	8,569	588	8,166	2,622	19,945	165	323	129	134	152
Feb-24	1.788	0.256	1.099	0.422	3.565	8,569	588	8,166	2,622	19,945	209	436	135	151	179
Mar-24	1.395	0.200	1.061	0.352	3.008	8,616	588	8,166	2,639	20,009	162	340	130	125	150
Apr-24	1.313	0.216	1.036	0.368	2.933	8,620	588	8,166	2,639	20,013	152	368	127	130	147
May-24	1.294	0.196	1.017	0.349	2.856	8,620	588	8,166	2,639	20,013	150	334	125	125	143
Jun-24	1.275	0.191	1.058	0.508	3.032	8,620	588	8,166	2,639	20,013	148	325	130	184	152
Jul-24	1.310	0.185	1.076	0.494	3.065	8,620	588	8,166	2,639	20,013	152	315	132	182	153
Aug-24	1.279	0.166	1.090	0.512	3.047	8,621	588	8,178	2,639	20,025	148	283	133	188	152
Sep-24	1.278	0.165	1.034	0.399	2.876	8,621	588	8,178	2,657	20,043	148	281	126	147	143
Oct-24	1.296	0.160	1.019	0.340	2.815	8,621	591	8,178	2,657	20,046	150	271	125	122	140
Nov-24	1.250	0.184	0.967	0.482	2.883	8,621	591	8,178	2,657	20,046	145	312	118	165	144
Dec-24	1.231	0.182	1.079	0.408	2.900	8,621	593	8,178	2,657	20,048	143	307	132	134	145
Jan-25	1.242	0.187	1.105	0.381	2.915	8,621	593	8,178	2,657	20,048	144	316	135	124	145
Feb-25	1.321	0.186	1.120	0.408	3.035	8,621	593	8,178	2,657	20,048	153	314	137	134	151
Mar-25	1.374	0.214	1.133	0.390	3.111	8,621	593	8,178	2,657	20,048	159	361	139	129	155
Apr-25	1.221	0.210	1.084	0.367	2.882	8,621	593	8,178	2,657	20,048	142	354	133	122	144
May-25	1.220	0.202	1.071	0.371	2.864	8,621	593	8,178	2,657	20,048	142	341	131	123	143
Jun-25	1.204	0.190	1.071	0.524	2.989	8,621	593	8,178	2,657	20,048	140	321	131	175	149
Jul-25	1.206	0.204	1.109	0.502	3.021	8,621	593	8,126	2,657	19,996	140	344	136	168	151
Aug-25	1.227	0.213	1.090	0.556	3.086	8,621	594	8,126	2,680	20,020	142	359	134	187	154
Sep-25	1.230	0.187	1.050	0.426	2.893	8,623	596	8,126	2,680	20,025	143	314	129	142	144
Oct-25	1.234	0.176	1.039	0.378	2.827	8,627	596	8,126	2,680	20,029	143	296	128	126	141
Nov-25	1.407	0.188	1.050	0.424	3.069	8,629	596	8,126	2,680	20,031	163	316	129	144	153

CSD: Cardiff Sanitary Division

RSF: Ranch Santa Fe Community Service District

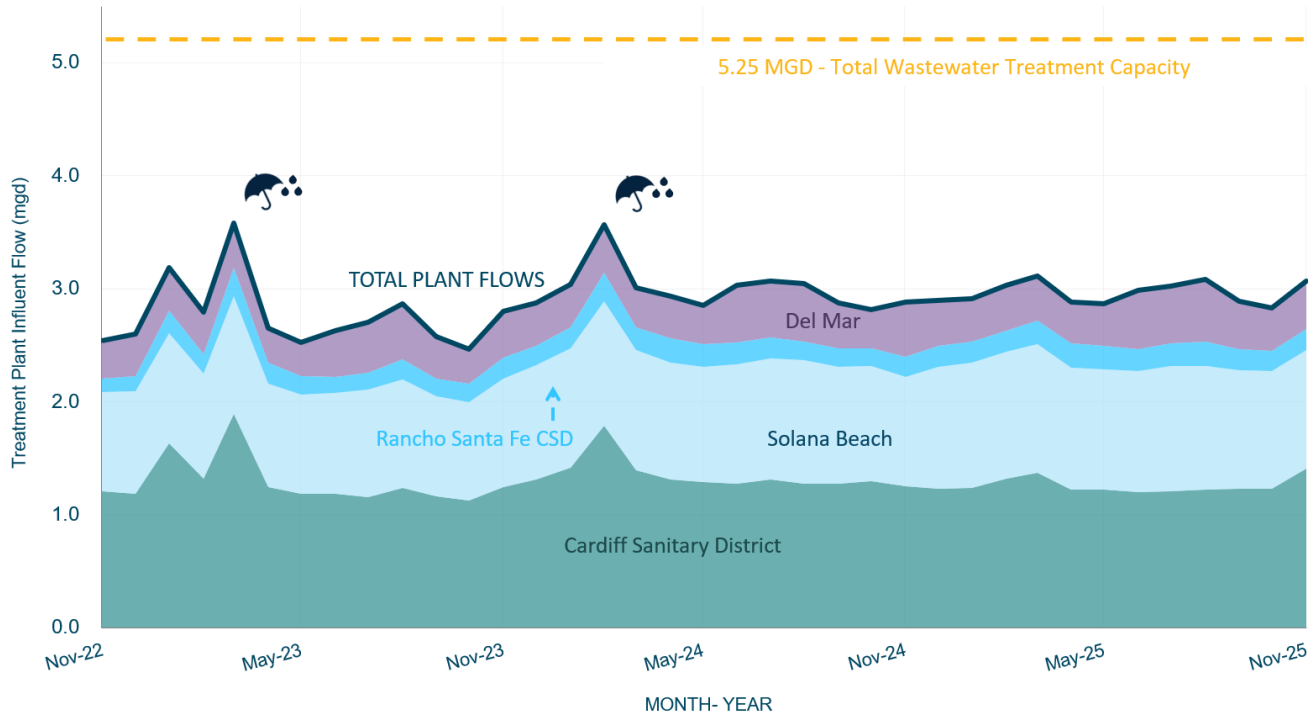
SB: Solana Beach

DM: City of Del Mar

EDU: Equivalent Dwelling Unit

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

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



### City of Escondido Flows

The average and peak daily flow rate for the month of November 2025 from the City of Escondido's Hale Avenue Resource Recovery Facility, which discharges through the San Elijo Ocean Outfall, is reported below in Table 3.

TABLE 3 – CITY OF ESCONDIDO DAILY FLOWS

	Flow (mgd)
Escondido (Average flow rate)	10.4
Escondido (Peak flow rate)	18.0

### Connected Equivalent Dwelling Units

The City of Solana Beach and the City of Del Mar updated the number of connected EDUs reported to the SEJPA in September 2025, memorializing updates effective July 1, 2025. The connected EDUs for Solana Beach were reduced due to the reconstruction of Solana Highlands apartments. The City of Encinitas and Rancho Santa Fe CSD update their connected EDUs report every month. The number of EDUs connected for each of the Member Agencies and lease agencies is reported in Table 4 below.

TABLE 4 – CONNECTED EDUs BY AGENCY

	Connected (EDU)
Cardiff Sanitary Division	8,629
Rancho Santa Fe SID	596
City of Solana Beach	7,789
San Diego (to Solana Beach)	337
City of Del Mar	2,680
Total EDUs to System	20,031

Respectfully submitted,



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Christopher Trees  
Director of Operations

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

January 20, 2026

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: Director of Operations

SUBJECT: RECYCLED WATER REPORT – NOVEMBER 2025

RECOMMENDATION

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

DISCUSSION

*Recycled Water Production*

In November 2025, recycled water demand totaled 79.5 acre-feet (AF), supplied by all recycled water and no supplemental potable water. Demand was 23.8% below the budgeted projection of 104 AF due to 2.75 inches of rain recorded in the last half of the month and a 29-day read cycle.

During annual aeration basin cleaning conducted between mid-October and mid-November, the biological treatment process was temporarily strained, resulting in a week-long episode of elevated coliform levels in the processed recycled water. Staff responded by transitioning the tertiary treatment process from sand filtration to microfiltration, which has proven to produce more reliable performance under variable operating conditions. Staff also conferred with our process control consultant and based on their recommendation, increased ferric chloride dosing to improve treatability of the influent to the biological process. As a result of these actions, no additional coliform exceedances were observed for the remainder of the month. The aeration basin maintenance was successfully completed, and the increased chemical addition has stabilized the biological process.

Figure 1 (attached) provides a ten-year history of annual recycled water demand and rainfall, illustrating the correlation between precipitation and irrigation demand. Figure 2 compares November recycled water use over the past ten years, and Figure 3 shows budgeted versus actual recycled water sales for FY 2025-26.

Respectfully submitted,




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Christopher Trees  
Director of Operations

FIGURE 1: RECYCLED WATER DEMAND AND RAINFALL COMPARISON



FIGURE 2: NOVEMBER RECYCLED WATER DEMAND

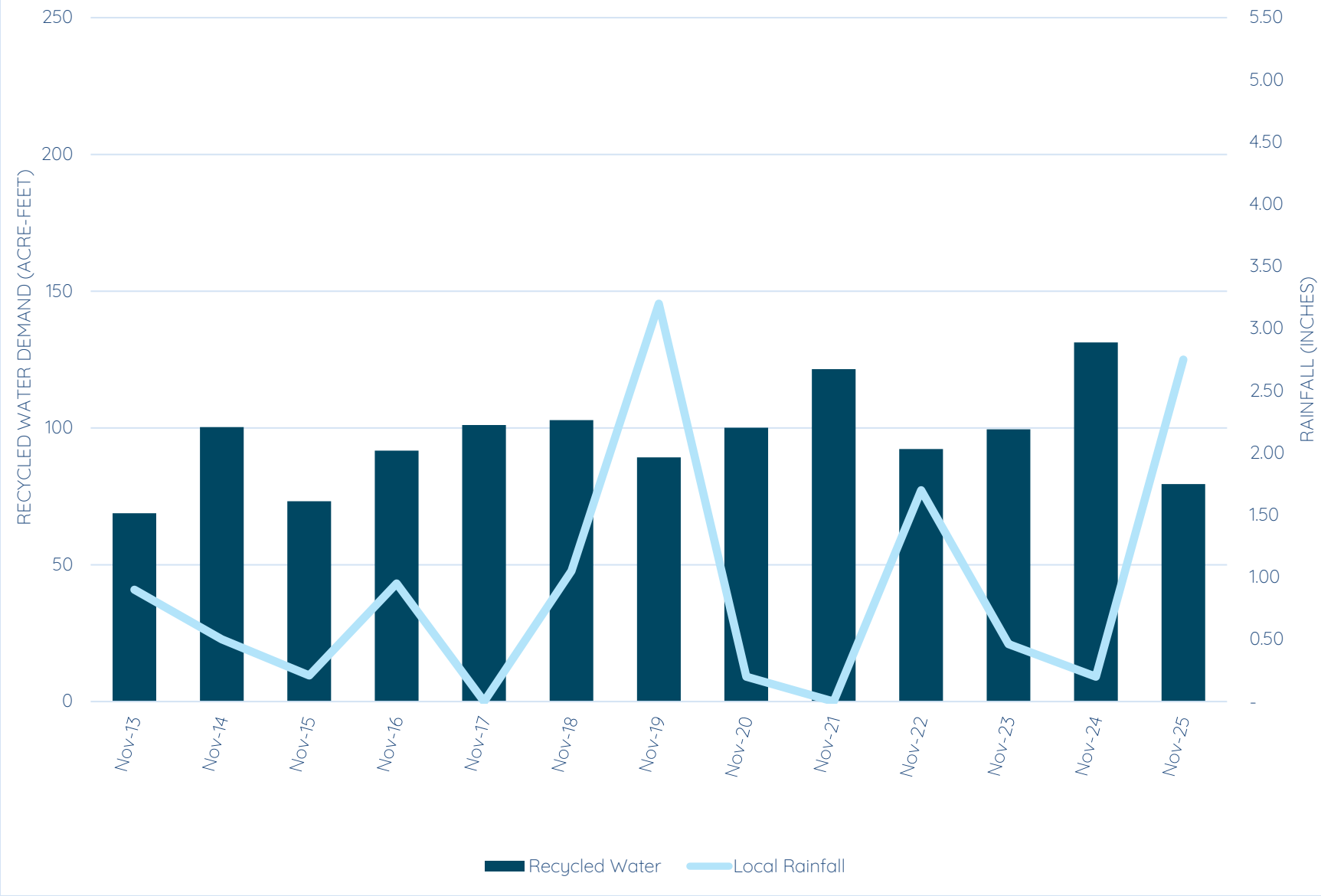
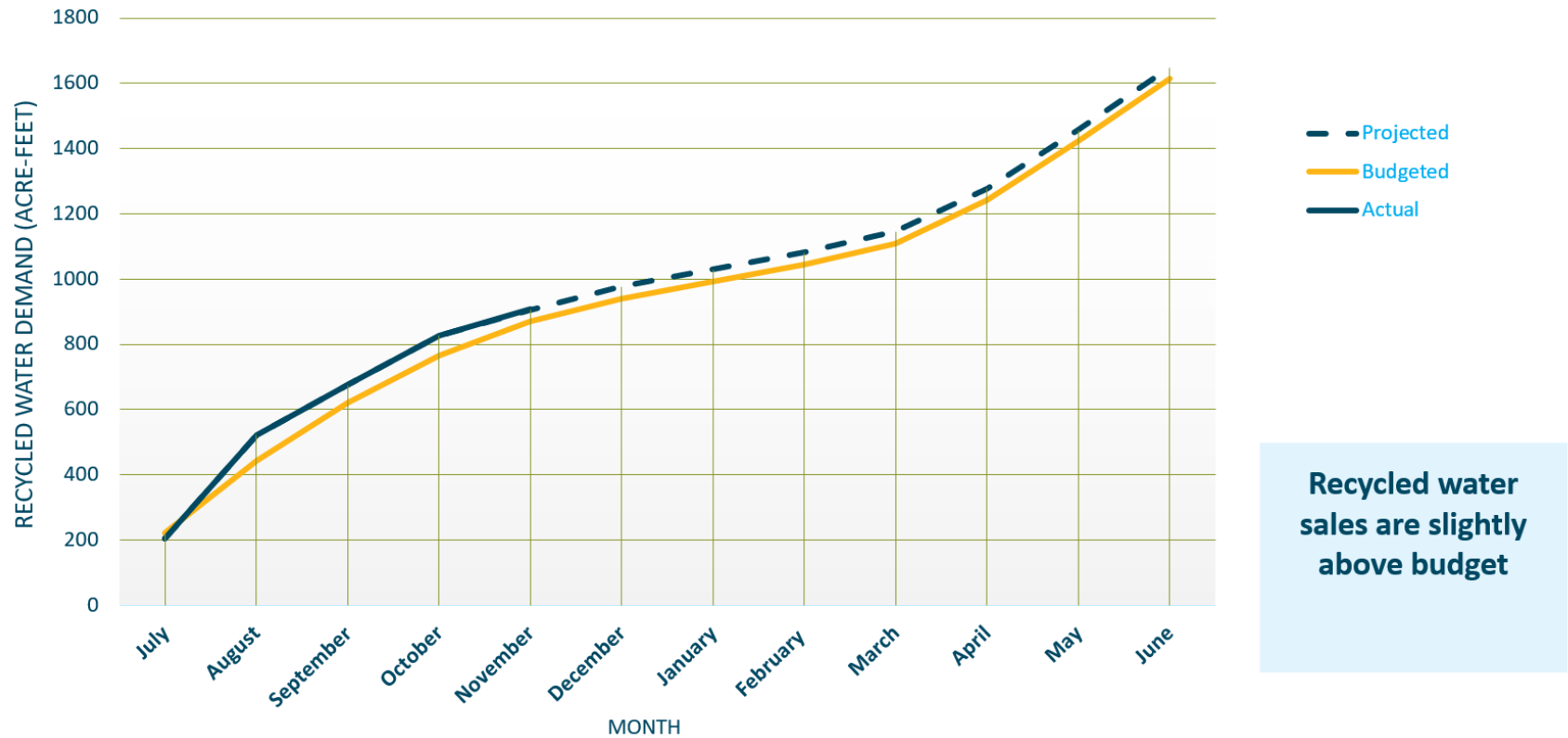


FIGURE 3: FY2025/26 CUMULATIVE DEMAND VS BUDGET





\*

AGENDA ITEM NO. 11

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

January 20, 2026

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: REPORTABLE MEETINGS

RECOMMENDATION

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

BACKGROUND

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

DISCUSSION

The following meetings have taken place since previously reported:

- Meeting to review Board Meeting Agenda with Chairperson Becker on December 5, 2025

FINANCIAL IMPACT

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

Respectfully submitted,



Michael T. Thornton, P.E.  
General Manager

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

January 20, 2026

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: Director of Infrastructure & Sustainability

SUBJECT: AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR ARC FLASH STUDIES

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to execute Professional Services Agreement with Yao Engineering in an amount not-to-exceed \$68,319 for preparation of Arc Flash Studies.
2. Discuss and take action as appropriate.

BACKGROUND

SEJPA is required under Cal/OSHA, as set forth in the California Code of Regulations (CCR) Title 8, to assess workplace electrical hazards, communicate those hazards to employees, and provide appropriate training and protective measures as part of its safety program. To meet these requirements, public agencies commonly rely on the National Fire Protection Association (NFPA) 70E, Standard for Electrical Safety in the Workplace, which is a widely accepted consensus standard for performing electrical safety and arc-flash risk assessments and establishing safe work practices.

NFPA 70E calls for arc-flash risk assessments to be updated following major electrical system modifications and reviewed periodically at intervals not to exceed five years. The standard also requires arc-flash hazard labeling of applicable electrical equipment to support hazard communication and proper selection of personal protective equipment. Maintaining current assessments and labeling is an established method for demonstrating compliance with Cal/OSHA electrical safety requirements and for protecting personnel who may be required to work on or near energized equipment.

SEJPA last completed arc-flash studies and associated labeling in 2021 for facilities operated on behalf of the Cities of Solana Beach and Encinitas. Consistent with NFPA 70E guidance, these studies are due for review and relabeling on or before July 2026. In addition, arc-flash studies are

needed for the City of Del Mar's 21st Pump Station and the 22nd District Agricultural Association (Fairgrounds) stormwater treatment facility.

The proposed scope of work includes review and update of existing electrical models, field verification of current conditions, performance of short-circuit, protective device coordination, and arc-flash hazard analyses, preparation of updated electrical system studies, installation of arc-flash hazard labels, and training of SEJPA staff on NFPA 70E and electrical safety practices.

## DISCUSSION

In November 2025, SEJPA advertised a request for proposals (RFP) through its online procurement portal, PlanetBids. A total of 26 firms registered as prospective proposers. SEJPA received 10 proposals by the due date of December 30, 2025. SEJPA reviewed and scored all proposals based on project team (individual qualifications and experience), firm capabilities (experience, qualifications, locale, and depth), and project approach. SEJPA also reviewed the level of effort proposed by each firm to verify the adequacy of labor-hours and cost for the requested scope of work. The compiled scoring and fee estimates are presented in **Table 1**.

**Table 1 – Proposal Rating**

<b>Firm (by ranking)</b>	<b>Compiled Score (50 max)</b>	<b>Fee Estimate (Base Scope)</b>
Yao Engineering	40	\$ 68,319
TESCO Controls	35	\$ 69,170
Carollo	35	\$ 168,171
Baker Electric	29	\$ 134,900
EPS Inc.	29	\$ 98,300
E2	28	\$ 73,055
Kinectrics AES, Inc.	23	\$ 137,400
Electrical Safety Specialists	22	\$ 36,100
Power-tek USA LLC	16	\$ 484,184
Integrated Project Solutions	16	\$ 301,000

Staff met with the highest ranked team, Yao Engineering, to review scope assumptions, clarify project objectives, and confirm expectations for project delivery. Staff also reviewed the proposed level of effort (labor hours) and compared billing rates against typical market rates, determining that the scope, level of effort, and fee are reasonable. Based on the outcome of scope and fee negotiations, staff recommends award of the Arc Flash Studies work to Yao Engineering for a not-to-exceed fee of \$68,319, which is within the amount budgeted in FY25-26 for this work.

## FISCAL IMPACT

The Arc Flash Studies are budgeted by each remote facility site in the operating budget for FY 2025-26.

## RECOMMENDATION

It is therefore recommended that the Board of Directors:

1. Authorize the General Manager to execute Professional Services Agreement with Yao Engineering in an amount not-to-exceed \$68,319 for preparation of Arc Flash Studies.
2. Discuss and take action as appropriate.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "C. Falk", is positioned above a horizontal line.

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

Attachment 1: Draft Professional Services Agreement – Yao Engineering

**PROFESSIONAL SERVICES AGREEMENT  
BETWEEN SAN ELIJO JOINT POWERS AUTHORITY  
AND YAO ENGINEERING, INC.  
FOR ARC FLASH AND PROTECTION COORDINATION STUDIES**

This Professional Services Agreement (“**Agreement**”) is made on this 20<sup>th</sup> day of January, 2026, (“**Effective Date**”) between SAN ELIJO JOINT POWERS AUTHORITY (“**SEJPA**”), and Yao Engineering, Inc. (“**CONSULTANT**”), an independent CONSULTANT, with a principal place of business in 60 N. Daisy Avenue, Unit 2C, Pasadena, California, 91107.

**SECTION 1 SERVICES TO BE PERFORMED BY CONSULTANT**

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

1.02 CONSULTANT will determine the method, details, and means of performing the above-described services.

**SECTION 2 TERM OF CONTRACT**

2.01 This Agreement will become effective on the date stated above, and will continue in effect until the earlier of the completion of services provided for in this Agreement, December 31, 2026, or until terminated as provided in this Agreement.

**SECTION 3 COMPENSATION**

3.01 Compensation for all work performed under this Agreement, including labor, equipment, materials and services which CONSULTANT is obligated to perform, including all applicable taxes, for the services described in **Attachment A** shall not exceed sixty-eight thousand, three hundred, nineteen Dollars (\$68,319). This amount shall not be exceeded unless there is a change in scope of work, and agreed to in writing by both parties, and set forth in an amendment to this Agreement. Such amendment shall identify any change in compensation as a result of the change in scope of work. CONSULTANT and SEJPA agree that this fee was arrived at through arm’s length negotiations between the parties. SEJPA shall make payments to CONSULTANT in response to duly submitted invoices in accordance with this Section.

3.02 Prepayments will not be made, at any time, during the execution of this Agreement. CONSULTANT shall submit monthly invoices to SEJPA for payments. Such invoices shall represent the value of the items delivered or services provided during the billing period. Such invoices shall be prepared in such form and supported by documentation as SEJPA may reasonably require including a brief narrative description of the work performed.

3.03 Payment shall be made by SEJPA to CONSULTANT within forty-five (45) days of receipt of an approved invoice. The amount of this payment will be less any amounts previously paid on the account.

3.04 SEJPA shall review each invoice as soon as practicable after receipt for the purpose of determining whether the invoice should be approved as a proper payment request. SEJPA shall return to CONSULTANT any invoice determined not to be a proper payment request as soon as practicable. The returned payment request shall include a written explanation setting forth the reasons why the payment request is not proper, and a proposed revised invoice amount, if any, that SEJPA believes to be the proper amount.

3.05 If CONSULTANT accepts the proposed revised invoice prepared by SEJPA, CONSULTANT shall provide written notification to SEJPA's designated representative that CONSULTANT accepts the proposed revised invoice, and the revised invoice shall be deemed received on the same business day CONSULTANT's written notification is received. SEJPA shall thereafter have 45 days to make payment on the revised invoice.

3.06 All invoices shall be made in writing and must be delivered via email to [apsejpa@sejpa.org](mailto:apsejpa@sejpa.org). Include cc' to SEJPA's Project Manager.

3.07 All payments shall be delivered U.S. mail to the address below:

Payment mailing address:  
San Elijo Joint Powers Authority  
P.O. Box 1077  
Cardiff by the Sea, CA 92007  
Attention: Accounts Receivable

#### SECTION 4 LEGAL RELATIONS

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

4.02 CONSULTANT shall be solely responsible for paying all federal and state employment and income taxes, for carrying workers' compensation insurance and for otherwise complying with all other employment law requirements with respect to CONSULTANT or its employee(s).

4.03 To the maximum extent allowable by law, CONSULTANT agrees to indemnify, defend and hold SEJPA harmless from any and all liability, damages or losses (including attorneys' fees, costs, penalties and fines) SEJPA suffers as a result of (a) CONSULTANT's failure to meet its obligations under Section 4.02, or (b) a third party's designation of CONSULTANT or its employee as an employee of SEJPA, regardless of any actual or alleged negligence by SEJPA.

4.04 CONSULTANT will perform all services under this Agreement in good faith and in the best interests of SEJPA. In performing the services specified in this Agreement, CONSULTANT agrees to comply with all laws, rules, regulations and ordinances, whether federal, state or local, and any and all SEJPA policies, procedures, departmental rules and other directives applicable to the services to be performed and provided by SEJPA's Project Manager to CONSULTANT, including, but not limited to, SEJPA's CONSULTANT Safety Policies and Procedures. Any changes to SEJPA policies and procedures that relate to CONSULTANT will be provided to CONSULTANT in writing. CONSULTANT agrees to review such policies, procedures, rules and directives the contents of which CONSULTANT will be deemed to have knowledge.

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

#### SECTION 5 - RESERVED

N/A

#### SECTION 6 PROJECT TEAM

6.01 SEJPA has a primary interest in maintaining the individual services of the following key project team members:

1. Felix Yao, PE, Principal

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

#### SECTION 7 CONSULTANT OBLIGATIONS AND REPRESENTATIONS

7.01 CONSULTANT may represent, perform services for, and contract with as many additional clients, persons, or companies as CONSULTANT, in its sole discretion, sees fit.

7.02 CONSULTANT will supply all tools materials, and equipment required to perform the services under this Agreement.

7.03 CONSULTANT represents that its employee(s) has the qualifications and skills necessary to perform the services under this Agreement in a competent, professional manner, without the advice or direction of SEJPA. This means CONSULTANT is able to fulfill the requirements of this Agreement. Failure to perform all the services required under this Agreement constitutes a material breach of the Agreement. CONSULTANT has complete and sole discretion for the manner in which the work under this Agreement will be performed. Acceptance by SEJPA of reports, and incidental professional work or materials furnished hereunder, shall not in any way relieve CONSULTANT of responsibility for the technical adequacy of its work. Neither SEJPA's acceptance of, nor payment for, any of the services shall be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

7.04 To the maximum extent allowable by law, CONSULTANT agrees to indemnify, defend, and hold SEJPA and its Member Agencies (to include the City of Solana Beach and the City of Encinitas) and each of their respective officials, officers, directors, employees, agents and volunteers (collectively referred to as the "**Indemnified Parties**") free and harmless from all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including interest, penalties, attorneys' fees, and costs (collectively referred to as "**Liabilities**") that such entities or persons may incur that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, including CONSULTANT's officers, officials, directors, employees, subCONSULTANTS, agents, representatives, volunteers, successors, assigns or anyone for whom CONSULTANT is legally responsible. In no event shall the cost to defend charged to the design professional exceed the design professional's proportionate percentage of fault. However, notwithstanding the previous sentence, if, in the event SEJPA brings an action pursuant to this Agreement, one or more defendants is unable to pay its share of defense costs due to bankruptcy or dissolution of the business, CONSULTANT shall meet and confer with other parties regarding unpaid defense costs.

7.04.1 CONSULTANT shall cooperate with and do whatever is necessary to protect Indemnified Parties from any such Liabilities.

7.04.2 CONSULTANT shall defend Indemnified Parties, at CONSULTANT's own cost, expense and risk, from any and all such aforesaid Liabilities asserted in claims, demands, actions, causes of action, arbitration, mediations or other proceedings of any kind that may be brought or instituted against Indemnified Parties. CONSULTANT and Indemnified Parties shall be jointly represented by legal counsel, unless there is a conflict of interest, and CONSULTANT shall pay Indemnified Parties' reasonable attorneys' fees and costs as they are incurred. Indemnified Parties shall be consulted regarding, and approve, the selection of legal counsel. Should separate legal counsel be necessary for Indemnified Parties, as determined by SEJPA, CONSULTANT shall pay for the reasonable attorneys' fees and costs including expert witness fees, as such fees and costs are incurred and within thirty (30) days of receipt of an invoice, for Indemnified Parties' legal counsel in addition to CONSULTANT's own legal fees and costs. In all circumstances, Indemnified Parties reserve the right to retain their own attorneys. CONSULTANT shall not



agree without Indemnified Parties' prior written consent to any settlement on behalf of Indemnified Parties. The cost to defend charged to CONSULTANT shall not exceed the CONSULTANT's proportionate percentage of fault, except that in the event that one or more defendants is unable to pay its share of defense costs due to bankruptcy or dissolution of the business, CONSULTANT must meet and confer with the other parties regarding unpaid defense costs.

7.04.3 If CONSULTANT is obligated to defend Indemnified Parties pursuant to this Article 7, Section 7.04, and fails to do so after reasonable notice from SEJPA, Indemnified Parties may defend themselves and/or settle such claims, suit or assertion, and CONSULTANT shall pay to Indemnified Parties any and all Liabilities incurred in relationship with Indemnified Parties' defense and/or settlement of such proceeding.

7.04.4 CONSULTANT shall pay and satisfy any judgment, award, liability or decree that may be awarded, imposed or rendered against Indemnified Parties as a result of any claims, demands, suits, actions, causes of action, arbitrations, mediations or other proceedings whether legal, administrative or otherwise, including any settlement related thereto.

7.04.5 CONSULTANT's indemnification, hold harmless and defense obligation shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for CONSULTANT, subCONSULTANT, supplier or other person under workers' compensation acts, disability acts or other employee acts or the insurance required by this Agreement. CONSULTANT's indemnification, hold harmless and defense obligation shall not be restricted to insurance proceeds, if any, received by CONSULTANT or Indemnified Parties. Provision of insurance coverage as required by this Agreement shall not affect CONSULTANT's indemnity obligations.

7.04.6 CONSULTANT's indemnification, hold harmless and defense obligation shall survive the termination or expiration of this Agreement.

## SECTION 8 SEJPA OBLIGATIONS

8.01 SEJPA agrees to comply with all reasonable requests of CONSULTANT and provide access to all documents reasonably necessary to the performance of CONSULTANT's duties under this Agreement.

8.02 SEJPA agrees to furnish space on SEJPA premises for use by CONSULTANT while performing the above-described services

## SECTION 9 INSURANCE

9.01 CONSULTANT shall procure and maintain in full force and effect for the duration of this Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by

CONSULTANT, its agents, representatives, employees or subCONSULTANTS. Insurance policies shall be on an occurrence basis, and coverage shall be at least as broad and in the minimum amounts as follows:

9.01.1 California Workers' Compensation Insurance, as required by the State of California, with statutory limits.

9.01.2 General Liability Insurance [occurrence form CG 0001], covering bodily injury, personal injury and property damage with a combined single limit of no less than One Million Dollars (\$1,000,000) per occurrence, and a minimum annual aggregate of Two Million Dollars (\$2,000,000). If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be two times the required occurrence limit.

9.01.3 Automobile Liability Insurance [form number CA 0001, covering code 1 (any auto)] covering bodily injury and property damage, with a combined single limit of no less than One Million Dollars (\$1,000,000) per claim for bodily injury and property damage.

9.01.4 Employer's Liability Insurance with a combined single limit of no less than One Million Dollars (\$1,000,000) per claim for bodily injury or disease.

9.01.5 Error and Omissions Insurance appropriate to CONSULTANT's services, with a combined single limit of no less than Two Million Dollars (\$2,000,000) per claim, and Two Million Dollars (\$2,000,000) policy aggregate.

9.02 The following are required provisions:

9.02.1 CONSULTANT will provide additional insured insurance coverage and policy endorsements for SEJPA, its Member Agencies (to include the City of Solana Beach and the City of Encinitas), and each of their respective officers, officials, directors, employees, volunteers or agents (collectively referred to as the "**Insured Parties**") under the general liability and automobile liability policies. The coverage shall contain no special limitations on the scope of protection afforded to the Insured Parties. General liability coverage can be provided in the form of an endorsement to CONSULTANT's insurance (at least as broad as ISO Form CG 20 10, 11 85, or both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 forms if later revisions used).

9.02.2 CONSULTANT's insurance shall be primary insurance as respects Insured Parties, and each of them. Any insurance, self-insurance or other coverage maintained by Insured Parties shall be excess of CONSULTANT's insurance and shall not contribute to it.

9.02.3 Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to Insured Parties.

9.02.4 CONSULTANT'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.

9.02.5 Liability insurance shall include indemnification against loss from liability imposed by law upon, or assumed under contract by, CONSULTANT or its subCONSULTANTS for damages on account of bodily injury, including death resulting therefrom, suffered or alleged to have been suffered by any person or persons, other than employees, resulting from the performance or execution of this Agreement by CONSULTANT or its subCONSULTANTS.

9.02.6 Liability insurance shall cover accidents arising out of the use and operation of owned, non-owned and hired automobiles, trucks and/or other mobile equipment.

9.02.7 Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be cancelled or materially modified by the insured or insurer without thirty (30) days prior written notice by certified mail to SEJPA.

9.02.8 All policies shall specifically cover any contractual liability incurred hereunder.

9.03 CONSULTANT hereby agrees to waive rights of subrogation which any insurer of CONSULTANT may acquire from CONSULTANT by virtue of the payment of any loss. CONSULTANT agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of Insured Parties for all work performed by CONSULTANT, its employees, agents and subCONSULTANTS.

9.04 Insurance will be purchased from insurance companies with a current A.M. Best's rating of no less than A:VII, unless otherwise agreed to in writing by SEJPA.

9.05 Any deductibles or self-insured retention limits must be disclosed to and approved by SEJPA prior to the execution of this Agreement. At the option of SEJPA, either: the insurer shall reduce or eliminate such deductibles as respects the Insured Parties; or CONSULTANT shall provide a financial guarantee satisfactory to SEJPA guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

9.06 CONSULTANT will furnish SEJPA with certificates of insurance prior to the commencement of work under this Agreement, and as may be periodically requested by SEJPA. CONSULTANT 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. CONSULTANT shall, upon request of SEJPA at any time, deliver to SEJPA 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 work beginning shall not waive CONSULTANT's obligation to provide them.

9.07 If any of the required coverages expire during the term of this Agreement, CONSULTANT shall deliver the renewal certificate(s) including the general liability and auto liability additional insured endorsements to SEJPA at least ten (10) days prior to the expiration date.

9.08 In the event that CONSULTANT employs subCONSULTANTS to perform any portion of the services to be performed pursuant to this Agreement, it shall be CONSULTANT's responsibility to require and confirm that each subCONSULTANT meets the minimum insurance requirements specified in this Agreement.

9.09 Claims Made Policies. If any of the required policies provide coverage on a claims-made basis:

9.09.1 The Retroactive Date must be shown and must be before the date of the Agreement or the beginning of contract work.

9.09.2 Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.

9.09.3 If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the CONSULTANT must purchase "extended reporting" coverage for a minimum of five (5) years after completion of contract work.

## SECTION 10 CONFLICT OF INTEREST

10.01 Upon the award of this Agreement and periodically thereafter, CONSULTANT or an employee or principal of Consultant may be required to complete and file with SEJPA a Conflict of Interest form, to be provided to CONSULTANT by SEJPA.

## SECTION 11 ASSIGNMENTS/SUBCONSULTANTS

11.01 Neither this Agreement nor any duties or obligations under this Agreement may be assigned or subcontracted by CONSULTANT without the prior written consent of SEJPA. SEJPA has entered into this Agreement in order to receive the professional services of CONSULTANT. SEJPA shall have the right to approve any subCONSULTANT agreements, in addition to the written consent required by this Section. The provisions of this Agreement shall apply to any approved subCONSULTANT to CONSULTANT.

## SECTION 12 SAFETY

12.01 CONSULTANT shall be solely and completely responsible for the safety of all CONSULTANT personnel, including personnel of any subCONSULTANTS, during performance of the services. CONSULTANT shall fully comply with all laws, rules, regulations and ordinances relating to safety of the public and workers, whether federal, state or local. CONSULTANT shall also comply with all contract provisions and SEJPA's policies, procedures, departmental rules and other directives, as provided by SEJPA's Project Manager to CONSULTANT, relating to the safety of the public and workers, including, but not limited to, SEJPA's CONSULTANT Safety Policies and Procedures and any project specific requirements.

## SECTION 13 TERMINATION OF AGREEMENT

13.01 Termination for Default. If CONSULTANT defaults in the performance of this Agreement or materially breaches any of its provisions, SEJPA may immediately terminate this Agreement by giving written notification to the breaching party. Termination will take effect immediately on receipt of notice by the breaching party or five (5) days after mailing of notice, whichever occurs first. For the purposes of this paragraph, material breach of this Agreement includes, but is not limited to, the following:

13.01.1 CONSULTANT's failure to complete the services specified in Section 2 of this Agreement.

13.01.2 CONSULTANT's material breach of any representation or term contained in this Agreement.

13.02 Termination for Convenience. Either party may terminate this Agreement without cause upon thirty (30) days written notice.

13.03 Compensation Upon Termination. Upon termination by either party under Sections 13.01 or 13.02 above, SEJPA will pay to CONSULTANT any outstanding service fees minus any costs reasonably incurred by SEJPA related to CONSULTANT's services under this Agreement prior to effective date of termination.

## SECTION 14 PROPRIETARY RIGHTS AND CONFIDENTIALITY

14.01 Any written, printed, graphic, or electronically or magnetically recorded information furnished by SEJPA for CONSULTANT's use are the sole property of SEJPA. This proprietary information includes, but is not limited to, customer requirements, customer lists, marketing information, and information concerning SEJPA employees, products, services, prices, operations, and subsidiaries.

14.02 All original drawings, diskettes, and other copies of documents and materials developed for the Project, including detailed calculations, shall be furnished to and become the property of SEJPA.

14.03 CONSULTANT and its employee(s) will keep this confidential information in the strictest confidence, and will not disclose it by any means to any person except with SEJPA

approval, and only to the extent necessary to perform the services under this Agreement. This prohibition also applies to CONSULTANT's employees, agents, and subCONSULTANTS. On termination of this Agreement, CONSULTANT will promptly return any confidential information in its possession to SEJPA.

## SECTION 15 GENERAL PROVISIONS

15.01 Notices. Any notices required to be given under this Agreement by either party to the other may be affected by email, or by personal delivery in writing or by mail, first class, registered or certified, postage prepaid with return receipt requested. Mailed notices must be addressed to the parties at the addresses below, but each party may change the address by giving written notice in accordance with this paragraph. Emailed notices will be deemed communicated via same-day if sent before 5:00 p.m. Pacific Time . Notices delivered personally will be deemed communicated as of actual receipt; mailed notices will be deemed communicated as of the day of receipt or the fifth (5<sup>th</sup>) day after mailing, whichever occurs first.

To SEJPA:                      San Elijo Joint Powers Authority  
   Attention: Tom Falk  
   2695 Manchester Avenue  
   Cardiff-By-The-Sea, CA 92007  
   [falkt@sejpa.org](mailto:falkt@sejpa.org)

To CONSULTANT: Yao Engineering, Inc.  
   Attention: Felix Yao  
   60 N. Daisy Avenue, Suite 2C  
   Pasadena, CA 91107  
   [fyao@yaoengineering.com](mailto:fyao@yaoengineering.com)

15.02 Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements, or conditions, express or implied, oral or written, except as herein contained. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing signed by the parties. The terms of the Agreement supersede anything to the contrary in the proposal.

15.03 Severability. 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.

15.04 Attorney's Fees. If any legal action, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which that party may be entitled.

15.05 Patent and Copyright Indemnity. CONSULTANT represents that it knows of no allegations, claims, or threatened claims that the materials, services, hardware or software (“**CONSULTANT Products**”) provided to SEJPA under this Agreement infringe any patent, copyright or other proprietary right. CONSULTANT shall defend, indemnify and hold harmless SEJPA from and against all losses, claims, damages, liabilities, costs expenses and amounts (collectively, “**Losses**”) arising out of or in connection with an assertion that any CONSULTANT Products or the use thereof, infringe any patent, copyright or other proprietary right of any third party. SEJPA will: (1) notify CONSULTANT promptly of such claim, suit or assertion; (2) permit CONSULTANT to defend, compromise, or settle the claim; and, (3) provide, on a reasonable basis, information to enable CONSULTANT to do so. CONSULTANT shall not agree without SEJPA’s prior written consent to any settlement which would require SEJPA to pay money or perform some affirmative act in order to continue using CONSULTANT Products.

15.05.1 If CONSULTANT is obligated to defend SEJPA pursuant to this Section 15.05 and fails to do so after reasonable notice from SEJPA, SEJPA may defend itself and/or settle such proceeding, and CONSULTANT shall pay to SEJPA any and all losses, damages and expenses (including attorney’s fees and costs) incurred in relationship with SEJPA’s defense and/or settlement of such proceeding.

15.05.2 In the case of any such claim of infringement, CONSULTANT shall either, at its option, (1) procure for SEJPA the right to continue using CONSULTANT Products; or (2) replace or modify CONSULTANT Products so that that they become non-infringing, but equivalent in functionality and performance.

15.05.3 Notwithstanding this Section 15.05, SEJPA retains the right and ability to defend itself, at its own expense, against any claims that CONSULTANT Products infringe any patent, copyright, or other intellectual property right.

15.05.4 All provisions of Section 7.04, including the subsections thereunder, shall apply to CONSULTANT’s obligation pursuant to this Section 15.05.

15.06 Audits. If this Agreement involves an expenditure of public funds in excess of Ten Thousand Dollars (\$10,000), the Agreement is subject to examination and audit of the State Auditor, at the request of SEJPA or as part of any audit of SEJPA, for a period of three (3) years after final payment under the Agreement. CONSULTANT shall cooperate with SEJPA, including any authorized representative of SEJPA, regarding such audit at no charge to SEJPA.

15.07 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. A faxed, .pdf, or other electronic copy of the fully executed original version of this Agreement shall have the same legal effect as an executed

original for all purposes. Electronic signatures shall be acceptable and shall have the same legal effect as an original signature.

15.08 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.

15.09 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.

15.10 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. SEJPA and CONSULTANT agree not to bring any action or proceeding arising out of or relating to this Agreement in any other jurisdiction, forum or venue. SEJPA and CONSULTANT hereby submit to personal jurisdiction in the State of California for any action or proceeding arising out of or relating to this Agreement including, but not limited to, the enforcement of this Agreement, and hereby waive any and all personal rights under the law of any state, county, or other jurisdiction to object to jurisdiction within the State of California for the purposes of any legal action or proceeding arising out of or relating to this Agreement, including, but not limited to the enforcement of this Agreement, whether on grounds of inconvenient forum or otherwise.

15.11 Signature Authority. SEJPA and CONSULTANT 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.

#### SECTION 16 RESERVED

N/A

**BY SIGNING BELOW THE PARTIES VOLUNTARILY ENTER INTO THIS AGREEMENT AND ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE TERMS SET FORTH HEREIN AND AGREE TO BE BOUND THEREBY.**



**SAN ELIJO JOINT POWERS AUTHORITY:   CONSULTANT:**

\_\_\_\_\_  
Michael T. Thornton, P.E.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
General Manager

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## Attachment A – Scope of Services

The scope of services includes:

Project Scope of Services, as negotiated for Agreement (Enclosure 1)

SEJPA's Request for Proposals for Arc Flash and Protection Coordination Study for San Elijo Joint Powers Authority (Remote Facilities) dated December 2, 2025 is included by reference (not attached).

Yao Engineering's proposal dated December 23, 2025 (Enclosure 2).

Yao Engineering's fee proposal for base scope is attached (Enclosure 3).

Yao Engineering will assess the 22<sup>nd</sup> DAA "Del Mar Fairgrounds" site, available records and confirm level of effort. Arc Flash work to be authorized for this site by written amendment, pending 22<sup>nd</sup> DAA pre-approval.

**SAN ELIJO JOINT POWERS AUTHORITY  
ARC FLASH AND PROTECTION COORDINATION STUDIES  
REMOTE FACILITIES  
SCOPE OF SERVICES**

**PART 1 – GENERAL**

- 1.0 Consultant shall develop and implement arc flash and protection coordination studies to determine arc flash hazard conformance and provide a comprehensive software model of the electrical distribution systems for SEJPA facilities. Prior studies utilized Operation Technology, Inc's ETAP® power system analysis software. Herein, general references to power system analysis software shall be ETAP; comparable software from equivalent companies, such as SKM Systems Analysis Power\*Tools for Windows will be considered acceptable.

2.0 REFERENCES:

References in these specifications to standards, test methods, codes etc., are implied to mean the latest edition of each such standards that are adopted. The following is an abbreviated list of associations, institutions, and societies, which may be used as references throughout these specifications. Consultant studies, analysis, calculations and procedures shall comply with the standards, requirements and recommended practices listed below:

2.1 American National Standards Institute (ANSI)

- 2.1.1 C37
- 2.1.2 C57.12.00
- 2.1.3 Z535

2.2 California Division of Occupational Safety and Health (DOSH or Cal/OSHA)

2.3 California Energy Commission (CEC)

2.4 Institute of Electrical and Electronics Engineers (IEEE), latest editions:

- 2.4.1 141 "Red Book" Electrical Power Distribution for Industrial Plants
- 2.4.2 142 "Green Book" Recommended Practice for Grounding of Industrial and Commercial Power Systems.
- 2.4.3 241 "Gray Book" Recommended Practice for Electric Power Systems in Commercial Buildings.
- 2.4.4 242 "Buff Book" Protection and Coordination of Industrial Power Systems
- 2.4.5 399 "Brown book" Power System Analysis
- 2.4.6 551 Recommended Practice for Calculating Short-Circuit Currents in Industrial and Commercial Power Systems
- 2.4.7 1015 Recommended Practice for Applying low-Voltage Circuit Breakers Used in Industrial and Commercial Power Systems
- 2.4.8 Std. 1584 IEEE Guide for Performing Arc-Flash Hazard calculations and Std. 1584a (Amendment 1)

2.5 National Electrical Manufacturer's Association

- 2.6 National Fire Protection Association (NFPA) 70, National Electric Code (NEC) 202011(110.16)
- 2.7 NFPA 70E Standard for Electrical Safety in the Workplace, latest edition
- 2.8 NFPA 70, NEC Handbook, latest edition
- 2.9 Occupational Safety and Health Administration (OSHA) 29 CFR 1910

## PART 2 – DESCRIPTION OF WORK

Consultant's studies for each facility shall include, but not be limited to, the following:

- 1.0 An electrical arc flash hazard analysis, including:
  - 1.1 Field data collection to verify one-line drawings provided by SEJPA to Consultant.
  - 1.2 Development of up-to-date electrical system one-line diagrams and power system model based on information, provided by SDG&E to Consultant per Section 6.1, and Consultant's field data collection and verification, with an accurate representation of the installed electrical system, performed and stamped by a California Professional Electrical Engineer (EE), to be delivered with the final reports.
  - 1.3 Determination of all possible system operating modes and conditions that can impact short circuit currents and arc flash hazard energy levels.
  - 1.4 Short circuit and equipment duty study to verify that equipment is rated to safely handle short circuit currents without creating hazardous conditions.
  - 1.5 Protective device coordination study and analysis to help ensure proper electrical system reliability and to determine if arc flash hazard energy levels can be reduced.
  - 1.6 Arc flash hazard assessment for locations and/or equipment where workers are exposed to the risk. Provide arc flash hazard analysis study to determine incident energies, hazard/risk categories for all equipment and personal protective equipment (PPE).
  - 1.7 Recommendations and modifications to reduce incident energies. Recalculate values as required.
  - 1.8 A copy of the digital model that is derived from and fully compatible with ETAP.
- 2.0 Support services for implementation of the arc flash hazard analysis at SEJPA facilities, including, but not limited to:
  - 2.1 The component engineered power system model, single line diagrams, arc flash hazard analysis, and protection coordination study shall be provided by the Consultant for SEJPA use at a later date in ETAP software.
  - 2.2 Field data collection.
  - 2.3 Produce arc flash hazard labels after approval and, if needed, modifications to settings have been completed and confirmed. SEJPA staff will affix labels to equipment in accordance with Consultant's labeling schedule.
- 3.0 Perform an electrical arc flash hazard analysis to determine maximum incident energy, arc flash protection boundaries, and required personal protective equipment (PPE) for all

electrical equipment in the system. Calculations shall comply with the Standards in PART 1, Section 2.0, except as noted on the EE stamped drawings.

4.0 Perform all work within SEJPA's work permit process for all facilities and for the following tasks:

- 4.1 Develop and verify, one-line diagrams for all electrical distribution voltages including all sources for lock-out and tag-out procedures.
- 4.2 Develop short circuit and equipment duty verification study showing all electrical equipment is properly rated to withstand and interrupt the available short circuit duty per ANSI Standards and NEMA/UL/NEC requirements.
- 4.3 Develop protective device coordination study showing the system protective devices are properly set to coordinate and clear a fault without extensive equipment damage or personnel risk.
- 4.4 Produce arc flash hazard labels in accordance with ANSI/NEMA Z535 standards (see also Section 9.5), to display the worst-case arc hazard values for all equipment at each facility in the project studies.

5.0 Coordination with SDG&E, de-energizing, re-energizing, and lockout/tagout.

- 5.1 If Consultant or SEJPA determines that a shutdown of power at the site is necessary, SEJPA will coordinate the shutdown with SDG&E.
- 5.2 If Consultant determines that de-energization of equipment and/or circuits is necessary at the site, Consultant will notify SEJPA Project Manager or designee and wait for SEJPA to perform the de-energization. SEJPA staff will schedule and perform all de-energizations and re-energizations.
- 5.3 Lockout/tagout shall conform to OSHA regulations.

6.0 Data Collection

- 6.1 Consultant shall obtain from San Diego Gas and Electric (SDG&E) the minimum, normal, and maximum operating service voltage levels, three-phase short circuit MVA and X/R ratio, as well as line-to-ground short circuit MVA and X/R at the point of connection as shown on the drawings.
- 6.2 Field data collection shall be performed in accordance with the standards listed in PART 1, Section 2.0 above. Consultant staff shall be qualified to ensure accurate equipment modeling, and have all applicable and current electrical safety training.
- 6.3 Consultant staff shall supply and utilize own PPE for electrical shock hazards and arc flash hazards. PPE rated at the appropriate Hazard Rating Category level for the Work or greater shall be worn at all times when exposed to energized electrical equipment.
- 6.4 Consultant shall perform a Job Safety Analysis for all field work where live parts are exposed for any Consultant staff who will be performing the field data collection, prior to the start of field data collection. SEJPA staff shall not be responsible for reviewing, evaluating or approving Consultant's safety program for suitability.
- 6.5 Consultant shall be responsible for management of their safety program.
- 6.6 SEJPA staff will accompany the Consultant throughout SEJPA premises. However, Consultant project team members shall verify equipment location and open all equipment doors, locks, interlocks, etc., necessary to collect nameplate data.

- 6.7 Per Section 5.1 above, any shutdown of power required for the purpose of gathering field data will be prearranged with SEJPA's Project Manager. SEJPA will coordinate shutdown of power with SDG&E.
- 6.8 Protective Device Selection Setting.
  - 6.8.1 Field setting of the protective devices shall be performed as required to place the equipment in final operating condition. The settings shall be in accordance with the approved short-circuit study, protective device selection and performance of device field setting shall be witnessed and verified by the testing consultant performing electrical system testing or by the firm performing the studies.
  - 6.8.2 Consultant shall set all relays, overcurrent devices and ground fault protection devices, and confirm selection of fuse overcurrent devices as follows:
    - 6.8.2.1 Relays: Reset all adjustable relay settings from factory default settings to the settings recommended in the studies specified herein.
    - 6.8.2.2 Circuit Breakers: Reset all adjustable trip settings from factory default settings to the settings recommended in the studies specified herein.
    - 6.8.2.3 Ground Fault Protection Devices: Reset all adjustable device settings from the factory default settings to the settings recommended in the studies specified herein.
    - 6.8.2.4 Fuses: Confirm that fuse types installed on the project are as recommended in the studies specified herein.
  - 6.8.3 Necessary field adjustments of devices to accomplish conformance with the approved studies shall be performed at no additional cost to SEJPA.
  - 6.8.4 Consultant shall verify the proper short-circuit duty amperage rating of all protective devices and bussing. Equipment short-circuit duty and amperage ratings shall be in accordance with the drawings and equipment specifications, and shall meet or exceed the ratings recommended in the studies specified herein.
  - 6.8.5 SEJPA will provide available information on existing engineering plans, panels, motor control centers, distribution panels, and electrical equipment to the Consultant. The Consultant shall provide a complete study of the actual electrical distribution system's motor control centers, distribution panels, and electrical equipment as field verified by Consultant.
  - 6.8.6 Equipment shall be visually inspected to collect the necessary nameplate data used in the analysis. Consultant shall be responsible for visual verification of this data, including transformers, switchgear and breakers, relays, direct-acting trip units, etc. Data that may not be readily accessible or may not have nameplate data such as conductors, buss way, etc., can be taken from drawings when available, but field verified.
  - 6.8.7 Data collection shall include the step down transformer from the utility service (including primary relaying) down through each motor control center (MCC) and 120/208 volt panel for all systems including those served by transformers rated less than 125 kVA.

## 7.0 System Modeling

- 7.1 The power system model shall be developed using the ETAP version referenced in PART 1, Section 1.0.
- 7.2 All system modeling shall conform to the accepted modeling practices referenced in PART 1, Section 2.0. Consultant may provide more advanced modeling techniques where compliance with the specification is maintained.
- 7.3 The system model shall be laid out in one single line drawing per facility, and in a manner that provides for easy viewing of all analysis results so problem areas can be found and highlighted by the program, and are easily viewed and not hidden or buried in multiple drawings.
- 7.4 All one-line symbols shall be spaced properly to facilitate viewing results on the one-line.
- 7.5 Equipment names used in ETAP shall be identical to the equipment and naming convention shown on the existing facility drawings and equipment unless conflicts exist. Consultant shall bring all naming convention conflicts or deficiencies to the attention of SEJPA Project Manager for clarification.
- 7.6 The facilities may have multiple operating conditions including, but not limited to, generation on/off, shutdown, buss-ties, start-up, and emergency operation. Consultant shall discuss facility operation with designated SEJPA facility staff to determine the possible operating modes of the system. Each of the operating modes shall be documented and modeled in ETAP, in order to determine the worst-case arc flash hazard and associated parameters for the electrical equipment.
- 7.7 The ETAP software shall model each operating mode in a manner such that each mode is a scenario of change case from the base case.
- 7.8 The data file shall be self-contained into one document and have all necessary information to describe the one-line, system data, setting, and analysis information.
- 7.9 Lumped low voltage motor groups for MCC's shall be modeled per IEEE standards using groups less than 50 hp. Low voltage motors rated more than 50 hp shall be modeled individually. Where motor list data is not available, single lumped groups may be modeled in accordance with PART 1, Section 2.0.
- 7.10 Medium voltage motors greater than 1.0 kV shall be modeled individually on their respective buses including all protective phase and ground overcurrent relays and fuses. This model will provide individual work permits for each starter/motor on the one-line.
- 7.11 All low voltage power circuit breaker (LVPCB), insulated case circuit breaker (ICCB), molded case circuit breaker (MCCB) and fuse data shall be modeled based on the actual nameplate data including manufacturer, type, style, trip device, and actual settings. Generic substitutions or assumptions shall not be allowed unless data cannot be field verified. All assumptions shall be documented in the draft and final report.
- 7.12 All relay data shall be modeled based on the actual nameplate data including manufacturer, type, style, trip device, and actual settings. Generic substitutions or assumptions shall not be allowed unless data cannot be field verified. All assumptions shall be documented in the draft and final report.
- 7.13 All relay types for the distribution system shall be modeled on the one-line diagrams (and database) including phase and ground overcurrent, differential, residual, ground neutral, etc. The intent is to establish a complete and detailed facility system model where all protective device data can be easily modified,

updated, and is available for future required comprehensive protective device coordination studies.

- 7.14 Relay models shall depict the actual connection requirements. Programs using generic current transformer (CT) and overcurrent symbols are not acceptable since they do not depict the actual protective system and can lead to confusion in determining arc flash results and proper protective device modeling.
- 7.15 All equipment must have a corresponding one-line diagram symbol. This means that there can be no hidden database models, so that SEJPA staff may easily view all equipment, its associated data, be able to link documents to the equipment as a data repository, and view problems using the one-line diagrams.
- 7.16 The system shall be verified by reviewing the results of short circuit current flows for all bussing/equipment in the system. The results shall be viewed on each branch and total flow into a bus/equipment on the system one-line diagrams so that Consultant can visually check all bussing/equipment with the expected amount of short circuit current, identify, and correct any problem areas.

## 8.0 Short Circuit and Equipment Verification Study

- 8.1 A short circuit study shall be performed to verify all equipment duties in the system. The calculations shall comply with PART 1, Section 2.0. The short circuit study shall verify the system electrical equipment is properly rated to withstand and interrupt the expected bolted and arcing faults in the system.
- 8.2 Equipment duty verification shall determine both the line side and load side fault current through each piece of equipment and use the highest current to verify equipment ratings. For solidly grounded systems, both three-phase and single-line-to-ground faults shall be modeled. For other grounding configurations, only a three-phase fault is required.
- 8.3 Equipment duty results shall be graphically displayed on the updated electrical one-line diagrams and given in tabular report format.
- 8.4 At a minimum, results of the equipment duty verification tabular format report shall provide the following:
  - 8.4.1 Equipment name and kV.
  - 8.4.2 Manufacturer, type, model name, and number, style, and ratings of the device.
  - 8.4.3 Actual line or load side currents through the device and percent over/under duty.
  - 8.4.4 Flag any devices showing VIOLATION or WARNING level for visual identification on the report.
- 8.5 A report of all problem areas shall be provided. Consultant shall notify SEJPA facility staff immediately of all problems found in the system before proceeding with the study. Consultant shall prepare and provide to SEJPA a recommended action list for all underrated equipment in the system and include an engineer's estimate for each recommendation.

## 9.0 Protective Device Coordination Study

- 9.1 A Protective Device Coordination (PDC) study for the facility shall be performed in order to determine if the system protection characteristics are sufficient to provide reliable power to the facilities. The PDC study will also determine if the existing



settings entered in the ETAP software will provide proper personnel protection in the arc flash portion of this study. This Section may not apply to buildings where the main distribution is low voltage (under 600 volts) and only instantaneous breakers or fuses are used.

- 9.2 The PDC study shall consist of selecting major system feeders and plotting the time-current curves (TCC's) to verify proper selective operation of the protective devices. The study should also determine if the settings can be enhanced to provide staff and equipment with increased protection without sacrificing selective coordination. It is expected that the protective device coordination studies include all substation/building distribution equipment and major feeders.
- 9.3 Consultant shall notify SEJPA Project Manager or designee of any potential protective device setting problems that affect either selective operation and reliability or staff protection. Consultant shall provide recommendations for changes to the settings in writing before continuing with the study. Upon review of Consultant recommendations, SEJPA Project Manager or designee may opt to utilize existing settings or change the settings before Consultant continues with the arc flash hazard study.
- 9.4 As specified in the data collection and modeling sections, all PDC data shall be modeled on the one-line diagrams and in the equipment database.
- 9.5 Consultant shall contact the serving utility and obtain protective device setting for all service entrance overcurrent devices in series with the facility and affecting coordination with the facility's distribution system.
- 9.6 The TCC's shall graphically illustrate on log-log paper that adequate time separation exists between series devices. The specific time current characteristics of each protective device shall be plotted in such a manner that sufficient upstream devices will be clearly depicted on one sheet to prove selective coordination.
  - 9.6.1 TCC's shall include all system one-line diagrams and protective device coordination curves for each device in the selected area. The TCC shall be printed in color on 8 1/2 x 11 paper, full-sized portrait mode, using a log-log scale. The one-line diagrams for each device shall be part of the TCC and include all protective devices, equipment names, and short circuit currents calculated from the main one-line so that all necessary information is provided on one sheet, in a format easily readable and standard to the industry.
  - 9.6.2 For low voltage systems, TCC's shall be developed for both phase and ground protective devices. One phase and one ground TCC should be developed for each system. The TCC should show the largest feeder/motor protective device in the MCC or panel up through the switchgear/switchboard feeder breaker, transformer secondary main, sustain primary fuse, and medium voltage feeder breaker. For secondary switchboards serving large loads or a wide variety of loads that may affect upstream coordination, additional TCC's may be required.
  - 9.6.3 For medium voltage systems, TCC's shall be developed for both phase and ground protective devices. The TCC should show the largest feeder/transformer secondary main, substation primary fuse, and medium voltage feeder breaker.
  - 9.6.4 The following specific information shall also be shown on the TCC's:
    - 9.6.4.1 Device identification.
    - 9.6.4.2 Voltage and current ratio curves.

- 9.6.4.3 Transformer three-phase and single-line-to-ground ANSI damage curves.
- 9.6.4.4 Transformer inrush points.
- 9.6.4.5 Minimum melting, and clearing curves for fuses, and if available, the no-damage curve.
- 9.6.4.6 Cable damage curves.
- 9.6.4.7 Motor starting locked rotor curves, and if available, the motor locked rotor damage point.
- 9.6.4.8 Maximum short circuit cut-off point.
- 9.6.4.9 Clearly marked short circuit current levels through each protective device/branch, which should be based on the appropriate current through the device, such as momentary, interrupting, or 30-cycle current.
- 9.6.4.10 Protective device one-line diagrams clearly showing all protective devices on the TCC labels for each device, open breakers, faulted buses, and the short circuit current flowing in each branch.
- 9.6.4.11 Each TCC sheet shall have appropriate identification and one-line diagrams that applies to the specific portion of the system associated with TCC's on that sheet.
- 9.6.4.12 Each protective device curve shall be terminated at a point reflecting maximum symmetrical or asymmetrical fault current through the device.
- 9.6.4.13 Identify the device associated with each curve by manufacturer type, function, and setting, such as tap, time delay, instantaneous, pickup, etc.
- 9.6.4.14 Primary Protective Device Setting for Delta-Wye Connected Transformer.
- 9.6.4.15 Secondary Line-To-Ground Fault Protection: Provide primary protective device operating band within the transformers' characteristics curve, including a point equal to 58 percent of the ANSI C57.12.00 withstand point.
- 9.6.4.16 Secondary Line-to-Line Faults: Provide 16 percent current margin between primary protective devices and associated secondary device characteristic curves.
- 9.6.4.17 Typical time separations for curves: Consultant shall discuss the advantages and disadvantages of various time separation settings between device curves with SEJPA facility personnel to help determine how the system settings shall be selectively optimized and arc flash hazard reduction.

9.7 A setting table shall be developed to summarize the current settings, as well as settings selected, for the protective devices. At a minimum, the table shall include the following:

- 9.7.1 Device identification;
- 9.7.2 For low voltage breakers, the circuit breaker manufacturer, type, style, sensor rating, long-time;
- 9.7.3 Fuse manufacturer, type, style, and rating; and
- 9.7.4 Protective relay manufacturer, type, style, function (51, 50, 67, etc.) pickup, current multiplier, time dial, and delay for multi-function units, list all devices being used. Include the CT and/or PT ratios for each function.

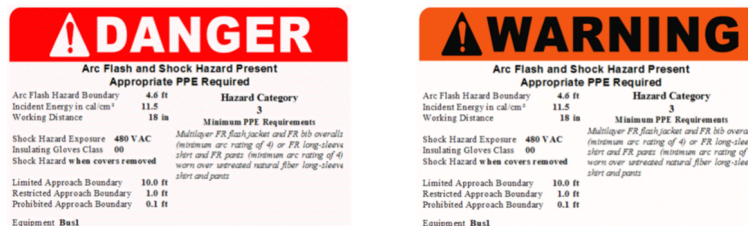
- 9.8 The software shall provide complete integration of the one-line, database, short circuit, protective device coordination and arc flash analysis functions to provide accurate calculations and avoid errors and inefficiencies associated with multiple data entry programs. Programs using separate PDC or TCC plotting packages are not allowed.

## 10.0 Arc Flash Hazard Study

- 10.1 A detailed arc flash hazard study shall be performed to determine potential arc flash incident energies, arc flash boundaries, shock hazard boundaries and proper personal protective equipment (PPE) for all energized electrical system equipment tasks for electrical systems studied. Calculations, including bolted short circuit calculations, shall comply with PART 1, Section 2.0. The ETAP software program used in this study shall comply with Section 9.8. No substitution in calculation methods shall be allowed.
- 10.2 The arc flash hazard study shall determine the results listed below for each system mode of operation developed in PART 2, Section 6.0 (System Modeling). The results shall be provided in spreadsheet format for each mode and electrical system location to provide easy viewing and comparison. Worst-case arc flash energy levels shall be flagged. The spreadsheet comparison table shall be capable of providing its output directly to high quality vinyl label printers. The calculations shall, at a minimum, include a comparison of both 100% and 85% arcing currents for low voltage equipment for electrical system configuration or operating mode, indicating worst-case arc flash hazards. The spreadsheet results shall include:
- 10.2.1 Equipment name and voltage.
  - 10.2.2 Upstream equipment device name and ANSI function, for example: 51150.
  - 10.2.3 Equipment type, for example: switchgear, MCC, Panel, VFD.
  - 10.2.4 Equipment arc gap.
  - 10.2.5 Bolted and estimated arcing fault current at the fault point (equipment) in symmetrical amperes. The estimated arcing current should be based on the arcing current equations used.
  - 10.2.6 Trip time, opening time, and total clearing time (total arc time) of the protective device.
  - 10.2.7 Worst-case arc flash boundary for each bus/equipment in the model.
  - 10.2.8 Worst-case arc flash hazard incident energy in cal/cm<sup>2</sup> in the model.
  - 10.2.9 Worst-case personal protective equipment (PPE) for each bus/equipment in the model.
  - 10.2.10 Working distances for up to five different distances showing items 10.2.7 thru 10.2.9 above, for each distance.
  - 10.2.11 Indicate "Danger/Hazardous" areas where incident energy is greater than 40 cal/cm<sup>2</sup>.
  - 10.2.12 Flag results where 85% arcing current provided worst-case results.
- 10.3 Each mode of operation shall include a detailed write-up indicating areas where incident energy calculations and PPE requirements are higher than calculated in the normal operating mode.
- 10.4 Consultant shall provide a detailed arc flash analysis report including at a minimum:

- 10.4.1 Introduction
- 10.4.2 Methodology
- 10.4.3 Information sources
- 10.4.4 Assumptions including generic substitutions when data cannot be field verified. These types of assumptions shall be documented in the report.
- 10.4.5 Arc Flash Energy and other consideration for various System Modes of Operation, for example maintenance mode, bus-tie, generator on/off.
- 10.4.6 Arc Energy at 100% and reduced currents.
- 10.4.7 IEEE 1584-2002 considerations.
- 10.4.8 Overcurrent protective device changes, replacements or setting changes implemented in study to reduce arc flash hazard exposure.
- 10.4.9 Explanation of data in arc flash hazard report tables.
- 10.4.10 NFPA 70E information.
  - 10.4.10.1 Shock hazards with covers removed.
  - 10.4.10.2 Shock hazard approach boundaries.
    - i. Limited approach boundary.
    - ii. Restricted approach boundary.
  - 10.4.10.3 Arc Flash Hazard Boundaries
- 10.4.11 Results of Arc Flash Hazard Analysis for high voltage, medium voltage and low voltage systems, including:
  - 10.4.11.1 Working distances.
  - 10.4.11.2 Energy levels.
  - 10.4.11.3 PPE requirements.
  - 10.4.11.4 Recommendations to reduce arc flash hazard energy and exposure.

- 10.5 Consultant shall produce arc flash hazard labels for all equipment in the system at each facility from the project studies, in accordance with ANSI/NEMA Z535 standards. Assume minimum two (2) labels per equipment/bus using 4-in x 6-in UV resistant vinyl labels. The labels shall be printable directly from the ETAP program.



- 10.6 The ETAP software shall provide complete integration of the one-line, database, short circuit, PDC, and arc flash studies. Spreadsheet calculations shall not be accepted, to ensure arc flash hazard calculations comply with PART 1, Section 2.0, that calculations are programmed with necessary requirements to help eliminate possible errors in the arc flash calculations, and to establish a detailed

software model of the facilities' electrical distribution systems, to document SEJPA compliance with PART 1, Section 2.0.

- 10.6.1 Arc flash calculations shall be performed with enhanced IEEE-1584 equations, which eliminate voltage discontinuities and the non-conservative/average results of the standard equations. The purpose of this requirement is to ensure that the calculated incident energies are closer to actual test results ensuring a conservative calculation minimizing personnel risk.
- 10.6.2 Arc flash calculations shall be based on the fastest clearing upstream protective device protecting the equipment for single sources and the slowest upstream protective device for multiple sources. Calculations shall automatically compare all series and parallel upstream protective devices in the system to determine the fastest series device or a conservative parallel clearing time.
- 10.6.3 Arc flash calculations shall include arc flash boundary, incident energy, PPE requirements, and working distance.
- 10.6.4 Arc flash calculations shall include calculations for all operating modes to ensure the worst arc flash magnitude.

## 11.0 Reporting and Analysis Summary

Consultant shall provide a detailed written report which includes the following:

- 11.1 Executive Summary: The executive summary shall cover the findings of the study, recommendations, and requirements for maintaining NFPA-70E compliance.
- 11.2 Identify all assumptions regarding data collection and modeling including generic substitutions when data cannot be field verified. All assumptions must also be verified with SEJPA facility staff for approval prior to final calculations/analysis.
- 11.3 A statement of the scope that shall provide details of what actions were intended to be performed for each aspect of the study, including short circuit, protective device coordination, and arc flash.
- 11.4 Description of system and explanation of bus and branch numbering system.
- 11.5 A statement of the modes of operation that were studied and each scenario/plant operating condition shall be thoroughly documented.
- 11.6 Detailed report and results of short circuit, protective device coordination, and arc flash hazard studies including:
  - 11.6.1 Recommendations and additions to equipment rating and/or PDC characteristics.
  - 11.6.2 Recommendations to reduce arc flash hazards for equipment with incident energies over 40 cal/cm<sup>2</sup>.
- 11.7 The report shall document all identified problem areas. A recommended action list shall be provided for all underrated equipment in the system. The report shall also document any potential problems, which have already been notified and discussed with SEJPA staff, regarding protective device settings that affect either selective operation and reliability or personnel protection. Additionally, the recommended setting revisions for increased personnel and equipment protection, without sacrificing selective coordination, shall also be documented in the report.

- 11.8 Prioritized recommendations, including an engineer's cost estimate for each recommendation, for all studies.
  - 11.9 Action list and check off column for all recommendations.
  - 11.10 A draft electronic copy of the report shall be provided to SEJPA for review. Consultant shall incorporate and address SEJPA comments.
  - 11.11 Consultant shall present the final report in person, when labels are installed.
  - 11.12 Consultant shall submit one (1) hardcopy of the final report, as well as digital model copies of all the documentation including, but not limited to, final report, and system modeling file(s). Report native files shall be delivered in MS Word document format, with data in MS Excel format, and drawings in Adobe Acrobat DC PDF and Autodesk 2010 or later CAD format.
- 12.0 Electrical Safety Training. Provide electrical safety trainings for SEJPA staff during business hours on days to be coordinated with SEJPA Project Manager. Consultant shall include sufficient training materials for 15 attendees. The trainings shall include, but not be limited to:
- 12.1 Perform a comprehensive onsite short circuit and protection coordination study training to include:
    - 12.1.1 Review of fundamental considerations for protection, including data gathering, fault calculations, equipment damage and safety.
    - 12.1.2 Review of fault calculations and protective device evaluation.
    - 12.1.3 Overview of protection of apparatus including conductors, transformers, motors and generators.
    - 12.1.4 Coordination of overcurrent protection devices.
    - 12.1.5 Discuss compliance with various codes and standards including ANSI, NEMA, NEC and CEC.
    - 12.1.6 Provide practical examples of overcurrent coordination, including the understanding of protection versus coordination and continuity of service for both phase and ground overcurrent.
    - 12.1.7 Presentation of several class examples that will help students gain a basic understanding of how to select and apply conductors, fuses, low and medium voltage circuit breakers, overcurrent relays and current transformers.
    - 12.1.8 Discuss issues and examine study results, potential problem areas, and implementation of study recommendations.
    - 12.1.9 Review of distribution system analysis topics including short-circuit, protection of apparatus, protective device coordination, and equipment evaluation.
  - 12.2 Perform onsite NFPA 70E electrical safety training services session. Session length shall be a minimum of 8-hours in duration. Training Materials for each attendee shall include:
    - 12.2.1 NFPA 70E Handbook
    - 12.2.2 Low Voltage Student Manual
    - 12.2.3 Certificates of Completion for attendees who complete the training, for each course.

- 12.3 Provide a minimum 8-hour, one day low voltage training session focusing on NFPA 70E 2015 regulations and concepts regarding electrical and arc flash safety. The training shall provide attendees with a thorough knowledge of dangers encountered by those who work around electrical hazards and provide comprehensive understanding of recommended safe practices, including, but not limited to, the following topics:

12.3.1 Applicable Governmental Regulation and Standards

12.3.2 Personal Safety

12.3.3 Safety of Fellow Workers

12.3.4 Comply with Applicable Regulations

12.3.5 OSHA Regulations and Requirements

12.3.6 NFPA 70E 2015 Regulations and Requirements

12.3.7 Electrical Hazards and Protection Strategies

12.3.8 Types of hazards:

12.3.8.1 Electric shock

12.3.8.2 Fire ignition

12.3.8.3 Arc flash

12.3.8.4 Arc blast

12.3.9 Associated Hazards:

12.3.9.1 Falls

12.3.9.2 Smoke Inhalation

12.3.10 Personal Protective Equipment

12.3.10.1 Gloves

12.3.10.2 Clothing

12.3.10.3 Equipment

12.3.10.4 Care and Maintenance

12.3.10.5 PPE Ratings

12.3.10.6 Standards

12.3.11 Hazard Risk Assessment

12.3.11.1 Establish Shock Protection Boundary

12.3.11.2 Establish Arc Flash Boundary

12.3.11.3 Select appropriate Personal Protective Equipment (PPE)

12.3.11.4 Determine Risk

12.3.12 Safety Related Work Practices

12.3.12.1 Exposed to Electrical Hazards

12.3.12.2 Electrically Safe Work Conditions

12.3.12.3 Job Briefing

12.3.12.4 De-energize and Isolate

12.3.12.5 Alerting Techniques

12.3.12.6 Inspecting and Using Tools

12.3.12.7 Ground Fault Circuit Interrupters (GFCI)

- 12.3.12.8 Meters
- 12.3.12.9 Verify
- 12.3.12.10 Cords and cables
- 12.3.12.11 Grounding
- 12.3.12.12 Lock Out/Tag Out
- 12.3.12.13 Situational Conditions
- 12.3.12.14 Special Equipment
- 12.3.12.15 Training
- 12.3.12.16 Auditing

- 13.0 Base Scope and Optional Scope. Appendix A to this Scope of Services includes a listing of facilities that make up the base scope of the Agreement, consisting of 10 remote sites (wastewater and recycled water pump stations). An eleventh site, the 22<sup>nd</sup> District Agricultural Association, "Del Mar Fairgrounds – Stormwater Treatment Facility" is identified as an Optional Scope element, subject to budget approval by the 22<sup>nd</sup> DAA, and will be performed only with SEJPA's prior authorization.
- 14.0 Extended Services. Extended services may be requested by SEJPA including, but not be limited to, related electrical system studies, testing services, and diagnostics, additional facility arc flash and protection coordination studies at other sites, and training services, electrical safety program advising, development related to these studies, and other work not stated above but that may be required for project completion. Any requested extended services shall be negotiated and authorized only by amendment. Work shall begin only after a written amendment is executed by SEJPA. Consultant contract, including rate schedule, shall remain valid through December 31, 2026 to accommodate potential extended services.





December 23, 2025

Dear Mr. Michael Thornton, P.E.,

Request for Proposal (RFP) for Arc Flash and Protection Coordination Study  
San Elijo Joint Powers Authority (SEJPA)

**Yao Engineering, Inc.** (Yao Engineering) is pleased to submit our Statement of Qualifications (SOQ) to provide Professional Electrical Engineering Services for the Arc Flash and Protection Coordination Study.

Yao Engineering was incorporated in 2018 in the State of California and has a single office located in Pasadena where the work associated with this project shall be performed. Yao Engineering is a certified DBE, MBE, SBE, and 8(a) firm. Our key personnel have worked together for over 10 years dating back to when we worked together at CDM Smith.

Yao Engineering is currently the prime on twelve (12) On-Call Engineering Service Agreements. We are also the Electrical subconsultant to large consulting firms including CDM Smith, HDR, Stantec, Tetra Tech, Brown and Caldwell, and AECOM. We are experienced in designing electrical systems for numerous industrial applications for our municipal clients and have the capacity to handle multiple concurrent projects. We have a proven track record of completing projects on-time and on-budget.

Felix Yao is the sole owner of Yao Engineering and is authorized to bind Yao Engineering to any contract or task order that may arise from this RFP. Felix shall be the SEJPA's main point-of-contact and his contact information is below:

Name	Title	Address	Telephone	Email
Felix Yao	Principal	60 N Daisy Ave, Suite 2C, Pasadena, CA. 91107	O: (626) 788-3004 C: (407) 493-4941	fyao@yaoengineering.com

If you have questions or need additional information, please feel free to contact Felix Yao. In order to streamline the communication process, Felix will remain as the single point-of-contact for SEJPA. We look forward to working with you and SEJPA to deliver these projects to meet the objectives of the scope, to stay within the budget, and to stay on schedule.

Very Truly Yours,

Felix Yao, P.E.

## SECTION 2. EXPERIENCE AND QUALIFICATIONS

### Experience, Strength, and Stability

Yao Engineering, Inc. specializes in providing Electrical and Instrumentation & Controls Engineering Services specifically for Local, State, and Federal clients. Yao Engineering, Inc. was founded by Felix Yao in 2018 specializing in Electrical and Instrumentation & Controls Engineering Services. Our engineers have been working together for over 10 years, dating back to our time together at CDM Smith.

Yao Engineering continues to grow year over year. We have worked exclusively for Municipalities and Public and Private Utility Agencies since our inception in 2018. We are either the prime consultant or the sub-consultant to these Agencies:



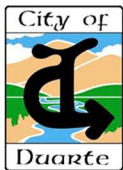
**PASADENA**  
**Water & Power**  
SERVING THE COMMUNITY SINCE 1906



**Burbank Water and Power**  
Always There for You!



**LA DWP** **Los Angeles**  
**Department of**  
**Water & Power**



**Long Beach Water**  
Exceptional Water - Exceptional Service



**SoCalGas**  
A Sempra Energy utility

Yao Engineering is a sub-consultant to these major engineering firms supporting their major projects:

**AECOM**

**CDM  
Smith**  
listen. think. deliver.



**Stantec**



**TETRA TECH**



**Brown AND  
Caldwell**



Yao Engineering has completed every project to the satisfaction of our Clients. Due to our successful history, our repeat Clients represent a vast majority of our current workload and backlog.

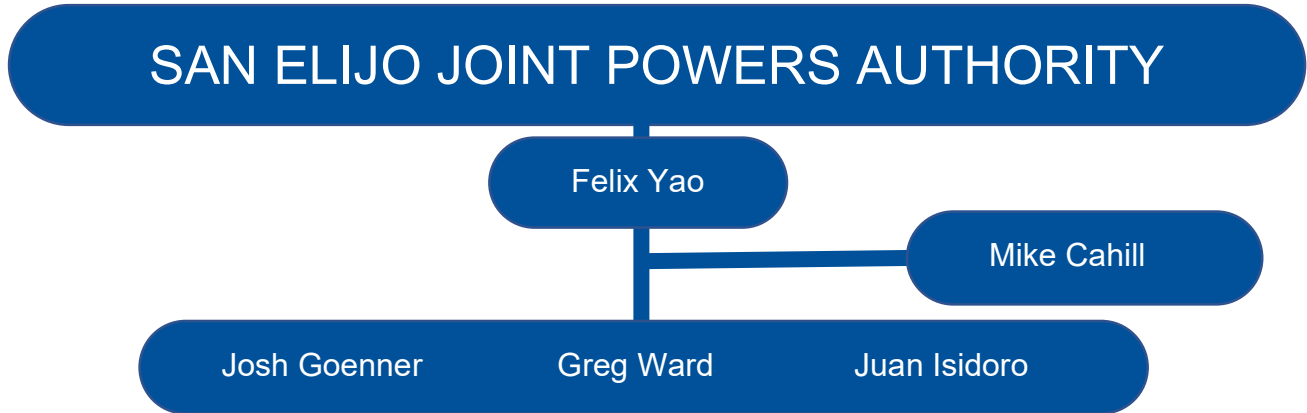
Yao Engineering has been awarded multi-year On-call Electrical Engineering prime contracts with:

- A. City of Pico Rivera
- B. City of Chino
- C. Mendocino County
- D. Mendocino County Office of Education
- E. South Coast Water District
- F. Long Beach Utilities
- G. City of Anaheim
- H. Three Valleys Metropolitan Water District
- I. City of Newport Beach
- J. City of Pomona
- K. City of Seal Beach

### Successfully Completed Projects

Agency Name – Project Name Scope of Work	Project Team	Reference Contact Information
Pasadena Water & Power (PWP) – Arc Flash Studies. Providing arc flash studies and labels at 25 booster station and well facilities throughout the water department.	Felix – PM and EOR Mike – QA/QC Josh – Senior Greg – Senior	Norman Lara Water Operations Supervisor (626) 744-7607 nlara@cityofpasadena.net
LADWP – Numerous Owens Lake Projects. 4800V electrical distribution and fiber optic and telemetry upgrades; NFPA 70E, IEEE 1584, Power System Studies, and SCADA system training; and construction support services (e.g. inspections, shop drawings, and as-builts); drone surveying; etc.	Felix – PM and EOR Mike – QA/QC Josh – Senior Greg – Senior	David Ebersold Senior Vice President (213) 457-2139 ebersolddb@cdmsmith.com
LADWP – South Haiwee Reservoir Water Treatment Facility. 240V electrical distribution, lighting, grounding, control panels, short circuit analysis, coordination, and arc flash studies along with arc flash labels		
City of Pomona – Ganesha Park Stormwater Capture. The design includes a stormwater retention basin, pump station, and treatment below the park	Felix – PM and EOR Mike – QA/QC Josh – Senior Greg – Senior	Oliver Galang Principal (213) 598-4178 oliver.galang@craftwaterinc.com
City of Pasadena – Arroyo Seco Stormwater Basin. The design includes a stormwater retention basin, pump station, diversion structure, actuated valve, pre-treatment, and filtration unit		
City of Glendora – Finkbiner Park Stormwater. The design includes a stormwater retention basin, pump station, and treatment unit below the park's soccer field and baseball fields		
LA County Public Works – Puente Hills Landfill Park. Design the site electrical including a new incoming 480V, 3000A service from Edison, 3000A switchboard, net zero solar panel arrays on the rooftop and car canopies, battery energy storage system (BESS), EV charging, and site lighting	Felix – PM and EOR Mike – QA/QC Josh – Senior Greg – Senior	Kirk von Spaeth Civic Principal (213) 312-9410 kirk.vonspaeth@hdrinc.com
City of Pico Rivera – Well No.5. 480V switchboard, MCC, VFDs, grounding, lighting, and control panel.	Felix – PM and EOR Mike – QA/QC Josh – Senior Greg – Senior	Adrian Rodriguez Water Supervisor (562) 801-4462 adrian.rodriguez@pico-rivera.org
City of Pico Rivera – Water Plant No.3. 480V switchboard, MCC, VFDs, grounding, lighting, and control panel.		

## SECTION 3. ORGANIZATIONAL CHART



Name	Role	License – Discipline	Total Years of Experience	Years with Yao Engineering
Felix Yao	Project Manager and Engineer of Record	PE – Electrical	22	7
Mike Cahill	Senior Electrical Engineer	PE – Electrical	20	3
Josh Goenner	Senior Electrical Engineer		23	3
Greg Ward	Junior Electrical Engineer	EIT – Electrical	13	7
Juan Isidoro	Senior CAD Designer		25	7

### Project Team Qualifications

Felix is a licensed Professional Electrical Engineer (PE) in the State of California, while Mike is a licensed Professional Electrical Engineer in multiple states primarily in the Southeast. Mike will be the primary internal QA/QC reviewer dedicated to this SEJPA project. Mike will remain completely separate from this project to provide a true 3<sup>rd</sup> party level QA/QC.

### Resumes of Project Team:

In order to reduce the length of our proposal, only Felix's resume has been included in this proposal.

### Sub-Consultants:

Yao Engineering is capable of providing all Electrical Engineering services without the need for sub-consultants.

## SECTION 3. KEY PERSONNEL

### Felix Yao:

Felix graduated with a Bachelor of Science in Electrical Engineering (BSEE) from Kettering University and began his career at Jones Edmunds, where he designed facilities for NASA at Kennedy Space Center. Felix took the next step in his career at Tetra Tech and CDM Smith where he served local municipalities and the Federal government on international projects designing Electrical and Instrumentation (E&I) systems.

At Tetra Tech, Felix led the E&I Group responsible for all the projects in the Southeast US, while at CDM Smith, Felix led the Electrical Group responsible for all the projects in the Western US. At Tetra Tech and CDM Smith, Felix's responsibilities included project management; leading the E&I designs; peer reviews and QA/QC of design deliverables; analysis, evaluation, and troubleshooting of issues within existing electrical systems and individual components; and construction inspections.

#### **Mike Cahill:**

Mike graduated with a BSEE from the University of Central Florida. Upon graduation Mike began his career at CDM Smith, where he learned how to design electrical systems and provide engineering services during construction on municipal projects throughout the Southeast US. Mike's reputation grew quickly and was assigned to projects throughout the US and internationally.

Before leaving CDM Smith Mike rose to become a Project Manager who led multi-discipline teams. At CDM Smith, Mike and Felix were selected for a program that included 2 members of each discipline to revamp the QA/QC procedure and training. We've adopted the same QA/QC procedures and protocols.

#### **Josh Goenner:**

Josh graduated with a Bachelor of Science in Computer Science (BSCS) from Pensacola State College and a BSEE from the University of Central Florida. Josh began his career as a SCADA Technician at Orange County Utilities (OCU) in Florida supporting the Water/Wastewater department, while pursuing his BSCS and BSEE degrees in the evenings.

At OCU Josh learned how to operate and maintain the hardware and software components in a SCADA system: programming the PLCs, HMIs, OITs; troubleshooting the PLCs, VFDs, soft-starters; and maintaining the computers, servers, PLCs, HMIs, OITs. As Josh continued to grow in his experience and expertise, he branched out to learn about the electrical systems and the water/wastewater processes, eventually Josh rose to become the SCADA Manager at OCU before retiring early after a 20 year career at OCU.

#### **Greg Ward:**

Greg Ward graduated with a BSEE from the University of Pittsburgh. Greg worked at CDM Smith and rose up through the ranks starting as a CAD Designer while pursuing his engineering degree in the evenings. Greg worked on numerous projects throughout the Northeast and Southwest United States. Greg worked with Felix at CDM Smith and was responsible for electrical and instrumentation designs and construction services for projects throughout California, Nevada, Illinois, and Washington State.

## ***SECTION 4. PROJECT APPROACH:***

Rather than reiterating the Scope of Work, Yao Engineering shall complete all the Scope of Service presented in the RFP including the Scope of Services document.

Yao Engineering shall begin by discussing with SEJPA's Project Manager, Electricians, Maintenance Staff, and Key Stakeholders to understand and clearly define the safety concerns, the needs, and the goals. After this initial discussion, we will move forwards with the Project Approach shown below.

Felix Yao shall serve as the Project Manager and main point-of-contact between SEJPA and Yao Engineering. Felix will be in regular communication with SEJPA in order to discuss, clarify, and gain consensus of the project objectives and goals.

## Project Approach

- A. Project Management, Meetings, and Coordination:
  - a. Project Schedule (e.g. proposed dates from NTP to FINAL design)
  - b. Meetings (e.g. kickoff, biweekly coordination, key stakeholders, progress review, etc.)
  - c. Monthly Status (e.g. invoices include hours spent, % budget spent/remaining, etc.)
  - d. SDG&E Coordination (e.g. requesting available fault at the utility transformer)
  - e. QA/QC
  - f. Our Project Manager communicates with the Client and our team on a regular basis to assure we accomplish the scope items, meet the schedule, and stay within budget. Additionally, any updates that impact the scope are communicated immediately with the team. Additional detail on how we monitor and control Scope, Schedule, and Budget is below:
    - i. Scope: during our internal kickoff meeting, the scope of work is communicated to the team. Our Project Manager is constantly reviewing the scope, schedule, and budget so every agreed upon item is included in the design. Minor changes are documented via a Decision Log and the team is made aware of the latest decisions so the deliverables can be updated. Review comments are also documented in the Review Comments Spreadsheet, which is made available to our team for them to address and revise the deliverables.
    - ii. Schedule: we always create internal deadlines 2 weeks before each deliverable to provide enough time for Mike to perform his QA/QC and to address his comments. There are times when the scope is changed within the 2-week period and in those instances, we notify the Client immediately and perform the QA/QC concurrent with the Client review to maintain the schedule. In the rare instance where it is our final deliverable and there is an unforeseen change, we would request a time extension to incorporate the necessary changes. In no instance, do we leave a design incomplete or inaccurate.
    - iii. Budget: our budgets are based on the quantity of hours we estimate it will take to complete the scope items. We input the time spent per subtask into our timesheet system daily, which is then rolled up into our monthly invoices. Our Project Manager has the ability to check the status of the budget as frequently as necessary to confirm the most recent charges vs. the remaining budget. Our Project Manager works diligently with our team to accomplish the scope, while adhering to the schedule, and staying within the budget.
- B. Data Request and Site Visit Verification:
  - a. Data Request:
    - i. As-built/Record Drawings
    - ii. Approved Submittals of electrical distribution equipment
    - iii. Undocumented changes, if any
    - iv. Coordinate with SDG&E to confirm available fault current at the Utility Transformer
  - b. Site Visit Verification:
    - i. Confirm protective device (PD) manufacturer and part number
    - ii. Construction type of conductors to accurately calculate the potential arc flash
    - iii. Generator information, if applicable
    - iv. Yao Engineering shall gather the additional information after the electrical equipment has been de-energized by SEJPA and shall be pre-arranged with SEJPA's PM to cause the least possible interference with operations (e.g. early morning, late night, or weekend).
    - v. De-energization strategy (leap frog method): we implemented this same strategy at PWP and LADWP to reduce downtime to only 30-60 minutes per site. If SEJPA can provide 2



electrician teams, then the 1<sup>st</sup> team can start at Cardiff and the 2<sup>nd</sup> team can start at Olivenhain. Once Cardiff is safely de-energized, we can collect the necessary data, which only takes a few minutes and the 1<sup>st</sup> team can safely reenergize while we move on to Olivenhain. Then the 1<sup>st</sup> team can leap frog us and move on to Coast and safely de-energize the system, when we collect the data at Olivenhain we can move on to Coast, while the 2<sup>nd</sup> team safely reenergizes the system and leap frogs on to Moonlight. This pattern continues until we finish all 11 sites.

- vi. Thermal Imaging via Flir thermal camera to confirm if hot spots exist, which could indicate lugs that are potentially loose, failure spot, dust build-up, corrosion, etc.
- C. Key Changes to NFPA 70E from 2018 to 2024 (specifically the changes that impact SEJPA facilities):
  - a. PPE: no need for leather protectors over rubber gloves, which greatly increases dexterity and must wear hearing and lung protection inside Arc Flash Boundary
  - b. Arc Flash Label: must be durable enough to meet current installation environment
  - c. Energized Work: must justify working on equipment while energized
  - d. Electrical Safety Program (ESP): provide comprehensive ESP with audits every 3 years
  - e. Informative Annex S: provides guidance on how to safely evaluate equipment condition
- D. Create Digital Twin within ETAP and Power System Study Report:
  - a. Recreate an accurate model of the electrical distribution system within ETAP
  - b. Coordinate the PD by modeling each Time Current Curve (TCC) within a given circuit to confirm when the breakers are tripping and recommend changes to trip settings if necessary
  - c. If PD(s) are not available within ETAP's library, then we will work with ETAP Tech Support to create the TCC. In the event that ETAP is unable to create the TCC, we will use the worst-case scenario, the 2-second rule.
  - d. Calculate Arc Flash Boundary, Limited Approach Boundary, Restricted Approach Boundary, and the Incident Energy
  - e. PPE requirements for each specific piece of electrical equipment
  - f. Calculate the arc flash based on each applicable scenario (Utility vs Generator or Utility only) and compare line-side vs load-side of each protective device
    - i. Create arc flash labels showing the worst-case scenario
  - g. Generate ETAP report showing results of calculations
  - h. Combine all the data, findings, recommendations, assumptions, and Engineer's estimate into a Power System Study Report including Short Circuit, Arc Flash, and Coordination Study
- E. Recommendations:
  - a. Potentially changing trip settings
  - b. Potentially changing protective device type (replacing breaker with fuses)
  - c. Potentially changing protective device part number (either changing the ampacity or changing to an adjustable breaker)
  - d. Potentially changing the main breaker to include one with a maintenance-mode switch that will significantly reduce the potential arc flash
  - e. Potential National Electrical Code issues (clearance requirements)
  - f. Equipment condition assessment (rust, corrosion, thermal imaging results, etc.)
  - g. Engineer's estimate of costs shall be included for each recommendation
- F. Electrical Safety Training (two in-person 8-hour training sessions for 15 attendees each):
  - a. We have provided similar training sessions to LADWP for Power System Studies and NFPA 70E.
  - b. Our training shall be developed to train the attendees on the background, history, importance, and fundamentals of the individual components that comprise a Power System Study, namely Short Circuit Study, Arc Flash Study, and Protective Device Coordination Study.

- c. Specific photos and videos, taken during the site visit verification, of SEJPA facilities shall be included in the training to provide actual examples of real-life circumstances applicable to SEJPA employees.
- d. Videos of real-life examples to emphasize the importance of electrical hazards and the need for electrical safety protocols.
- e. Review of SEJPA site specific Power System Study Report to assist with understanding the information within each Report.
- f. NFPA 70E training to equip attendees with knowledge of the potential electrical hazard dangers associated with electrical equipment located at SEJPA pump stations.
- g. Question and Answer to respond to attendee specific questions that may not have been covered during the training session(s).
- G. Deliverables:
  - a. Power System Study Report including Short Circuit, Arc Flash, and Protective Device Coordination Studies
  - b. ETAP model
  - c. ETAP LAUNCH package, which will meet SEJPA's Viewer requirements per discussion with ETAP
  - d. Arc Flash Labels using industry leading Brady Labels
  - e. NFPA 70E Handbook
  - f. Low Voltage Student Manual
  - g. Certificate of Completion
- H. Level-of-Effort:





Superseded - see final fee estimate

Task X: Item Description	Principal Engineer hours	Senior Engineer hours	Junior Engineer hours	Administrative Assistant hours	Subtotal hours
<b>Task 1: Site Visits (10 Remote Sites + 1 Optional Site)</b>					
On-Site Data Verification					0.00
21st St PS	3.00				3.00
Cardiff	4.00				4.00
Coast Pump Station	2.00				2.00
Eden Gardens	4.00				4.00
Encinitas Ranch BPS	2.00				2.00
LSF Pump Station	3.00				3.00
Moonlight	4.00				4.00
Olivenhain	4.00				4.00
San Elijo Hills	2.00				2.00
Solana Beach	3.00				3.00
DAA Del Mar Fairgrounds (Optional)	8.00				8.00
					0.00
<b>Task 1 Subtotal</b>	<b>39.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>39.00</b>
<b>Task 2: Review Additional Data</b>					
Review Approved Shop Drawings					0.00
21st St PS			1.00		1.00
Cardiff			2.00		2.00
Coast Pump Station			1.00		1.00
Eden Gardens			2.00		2.00
Encinitas Ranch BPS			1.00		1.00
LSF Pump Station			1.00		1.00
Moonlight			2.00		2.00
Olivenhain			2.00		2.00
San Elijo Hills			1.00		1.00
Solana Beach			1.00		1.00
DAA Del Mar Fairgrounds (Optional)			4.00		4.00
					0.00
<b>Task 2 Subtotal</b>	<b>0.00</b>	<b>0.00</b>	<b>18.00</b>	<b>0.00</b>	<b>18.00</b>
<b>Task 3: Power System Study Report</b>					
ETAP Model Development					0.00
21st St PS	1.00		8.00		9.00
Cardiff	2.00		12.00		14.00
Coast Pump Station	1.00		8.00		9.00
Eden Gardens	2.00		12.00		14.00
Encinitas Ranch BPS	1.00		8.00		9.00
LSF Pump Station	1.00		8.00		9.00
Moonlight	2.00		12.00		14.00
Olivenhain	2.00		12.00		14.00
San Elijo Hills	1.00		8.00		9.00
Solana Beach	1.00		8.00		9.00
DAA Del Mar Fairgrounds (Optional)	4.00		24.00		28.00
QA/QC		10.00			10.00
QA/QC (Optional)		2.00			2.00
Power System Study Report					0.00
21st St PS	1.00		4.00		5.00
Cardiff	1.00		4.00		5.00
Coast Pump Station	1.00		4.00		5.00
Eden Gardens	1.00		4.00		5.00
Encinitas Ranch BPS	1.00		4.00		5.00
LSF Pump Station	1.00		4.00		5.00
Moonlight	1.00		4.00		5.00
Olivenhain	1.00		4.00		5.00
San Elijo Hills	1.00		4.00		5.00
Solana Beach	1.00		4.00		5.00
DAA Del Mar Fairgrounds (Optional)	1.00		4.00		5.00
QA/QC		10.00			10.00
QA/QC (Optional)		2.00			2.00
Coordinating with ETAP			40.00		40.00
Print Arc Flash Labels			40.00		40.00
ETAP LAUNCH Software License (Annual License)					0.00
					0.00
<b>Task 3 Subtotal</b>	<b>29.00</b>	<b>24.00</b>	<b>244.00</b>	<b>0.00</b>	<b>297.00</b>
<b>Task 4: Electrical Safety Training</b>					
Power System Study Training	16.00		32.00		48.00
NFPA 70E Training	16.00		32.00		48.00
NFPA 70E Handbook				2.00	2.00
Low Voltage Student Manual				2.00	2.00
Certificate of Completion				2.00	2.00
					0.00
<b>Task 4 Subtotal</b>	<b>32.00</b>	<b>0.00</b>	<b>64.00</b>	<b>6.00</b>	<b>102.00</b>
<b>Task 5: Project Management</b>					
Coordination with City	40.00				40.00
Invoicing				12.00	12.00
					0.00
<b>Task 5 Subtotal</b>	<b>40.00</b>	<b>0.00</b>	<b>0.00</b>	<b>12.00</b>	<b>52.00</b>
<b>Total</b>	<b>140.00</b>	<b>24.00</b>	<b>326.00</b>	<b>18.00</b>	<b>508.00</b>

Mr. Yao is an electrical engineer with 20+ years of experience in consulting engineering and management. He has designed electrical systems for water and wastewater facilities, industrial facilities, architectural facilities, commercial facilities, and federal facilities. He has provided technical leadership, quality control, and design and construction services.

Mr. Yao has power system experience which includes distribution systems with voltages up to 69kV; prime, standby, and emergency generators; switchgear; switchboards; motor control centers; variable frequency drives; uninterruptible power supplies; lighting; lighting control; fire alarm; telecommunications; security and access control; lightning protection; paging and area warning systems; and microgrids (solar and wind).

Mr. Yao has SCADA systems experience which includes both ring and star topology system architectures, programmable logic controllers (PLC), remote I/O (RIO), and human machine interfaces (HMI). He has experience with major PLC manufacturers such as Allen-Bradley, Square D (Schneider Electric), and Siemens.

## MUNICIPAL/INDUSTRIAL FACILITIES

**Pasadena Water and Power (Water) Arc Flash Studies – Pasadena, CA.** Mr. Yao served as the principal engineer for arc flash studies at 25 booster and/or well stations throughout PWP's distribution system.

**South Haiwee Reservoir Water Treatment Facility, Los Angeles Department of Water and Power (LADWP), Los Angeles, California.** Mr. Yao served as project engineer for the electrical and instrumentation design of a water treatment facility. The design includes a 240V power distribution system, lighting, grounding, multiple control panels, control strategies, short circuit analysis, coordination study, arc flash analysis, and arc flash labels.

**Arc Flash Study, Collier County, Florida.** Mr. Yao served as project manager for the arc flash study of 14 lift stations throughout Collier County.

**Ganesha Park Stormwater Capture, Pomona, California.** Mr. Yao served as the principal engineer for the design of the main 480V, 400A switchboard and local control panel with PLC with radio telemetry to power, monitor, and control the pump station.

**Security Upgrades, The Metropolitan Water District of Southern California (MWD), California.** Mr. Yao served as the principal electrical engineer responsible for designing the electrical upgrades associated with the security upgrades at 18 various facilities. The electrical upgrades include new subpanels, new security LAN, replacing existing cameras with new 360-degree, infrared, and hostile cameras, card access, and intrusion alarms.

**Puente Hills Landfill Park, Los Angeles County, City of Industry, California.** Mr. Yao served as the Principal Engineer for the site electrical, photovoltaic and battery energy storage system, and electric vehicle (EV) charging facilities. The PV and BESS system was designed for the electrical usage to be a net zero energy for all the buildings. The EV system includes 34 dual-port Level 2 chargers.

**San Jose Water's (SJW) Williams Treatment Facility PFAS Upgrades – San Jose, CA.** Mr. Yao served as the principal engineer for the design of a new PFAS system at the Williams Treatment Facility. The instrumentation system includes a new local control panel with PLC connected via fiber optic to the existing SCADA system. The electrical system includes 480V, 3000A switchboard, MCCs, VFDs, ATs, 2000kW generator, grounding, lighting, and security.

**Owens Lake Lower Owens River Pump Station, Los Angeles Department of Water and Power (LADWP), Owens Lake, California.** Mr. Yao served as principal engineer for the electrical and instrumentation design for replacing the four (4) existing VFDs with new

**Felix Yao, P.E.**

**Principal Engineer**

### Registration

Professional Engineer:  
Florida #69636  
California #20976  
Nevada #24103  
Washington #53989  
NCEES Record #45739

### Education

B.S. – Electrical Engineering,  
Kettering University, 2003

4160V switchgear, 4160V VFDs, and 480V distribution panelboard. The design also includes new lighting, receptacles, grounding, HVAC, and fire alarm system.

**City of Pico Rivera Well No.5 Electrical Upgrades – Pico Rivera, CA.** Mr. Yao served as the principal engineer for the design of the replacement of the existing electrical and instrumentation system. The design includes a 480V switchboard, MCC, VFD, grounding, lighting, and control panel that communicates via spread spectrum radio.

**City of Pico Rivera Water Plant No.3 Electrical Upgrades – Pico Rivera, CA.** Mr. Yao served as the principal engineer for the design of the replacement of the existing electrical and instrumentation system. The design includes a 480V switchboard, MCC, VFDs, grounding, lighting, and control panel that communicates via spread spectrum radio.

**Owens Lake Electrical and Instrumentation Training, Los Angeles Department of Water and Power (LADWP), Los Angeles, California.** Mr. Yao served as the principal engineer for specific electrical and instrumentation training topics held by LADWP for their engineering staff. Topics included Power System Studies (Short Circuit, Arc Flash, Protective Device Coordination), NFPA 70E, and IEEE 1584.

**City of Manteca Duplex Pump Station – Manteca, CA.** Mr. Yao served as the principal electrical and instrumentation engineer for the design of a duplex pump station. The design includes a 240V control panel, grounding, and communication via spread spectrum radio.

**Elsinore Valley Municipal Water District Skymeadows – Corona, CA** Mr. Yao served as the senior electrical and instrumentation engineer for the design of a booster pump station upgrade whose electrical systems were being replaced in their entirety. The design includes 480V switchboard, MCC, grounding, and portable Tier 4 generator.

**Cal Water Electrical Equipment Replacement – Marysville, Livermore, Commerce, and Visalia, CA** Mr. Yao served as the senior electrical and instrumentation engineer for the design of several pump stations whose electrical and controls systems were being replaced in their entirety. The design includes either 480V or 240V distribution systems, lighting, grounding, control panels communicating via telemetry, and standby generator.

**Town of Buckeye Industrial Park Lift Station – Buckeye, AZ** Mr. Yao served as the senior electrical and instrumentation engineer for the design of a lift station whose electrical system was being replaced in its entirety. The design includes 480V switchboard, MCC, standby generator, ATS, load bank, VFDs, active harmonic filter, lighting, grounding, traveling bridge crane, control panel, RTU, and telemetry.

**Eastside Service Area Repump Facility, Orange County Utilities (OCU), Orange County, Florida.** Mr. Yao served as project engineer for the electrical and instrumentation design and construction of a new repump facility. The design includes a 480V power distribution system, 480V standby generator, interior and exterior lighting, lightning protection, security, and a fully automated SCADA system.

**Malcolm Road Water Supply Facility, Orange County Utilities (OCU), Orange County, Florida.** Mr. Yao served as project engineer for the electrical and instrumentation design and construction of a new water supply facility. The design includes a 4160V power distribution system, 480V standby generator, interior and exterior lighting, lightning protection, and a fully automated SCADA system.

**North Booster Pump Station, Pinellas County, Florida.** Mr. Yao served as project engineer for the electrical and instrumentation design and construction of valve vault upgrades. The design includes a 480V power distribution system, field devices, and automating valves via a SCADA system.

**East Naples/Solana Road Booster Pump Station, City of Naples, Florida.** Mr. Yao served as project construction engineer whose responsibilities include overseeing construction of 2 booster pump stations. The construction includes a 480V power distribution system, 480V standby generator, interior and exterior lighting, lightning protection, fire alarm, security, and a fully automated SCADA system.

**Yao Engineering**  
**San Elijo Joint Powers Authority**  
**Arc Flash and Protection Coordination Study**  
**Fee Estimate**

Labor Rate (\$/hr):	\$195		\$165		\$145		\$95							
	Principal Engineer		Senior Engineer		Junior Engineer		Administrative Assistant		Subtotal		Reimbursable Expenses		Base Bid Total Task Cost	
Personnel Title:	hours	cost	hours	cost	hours	cost	hours	cost	hours	cost	cost	cost	cost	cost
Task X: Item Description														
<b>Task 1: Site Visits (10 Remote Sites + 1 Optional Site)</b>														
On-Site Data Verification		\$0		\$0		\$0		\$0	0.00	\$0		\$0	\$0	\$0
21st St PS	3.00	\$585		\$0		\$0		\$0	3.00	\$585		\$0	\$585	\$0
Cardiff	4.00	\$780		\$0		\$0		\$0	4.00	\$780		\$0	\$780	\$0
Coast Pump Station	2.00	\$390		\$0		\$0		\$0	2.00	\$390		\$0	\$390	\$0
Eden Gardens	4.00	\$780		\$0		\$0		\$0	4.00	\$780		\$0	\$780	\$0
Encinitas Ranch BPS	2.00	\$390		\$0		\$0		\$0	2.00	\$390		\$0	\$390	\$0
LSF Pump Station	3.00	\$585		\$0		\$0		\$0	3.00	\$585		\$0	\$585	\$0
Moonlight	4.00	\$780		\$0		\$0		\$0	4.00	\$780		\$0	\$780	\$0
Olivenhain	4.00	\$780		\$0		\$0		\$0	4.00	\$780		\$0	\$780	\$0
San Elijo Hills	2.00	\$390		\$0		\$0		\$0	2.00	\$390		\$0	\$390	\$0
Solana Beach	3.00	\$585		\$0		\$0		\$0	3.00	\$585		\$0	\$585	\$0
DAA Del Mar Fairgrounds (Optional)	8.00	\$1,560		\$0		\$0		\$0	8.00	\$1,560		\$0	\$0	\$1,560
		\$0		\$0		\$0		\$0	0.00	\$0		\$0	\$0	\$0
<b>Task 1 Subtotal</b>	<b>39.00</b>	<b>\$7,605</b>	<b>0.00</b>	<b>\$0</b>	<b>0.00</b>	<b>\$0</b>	<b>0.00</b>	<b>\$0</b>	<b>39.00</b>	<b>\$7,605</b>		<b>\$0</b>	<b>\$6,045</b>	<b>\$1,560</b>
<b>Task 2: Review Additional Data</b>														
Review Approved Shop Drawings		\$0		\$0		\$0		\$0	0.00	\$0		\$0	\$0	\$0
21st St PS		\$0		\$0	1.00	\$145		\$0	1.00	\$145		\$0	\$145	\$0
Cardiff		\$0		\$0	2.00	\$290		\$0	2.00	\$290		\$0	\$290	\$0
Coast Pump Station		\$0		\$0	1.00	\$145		\$0	1.00	\$145		\$0	\$145	\$0
Eden Gardens		\$0		\$0	2.00	\$290		\$0	2.00	\$290		\$0	\$290	\$0
Encinitas Ranch BPS		\$0		\$0	1.00	\$145		\$0	1.00	\$145		\$0	\$145	\$0
LSF Pump Station		\$0		\$0	1.00	\$145		\$0	1.00	\$145		\$0	\$145	\$0
Moonlight		\$0		\$0	2.00	\$290		\$0	2.00	\$290		\$0	\$290	\$0
Olivenhain		\$0		\$0	2.00	\$290		\$0	2.00	\$290		\$0	\$290	\$0
San Elijo Hills		\$0		\$0	1.00	\$145		\$0	1.00	\$145		\$0	\$145	\$0
Solana Beach		\$0		\$0	1.00	\$145		\$0	1.00	\$145		\$0	\$145	\$0
DAA Del Mar Fairgrounds (Optional)		\$0		\$0	4.00	\$580		\$0	4.00	\$580		\$0	\$0	\$580
		\$0		\$0		\$0		\$0	0.00	\$0		\$0	\$0	\$0
<b>Task 2 Subtotal</b>	<b>0.00</b>	<b>\$0</b>	<b>0.00</b>	<b>\$0</b>	<b>18.00</b>	<b>\$2,610</b>	<b>0.00</b>	<b>\$0</b>	<b>18.00</b>	<b>\$2,610</b>		<b>\$0</b>	<b>\$2,030</b>	<b>\$580</b>
<b>Task 3: Power System Study Report</b>														
ETAP Model Development		\$0		\$0		\$0		\$0	0.00	\$0		\$0	\$0	\$0
21st St PS	1.00	\$195		\$0	8.00	\$1,160		\$0	9.00	\$1,355		\$0	\$1,355	\$0
Cardiff	2.00	\$390		\$0	12.00	\$1,740		\$0	14.00	\$2,130		\$0	\$2,130	\$0
Coast Pump Station	1.00	\$195		\$0	8.00	\$1,160		\$0	9.00	\$1,355		\$0	\$1,355	\$0
Eden Gardens	2.00	\$390		\$0	12.00	\$1,740		\$0	14.00	\$2,130		\$0	\$2,130	\$0
Encinitas Ranch BPS	1.00	\$195		\$0	8.00	\$1,160		\$0	9.00	\$1,355		\$0	\$1,355	\$0
LSF Pump Station	1.00	\$195		\$0	8.00	\$1,160		\$0	9.00	\$1,355		\$0	\$1,355	\$0
Moonlight	2.00	\$390		\$0	12.00	\$1,740		\$0	14.00	\$2,130		\$0	\$2,130	\$0
Olivenhain	2.00	\$390		\$0	12.00	\$1,740		\$0	14.00	\$2,130		\$0	\$2,130	\$0
San Elijo Hills	1.00	\$195		\$0	8.00	\$1,160		\$0	9.00	\$1,355		\$0	\$1,355	\$0
Solana Beach	1.00	\$195		\$0	8.00	\$1,160		\$0	9.00	\$1,355		\$0	\$1,355	\$0
DAA Del Mar Fairgrounds (Optional)	4.00	\$780		\$0	24.00	\$3,480		\$0	28.00	\$4,260		\$0	\$0	\$4,260
QA/QC		\$0	10.00	\$1,650		\$0		\$0	10.00	\$1,650		\$0	\$1,650	\$0
QA/QC (Optional)		\$0	2.00	\$330		\$0		\$0	2.00	\$330		\$0	\$0	\$330
Power System Study Report		\$0		\$0		\$0		\$0	0.00	\$0		\$0	\$0	\$0
21st St PS	1.00	\$195		\$0	4.00	\$580		\$0	5.00	\$775		\$0	\$775	\$0
Cardiff	1.00	\$195		\$0	4.00	\$580		\$0	5.00	\$775		\$0	\$775	\$0
Coast Pump Station	1.00	\$195		\$0	4.00	\$580		\$0	5.00	\$775		\$0	\$775	\$0
Eden Gardens	1.00	\$195		\$0	4.00	\$580		\$0	5.00	\$775		\$0	\$775	\$0
Encinitas Ranch BPS	1.00	\$195		\$0	4.00	\$580		\$0	5.00	\$775		\$0	\$775	\$0
LSF Pump Station	1.00	\$195		\$0	4.00	\$580		\$0	5.00	\$775		\$0	\$775	\$0
Moonlight	1.00	\$195		\$0	4.00	\$580		\$0	5.00	\$775		\$0	\$775	\$0
Olivenhain	1.00	\$195		\$0	4.00	\$580		\$0	5.00	\$775		\$0	\$775	\$0
San Elijo Hills	1.00	\$195		\$0	4.00	\$580		\$0	5.00	\$775		\$0	\$775	\$0
Solana Beach	1.00	\$195		\$0	4.00	\$580		\$0	5.00	\$775		\$0	\$775	\$0
DAA Del Mar Fairgrounds (Optional)	1.00	\$195		\$0	4.00	\$580		\$0	5.00	\$775		\$0	\$0	\$775
QA/QC		\$0	10.00	\$1,650		\$0		\$0	10.00	\$1,650		\$0	\$1,650	\$0
QA/QC (Optional)		\$0	2.00	\$330		\$0		\$0	2.00	\$330		\$0	\$0	\$330
Coordinating with ETAP		\$0		\$0	40.00	\$5,800		\$0	40.00	\$5,800		\$0	\$5,800	\$0
Print Arc Flash Labels		\$0		\$0	40.00	\$5,800		\$0	40.00	\$5,800		\$476	\$6,276	\$0
		\$0		\$0		\$0		\$0	0.00	\$0		\$0	\$0	\$0
<b>Task 3 Subtotal</b>	<b>29.00</b>	<b>\$5,655</b>	<b>24.00</b>	<b>\$3,960</b>	<b>244.00</b>	<b>\$35,380</b>	<b>0.00</b>	<b>\$0</b>	<b>297.00</b>	<b>\$44,995</b>		<b>\$476</b>	<b>\$39,776</b>	<b>\$5,695</b>
<b>Task 4: Electrical Safety Training</b>														
NFPA 70E Training	16.00	\$3,120		\$0	32.00	\$4,640		\$0	48.00	\$7,760		\$0	\$7,760	\$0
NFPA 70E Handbook		\$0		\$0		\$0	2.00	\$190	2.00	\$190		\$2,598	\$2,788	\$0
Low Voltage Student Manual		\$0		\$0		\$0	2.00	\$190	2.00	\$190		\$450	\$640	\$0
Certificate of Completion		\$0		\$0		\$0	2.00	\$190	2.00	\$190		\$150	\$340	\$0
		\$0		\$0		\$0		\$0	0.00	\$0		\$0	\$0	\$0
<b>Task 4 Subtotal</b>	<b>16.00</b>	<b>\$3,120</b>	<b>0.00</b>	<b>\$0</b>	<b>32.00</b>	<b>\$4,640</b>	<b>6.00</b>	<b>\$570</b>	<b>54.00</b>	<b>\$8,330</b>		<b>\$3,198</b>	<b>\$11,528</b>	<b>\$0</b>
<b>Task 7: Project Management</b>														
Coordination with City	40.00	\$7,800		\$0		\$0		\$0	40.00	\$7,800		\$0	\$7,800	\$0
Invoicing		\$0		\$0		\$0	12.00	\$1,140	12.00	\$1,140		\$0	\$1,140	\$0
		\$0		\$0		\$0		\$0	0.00	\$0		\$0	\$0	\$0
<b>Task 7 Subtotal</b>	<b>40.00</b>	<b>\$7,800</b>	<b>0.00</b>	<b>\$0</b>	<b>0.00</b>	<b>\$0</b>	<b>12.00</b>	<b>\$1,140</b>	<b>52.00</b>	<b>\$8,940</b>		<b>\$0</b>	<b>\$8,940</b>	<b>\$0</b>
<b>Total</b>	<b>124.00</b>	<b>\$24,180</b>	<b>24.00</b>	<b>\$3,960</b>	<b>294.00</b>	<b>\$42,630</b>	<b>18.00</b>	<b>\$1,710</b>	<b>460.00</b>	<b>\$72,480</b>		<b>\$3,674</b>	<b>\$68,319</b>	<b>\$7,835</b>
<b>Proposed Base Bid Total Cost =</b>													<b>\$68,319</b>	

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

January 20, 2026

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: ORGANIZATIONAL CLASSIFICATION CHANGE – ELIMINATION OF  
FINANCIAL ANALYST SERIES AND ADDITION OF SENIOR ACCOUNTANT

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the elimination of the Financial Analyst Series of positions and create a new Senior Accountant position under the Accounting Series of positions.
2. Discuss and take action as appropriate.

BACKGROUND

SEJPA previously filled a Financial Analyst position intended to support financial planning, analysis, and reporting. As SEJPA's operations have expanded and regulatory requirements have increased, staff has reassessed the skill sets and level of technical expertise needed to effectively support current and anticipated responsibilities.

This assessment concluded that the work assigned to this position places a greater emphasis on advanced accounting knowledge, as well as hands-on accounting support than is typically associated with responsibilities of staff in the Financial Analyst series. In recent years, SEJPA has experienced increasing complexity related to local, state, and federal grant funding, along with heightened audit and compliance requirements. There exists an increased need for detailed accounting analyses, reconciliation, and reporting to ensure accuracy, transparency, and consistency with regulatory and contractual requirements.

DISCUSSION

Management has determined that a Senior Accountant classification is better aligned with SEJPA's current financial operations needs than a Financial Analyst role. SEJPA's needs extend beyond financial analysis to include core accounting functions that support internal controls, accurate financial reporting, and regulatory compliance.

The Senior Accountant would perform essential general ledger and accounting responsibilities, including preparation of journal entries and account reconciliations, accounting for revenues

and disbursements, and maintenance of comprehensive financial records. The position would also provide dedicated support for grant-funded activities, including project budget tracking, grant account reconciliations, invoicing, compliance reporting, and audit coordination.

In addition, the Senior Accountant would strengthen operational resilience by providing cross-training and backup support for accounts payable and accounts receivable functions, ensuring continuity during staff absences. The position would also support budget monitoring, budget-to-actual analysis, and financial reporting for management and the Board.

Overall, the Senior Accountant role provides the level of technical accounting expertise, compliance support, and operational flexibility needed to effectively support SEJPA's evolving financial responsibilities.

### FISCAL IMPACT

The proposed Senior Accountant position will be compensated at a salary range equivalent to the Financial/Management/Human Resources Analyst III classification included in SEJPA's Fiscal Year 2025–26 budget. This range provides a minimum salary of \$82,336 and a maximum of \$117,623. The Senior Accountant title aligns with industry standards for candidates possessing the required level of experience and expertise. Because the previously authorized Financial Analyst position has remained vacant for the first half of FY25-26, sufficient funding exists in the current fiscal year to accommodate the higher salary range. Ongoing or future budget impacts to annual personnel costs will be evaluated as part of the annual budgeting process.

### RECOMMENDATION

It is therefore recommended that the Board of Directors:

1. Approve the elimination of the Financial Analyst Series of positions and create a new Senior Accountant position under the Accounting Series of positions.
2. Discuss and take action as appropriate.

Respectfully submitted,



---

Kevin Lang  
Director of Finance & Administration

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

January 20, 2026

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: Director of Infrastructure and Sustainability

SUBJECT: WANKET TANK CONSTRUCTION PHASE AMENDMENTS

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to execute Contract Change Order No. 5 (CCO 5) with J.R. Filanc Construction in an amount of \$18,435 for additional construction work;
2. Authorize the General Manager to execute Amendment 6 with CDM Smith in an amount of \$54,960 to provide construction management and inspection services for additional work and extended schedule on Wanket Tank Refurbishment Project; and
3. Discuss and take action as appropriate.

BACKGROUND

SEJPA has implemented two related construction projects, the Wanket Recycled Water Pipeline (completed February 2025) and the Wanket Tank Refurbishment (ongoing). The refurbishment converts a 50-year-old potable water concrete tank into a recycled water storage facility. The 3-million-gallon tank will provide critical operational storage, enabling SEJPA to meet peak summer demands and store recycled water during storm events. This additional capacity increases system flexibility and helps relieve pressure on the ocean outfall.

DISCUSSION

As previously authorized by the Board in October 2025, application of an interior liner is underway to address persistent leakage attributed to compromised joints in the tank floor slab and lower wall interfaces. Work sequencing is being managed to ensure proper surface preparation and compliance with strict tolerances per manufacturer requirements for temperature, moisture, and ambient conditions necessary for successful coating application. Site logistics and productivity

rates resulted in surface preparation inside the tank taking longer than anticipated to pass inspection, and inclement weather prohibiting coating application has limited available work windows. The contractor remains mobilized and continues to advance the work as conditions allow. Based on current progress and remaining coating activities, SEJPA anticipates completion by the end of January 2026.

The General Manager previously executed Construction Change Order No. 4 with J.R. Filanc, authorizing leak exploration expenses against the contract allowance and incidental field directive costs totaling \$5,923. The General Manager also executed Amendment 5 with CDM Smith in the amount of \$15,752 for specialized coating inspection and quality control services for the tank liner application.

It is necessary to amend the Construction, Management, & Inspection (CM&I) services agreement with CDM Smith to provide requisite field oversight of construction activities now projected to extend through the end of January, administrative activities associated with federal grants, and project closeout activities now anticipated to occur in February, following completion of the leak mitigation work. CDM Smith has been instrumental in supporting the recently completed single audit (reference Staff Report 18) required by the federal grant programs. Their efforts included locating, compiling, and reviewing documentation for grant compliance. These services were not contemplated in their original contract. Amendment 6 reconciles services rendered to date and through the construction completion projected to be the end of January.

Separate from the leak mitigation work described above, several minor construction changes have been authorized to accommodate necessary shutdowns to the potable water system and as requested by project partner, Olivenhain Municipal Water District (OMWD), notably the installation of a new 14" mainline valve. This work was previously directed in conjunction with shutdown of OMWD's transmission main and will be reimbursed to SEJPA as a condition of the assignment and assumption agreement with OMWD (reference Staff Report 17). Final documentation has been received and verified by the consultant construction manager, SEJPA, and OMWD. Contract change order no. 5 (CCO 5) addresses this additional work and reconciles previously approved charges against the contract allowance.

## FINANCIAL IMPACT

The Board approved an updated budget for the project in October 2025 including contingency of \$100,000. The recommended actions herein and prior approved contract amendments encumber \$95,100 against the budgeted contingency amount. The updated project budget is summarized in the following table. With the project nearing completion, resolution of minor additional work is expected to be managed within current budget.



<b>Project Element</b>	<b>Encumbered Cost (rounded)</b>
Engineering, Design, and Bidding Support (Ardurra)	\$ 145,000
Construction (Filanc) – including CCO1 – 5	3,337,600
Construction Management & Inspection, CM&I (CDM Smith) – including Amendments 1 - 6	371,300
Engineering Services During Construction, ESDC (Ardurra)	116,000
Legal and Administration	99,000
Construction Contingency (remaining)	4,900
<b>TOTAL</b>	<b>\$ 4,073,800</b>

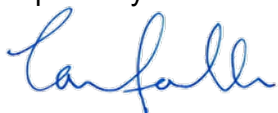
Completion of the Wanket project remains one of SEJPA's highest-priority recycled water projects. The work is expected to retain eligibility for approximately \$885,000 in Proposition 1 Grant funding and up to \$1 million in Title XVI WIIN reimbursement.

### RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to execute Contract Change Order No. 5 (CCO 5) with J.R. Filanc Construction in an amount of \$18,435 for additional construction work;
2. Authorize the General Manager to execute Amendment 6 with CDM Smith in an amount of \$54,960 to provide construction management and inspection services for additional work and extended schedule on Wanket Tank Refurbishment Project; and
3. Discuss and take action as appropriate.

Respectfully submitted,




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

**Attachment 1:** Change Order No. 5, J.R. Filanc Construction

**Attachment 2:** Amendment 6 Proposal, CDM Smith

## Attachment 1

 <b>SAN ELIJO</b>   JOINT POWERS AUTHORITY 2695 Manchester Avenue Cardiff by the Sea, CA 92007	<b>Contract Change Order (CCO) No.</b> 05
	<b>Contract Name:</b> Wanket Tank Refurbishment
	<b>Contract No.:</b> 2025 – 001SC <b>Project #:</b> 13021
<b>Contractor:</b> J.R. Filanc Construction Company	<b>Created By:</b> Carlos Melvin, CDM Smith
<b>Date:</b> 1-7-26	<b>Reviewed By:</b> Mike Konicke, SEJPA
<b>Status:</b>	<b>Accepted By:</b> Tom Falk, SEJPA
<b>Revision:</b>	<b>Approved By:</b> See below signatures
<b>Time Change (Calendar Days)</b> 0 days	<b>CCO Amount:</b> \$18,434.92
<b>Summary:</b> CCO 05 provides approval for all costs from PCO 9.1 – Blue Locker Diving Inspection and PCO 13 – Potholing and Dewatering to be billed against Bid Item #17 – Miscellaneous Tank Repair Allowance. CCO 5 also includes an increase to the contract amount for PCO 8 - 14" Gate Valve Installation, and PCO 16 – Reinspection of the Makeup Water (MUW) Thrust Block (Station 30+00). The scope of work is outlined in the description below and the attached documents. No additional time is approved in this CCO.	
<i>To Contractor: You are hereby directed to make the herein described changes from the Contract Documents.          Note: This CCO is not effective until approved by San Elijo Joint Power Authority's General Manager.</i>	
<b>CCO SCOPE OF WORK DESCRIPTION</b>	
CCO 05 includes all costs for the Contractor providing Blue Locker's diving inspection (PCO 9.1) and potholing and dewatering assistance (PCO 13), during the tank leak event (September 9 <sup>th</sup> , 2025 - October 29 <sup>th</sup> , 2025). The costs include all labor and equipment, as tracked Contractor and Construction Manager. All PCO 9.1 and 13 costs shall be billed against Bid Item #17 – Miscellaneous Tank Repair Allowance.	
Additionally, CCO 05 includes the costs for the 14" gate valve Installation (PCO 8) and reinspection of the MUW thrust block (PCO 16). The costs include all labor, equipment, and materials, with the attached backup documentation.	
<b>CCO COST (ADD/DEDUCT/NET) DESCRIPTION</b>	
The net CCO cost for PCOs 8 and 16, as noted above, is <b>\$18,434.92</b> . The breakdown for each cost is as follows: <ul style="list-style-type: none"> <li>• PCO 8 – 14" Gate Valve Installation = \$17,281.64</li> <li>• PCO 16 – Reinspection of MUW Thrust Block = \$1,153.28</li> </ul>	

### CONTRACT SUMMARY

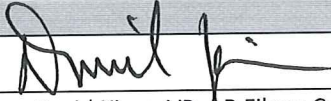

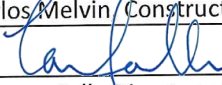
Original Contract Amount.....	\$ 2,407,600.00
Net Change from Previous CCOs.....	\$ 911,567.30
Contract Amount Prior to this CCO.....	\$ 3,319,167.30
Contract Amount Change by this CCO.....	\$ <b>18,434.92</b>
New Contract Amount.....	\$ <b>3,337,602.22</b>

### Allowance Breakdown

Allowance Total.....	\$ 300,000.00
Total Usage from Previous CCOs.....	\$ 273,819.94
Allowance Usage by this CCO.....	\$ <b>23,230.23</b>
Total Usage after this CCO.....	\$ <b>297,050.17</b>
Total Remaining after this CCO.....	\$ <b>2,949.83</b>

Notice to Proceed Date.....	September 30, 2024
Original Contract Time.....	300 days
Original Contract Completion Date.....	July 26, 2025
Contract Time Change from Previous CCOs.....	174 days
Contract Completion Date Prior to this CCO.....	January 16, 2026
Contract Time Change by this CCO.....	0 days
New Contract Completion Date.....	January 16, 2026

### APPROVALS

Contractor	By: 	Date: <u>1/13/2026</u>
	David Kiess, VP, J.R. Filanc Construction Company	
Construction Manager	By: 	Date: <u>01-13-26</u>
	Carlos Melvin, Construction Manager, CDM Smith	
SEJPA	By: 	Date: <u>1-13-26</u>
	Thomas Falk, Director of Infrastructure and Sustainability, San Elijo Joint Powers Authority	
	By: <b>PENDING BOARD APPROVAL</b>	Date:
	Michael T. Thornton, General Manager, San Elijo Joint Powers Authority	

### Notes:

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



January 8, 2026

Mr. Tom Falk, PE, PMP  
Director of Infrastructure and Sustainability  
San Elijo Joint Powers Authority  
2695 Manchester Avenue  
Cardiff by the Sea, California 92007

Subject: CM & I for the Wanket Tank Refurbishment & Conversion, Recycled Water Pipeline, RW Valve Replacement, & Moonlight Beach Pump Station Modifications Project, Agreement # 2024-011SC

Dear Mr. Falk:

This letter is to request additional funding to provide the necessary CM & I Services to support the completion of Task TK-1 for the Refurbishment of the Wanket Tank. As you are aware this task was originally scheduled for completion by the Contractor by the middle of September 2025. However, the contractor is under a different schedule with a forecast to complete the work in mid-January 2026. Therefore, for CDM Smith's Construction Management Team to continue the support to SEJPA for this project we need to have additional funding as shown below to provide the required services.

Below is the summary of the approved budget for the subject Agreement, including all previous authorized amendments (including Amendment 5), and the proposed budget to complete the project. Please note that task orders TK-2, TK-3 and TK-4 are closed, and no additional charges shall be incurred.

Task	Approved Budget	Additional Funding	Revised Budget
TK-1: Wanket Tank Rehab	\$316,157.62	\$54,960.00	\$371,117.62
TK-2: Moonlight Beach PS	\$253,489.38	\$0.00	\$253,489.38
TK-3: RW Pipeline	\$135,740.00	\$0.00	\$135,740.00
TK-4: Recycle Water Valve	\$0.00	\$0.00	\$0.00
<b>TOTAL</b>	<b>\$705,387.00</b>	<b>\$54,960.00</b>	<b>\$760,347.00</b>

The additional effort to complete Task TK-1 is based on the following assumptions:

1. Contractor is expected to complete the work in January 2026.
2. CDM Smith's Team to provide services on a part-time basis as indicated in the attached LOE forecast matrix.
3. CDM Smith will follow closing procedures and will complete the closure of the project, inclusive of additional federal grant support efforts, by February 28, 2026. A final Invoice to be submitted in the first week of March 2026.
4. Construction Manager Carlos Melvin will continue overseeing project completion (50 hours).



Mr. Tom Falk, PMP

January 8, 2026

Page 2

5. Inspection support will be provided by Carina Thompson and/or Daniel Tsuchiyama, with an estimated effort of 188 hours. The CM team will provide part-time support and no work during the holidays or weekends.
6. Project Manager, Accounting, and scheduler specialist will require one (1) hour per month each to support the team and the administrative functions.

The CM & I Services described above will be completed on a time and materials basis up to the estimated not-to-exceed fee of \$54,960.

We appreciate the opportunity to continue providing construction support to SEJPA for this critical infrastructure project.

Please contact me at (949) 930-7252 or by [email at acevedoa@cdmsmith.com](mailto:acevedoa@cdmsmith.com) if you have any questions or comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alberto Acevedo".

Alberto Acevedo, PE  
CSL/Sr Project Manager  
CDM Smith Inc.

cc: Carlos Melvin, CDM Smith

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

January 20, 2026

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: 2026 ELECTION OF OFFICERS AND BOARD MEETING SCHEDULE

RECOMMENDATION

It is recommended that the Board of Directors:

1. Appoint Chairperson and Vice-Chairperson for the 2026 SEJPA Board of Directors, effective at the conclusion of the January 20, 2026 Board Meeting;
2. Select regular meeting schedule for 2026; and
3. Discuss and take action as appropriate.

DISCUSSION

**SEJPA Board Officer Appointments and Meeting Schedule**

In accordance with Article 3 of the San Elijo Joint Powers Authority (SEJPA) formation agreement, the SEJPA Board is required to appoint a chairperson and vice-chairperson and establish the time and place for its regular meetings by the second meeting of each calendar year.

***2025 SEJPA Officers and Board Members***

The officers and board members for the 2025 calendar year were as follows:

- **Chair of the Board:** Council Member Becker (Solana Beach)
- **Vice Chair of the Board:** Council Member Shaffer (Encinitas)
- **Board Member:** Council Member Zito (Solana Beach)
- **Board Member:** Council Member O'Hara (Encinitas)

***Proposed 2026 SEJPA Officers and Board Members***

In 2026, SEJPA will retain all four Board members from 2025. Following the past practice of rotating Board officer positions, the proposed slate of officers for 2026 is as follows:



- **Chair of the Board:** Council Member Shaffer (Encinitas)
- **Vice Chair of the Board:** Council Member Zito (Solana Beach)
- **Board Member:** Council Member O'Hara (Encinitas)
- **Board Member:** Council Member Becker (Solana Beach)

### **Regular Meeting Schedule**

SEJPA's regular meetings are typically held at 8:30 a.m. on the third Tuesday of each month. To accommodate a summer break, one meeting is generally skipped, alternating between July and August. For 2025, the summer break was in July; therefore, it is proposed that the August meeting be skipped in 2026. This schedule is subject to Board discretion.

Additionally, the December 2026 meeting is proposed for the ~~second~~ <sup>Third</sup> Tuesday of the month to avoid potential conflicts with the holiday season.

See Attachment 1 for the proposed 2026 Board Meeting schedule.

### **FINANCIAL IMPACT**

There is no financial impact associated with this item.

### **RECOMMENDATION**

It is therefore recommended that the Board of Directors:

1. Appoint Chairperson and Vice-Chairperson for the 2026 SEJPA Board of Directors, effective at the conclusion of the January 20, 2026 Board Meeting;
2. Select regular meeting schedule for 2026; and
3. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.  
General Manager

**Attachment 1:** Proposed 2026 Board Meeting Schedule



## BOARD OF DIRECTORS

San Elijo Joint Powers Authority

## PROPOSED 2026 BOARD MEETING DATES

January 20
February 17
March 17
April 21
May 19
June 16
July 21
August – No Meeting
September 15
October 20
November 17
December 15
January 19, 2027



SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

January 20, 2026

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: WANKET RESERVOIR ASSIGNMENT AND ASSUMPTION AGREEMENT

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to finalize terms and enter into an agreement with the Olivenhain Municipal Water District (Olivenhain) and the San Dieguito Water District (San Dieguito) for assignment of ownership rights related to the Wanket Reservoir; and
2. Discuss and take action as appropriate.

BACKGROUND

On September 26, 1974, San Dieguito Water District and Olivenhain Municipal Water District entered into an agreement to construct, operate, and maintain the J.C. Wanket Reservoir, an approximately 3-million-gallon tank located adjacent to the Encinitas Ranch Golf Course. Under that agreement, San Dieguito held one-third ownership and was responsible for one-third of maintenance costs, while Olivenhain operated the reservoir. The facility has been offline since 2008.

In 2022, SEJPA acquired San Dieguito's one-third ownership interest and secured access rights to the property through an Assignment and Assumption Agreement and a License Agreement. These agreements authorized SEJPA to disconnect the tank from Olivenhain's potable system, connect to SEJPA's recycled water system, rehabilitate the tank, and place it into service as a recycled water storage facility. SEJPA completed the connecting pipeline in February 2025 and is nearing completion of site improvements to enable operation later this year. The conversion supports SEJPA's long-term recycled water reliability and distribution goals.

## DISCUSSION

Repurposing the Wanket Reservoir for recycled water service offers significant operational and regional advantages. When placed into service, the facility will more than double SEJPA's recycled water storage capacity, improving system reliability during treatment plant maintenance and stabilizing distribution pressures in the northern service area. Its location also provides a strategic opportunity for potential interconnections with neighboring recycled water systems, enhancing regional collaboration and resilience.

Following SEJPA's acquisition of San Dieguito's interest, Olivenhain expressed interest in transferring its remaining ownership share to SEJPA. Legal counsel and staff from all three agencies have collaborated to develop an Assignment and Assumption Agreement that enables SEJPA to assume full ownership and operational responsibility for the reservoir. San Dieguito will attest to the transfer as a party to the original 1974 agreement.

This arrangement consolidates ownership, eliminates the need for joint administration, and aligns with SEJPA's strategic initiative to optimize existing infrastructure for regional water sustainability. Key benefits include:

- **Streamlined Governance and Operations:** Full ownership removes the need for joint decision-making, cost reconciliation, and shared insurance and legal oversight.
- **Asset Optimization:** The agreement ensures productive reuse of existing infrastructure, reducing the need for new construction while advancing regional recycled water reliability goals. It also divests OMWD of a stranded asset, renewing operational benefit of the community's legacy investment.

## FINANCIAL IMPACT

Under the proposed agreement, Olivenhain will transfer its ownership interest in the Wanket Reservoir to SEJPA. Although Olivenhain carries a residual book value of \$132,616 for the asset, no direct payment will be made by SEJPA. Instead, the value will be offset through an extension of the "Infrastructure Rent" term of the January 22, 2019 Agreement for the Sale of Recycled Water, which compensates Olivenhain for shared recycled water facilities.

SEJPA will assume sole responsibility for all future maintenance, rehabilitation, and capital improvements. These costs will be funded by the SEJPA Recycled Water Utility and recovered through recycled water rates. This approach allows the customer base that use and benefits from recycled water to pay for these costs through the recycled water rate structure.

Property maintenance for the shared site, managed by Olivenhain, is expected to cost approximately \$7,000 annually, with SEJPA reimbursing its proportional share per the existing agreement with San Dieguito.

Funding for rehabilitation and connection improvements has already been included in SEJPA's approved Capital Improvement Program. The associated operating and maintenance expenses were incorporated into the most recent cost-of-service study, ensuring full alignment with adopted recycled water rates and long-term financial sustainability.

## RECOMMENDATION

1. Authorize the General Manager to finalize terms and enter into an agreement with the Olivenhain Municipal Water District (Olivenhain) and the San Dieguito Water District (San Dieguito) for assignment of ownership rights related to the Wanket Reservoir; and
2. Discuss and take action as appropriate.

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

**Attachment 1:** Assignment and Assumption Agreement (Draft-Final)

## ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement ("Agreement"), is made as of \_\_\_\_\_, 20\_\_\_\_ by and among the Olivenhain Municipal Water District ("Olivenhain" or "OMWD") and the San Elijo Joint Powers Authority ("SEJPA" or "Assignee"), and consented to by the San Dieguito Water District ("San Dieguito" or "SDWD").

### RECITALS

- A. On September 26, 1974, San Dieguito and Olivenhain entered into an agreement in regard to the J.C. Wanket Reservoir, an approximately 3 million gallon tank, inclusive of valves, pipes and other fixtures (the "Reservoir"), providing for joint use of the Reservoir and defining the parties' rights and responsibilities with respect to capacity in and operation of the Reservoir (the "Reservoir Agreement").
- B. In addition, San Dieguito and Olivenhain jointly own the real property on which the Reservoir is located, APN 254-611-11 (the "Property"), as tenants-in-common, pursuant to the grant deed recorded May 16, 1974 as document no. 74-127670.
- C. Pursuant to the Reservoir Agreement, Olivenhain is entitled to two-thirds of the capacity in the Reservoir and is obligated to pay for two-thirds of the maintenance costs of the Reservoir.
- D. While Olivenhain operated and used the Reservoir from 1975 until 2008, San Dieguito has never used its capacity in the Reservoir and neither entity has used the Reservoir for water service since 2008.
- E. SEJPA desires to rehabilitate the Reservoir to store recycled water and connect it to its nearby recycled water distribution system.
- F. Use of the Reservoir for recycled water storage by SEJPA would benefit customers of both Olivenhain and San Dieguito by increasing operational reliability and performance of SEJPA's recycled water system with cost-effective new storage.
- G. SEJPA desires to acquire Olivenhain's two-thirds interest in the Reservoir to allow for SEJPA's rehabilitation and operation of the Reservoir for recycled water storage.
- H. Olivenhain agrees to transfer and assign its interests in the Reservoir to SEJPA and SEJPA agrees to assume all rights, obligations and liabilities of Olivenhain with respect to the Reservoir based on the terms and conditions below, and SDWD consents to such assignment and assumption.
- I. San Dieguito previously, in separate Assignment and Assumption Agreement dated June 15, 2022 by and among the San Dieguito Water District, the San Elijo Joint Powers Authority, and consented to by the Olivenhain Municipal Water District, assigned its one-third interest in the Reservoir to SEJPA (the "SDWD Assignment Agreement").

- J. Olivenhain and San Dieguito granted to SEJPA right of entry and access across the real property on which the Reservoir is located, APN 254-611-11, and to, around and including the Reservoir through a certain License Agreement and Right of Entry for J.C. Wanket Reservoir recorded February 5, 2024, DOC# 2024-0029898 (hereinafter the "License Agreement") and is hereby incorporated into this Agreement by reference and referred to herein as the "Property."
- K. OMWD and SEJPA entered into the "Agreement for the Sale of Recycled Water and Ownership and Maintenance of the Village Park Recycled Water Project Components between San Elijo Joint Powers Authority (SEJPA) and Olivenhain Municipal Water District (OMWD)" with an effective date of January 22, 2019 (hereinafter the "2019 Recycled Water Sales Agreement"), that defines terms for recycled water sales and Infrastructure Rent (especially §6, §7, and §16).
- L. SEJPA completed the Wanket Tank Refurbishment Project in 2025 constituting substantial investment in the 50-year-old Reservoir to restore serviceability, including but not limited to, addressing significant deferred maintenance (e.g., repairing concrete defects, replacement of deteriorating patches and caulking, repairs to protective shotcrete, exterior painting, and replacement of deteriorated appurtenances), mitigation of leaks, and removal and abatement of asbestos-containing materials. Olivenhain and SEJPA further agree that SEJPA's refurbishment and retrofit costs attributed to asset management expenses are estimated at \$3.3 million.

NOW THEREFORE, Olivenhain, SEJPA and San Dieguito agree as follows:

1. Effective Date. As used in this Agreement, the "Effective Date" shall be November 1, 2025.
2. Assignment by Olivenhain. As of the Effective Date, Olivenhain assigns to SEJPA all rights, title, and interest to its capacity in the Reservoir pursuant to the Reservoir Agreement including, but not limited to, its two-thirds storage capacity in the Reservoir and all corresponding rights and obligations. Olivenhain acknowledges that SEJPA is making a substantial investment in the refurbishment of the 50-year-old Reservoir to restore serviceability. OMWD and SEJPA agree that the Wanket Reservoir, assigned by OMWD to SEJPA, shall be considered as qualifying infrastructure per the 2019 Recycled Water Sales Agreement, with an assigned value of \$132,616 that will be added to the total Infrastructure Rent value.
3. Site Improvements. SEJPA constructed 16" recycled water pipeline from Quail Gardens across the Encinitas Ranch Golf Course (through a dedicated utility easement) and onto the Property, connecting SEJPA's recycled water system to the Wanket Reservoir. SEJPA will own and be responsible for the 16" recycled water pipeline up to the 16" isolation valve outside the Reservoir; the inlet/outlet piping will be considered part of the Reservoir for the purposes of this Agreement. SEJPA assumes responsibility for retrofit of the Reservoir (i.e., disconnecting from Olivenhain's potable water system and connecting to SEJPA's recycled water system) and refurbishment of the tank. Olivenhain has requested and SEJPA has agreed to include in its immediate capital project (Wanket Pipeline and Wanket Tank Refurbishment), to be constructed in 2024-2026, improvements to the site including:

- a. Installation of a recycled water service lateral (site conversion including meter, retrofit, and all permitting and implementation costs to be borne solely by Olivenhain at a future date);
- b. Removal of approximately 50 linear feet of 12" diameter abandoned water pipeline;
- c. Installation of a branch circuit from SEJPA's onsite solar-PV/Battery system to Olivenhain's pre-existing onsite remote telemetry unit;
- d. Installation of a control signal conduit/wire from SEJPA's onsite control panel to Olivenhain's pre-existing onsite remote telemetry unit.
- e. Costs associated with the above improvements requested by Olivenhain, represented in approved plans and specifications, and constructed under contract by SEJPA have been valued at one hundred five thousand, eight hundred, seventy-eight dollars (\$105,878), payable by Olivenhain to SEJPA following completion of work and within 30 days of Olivenhain's receipt of invoice. Prior to payment, SEJPA will provide Olivenhain approved Schedule of Values and other available backup as documentation of these costs for Olivenhain's review. SEJPA shall submit documentation for any requests for additional costs or change order work for OMWD review and approval. SEJPA will maintain and administer a minimum 12-month warranty on the improvements and shall resolve or reimburse any construction deficiencies in these improvements.
- f. The solar-PV/Battery system is expected to provide a 20-year service life. SEJPA will monitor operation of the onsite solar-PV/Battery system for 12 months following completion and report system failures to Olivenhain in a timely manner and provide backup power supply for any extended disruptions. When solar-PV/Battery system maintenance or upgrades are required, SEJPA shall coordinate with OMWD and receive its express consent prior to undertaking solar-PV/Battery maintenance or upgrades that may disrupt power to Olivenhain at the site and for which SEJPA intends to request proportional share by Olivenhain.

4. Property Maintenance and Property Capital Improvements: Olivenhain shall retain responsibility and continue to provide maintenance and capital improvements of the Property, exclusive of the Reservoir.

- a. Olivenhain shall maintain safe and reasonable access to the License Area (as defined in the License Agreement) and the Property as necessary for SEJPA's operations and maintenance of the Reservoir.
- b. Olivenhain shall not cause or allow the Property to be used in a manner incompatible with the storage and conveyance of recycled water, or in a manner that would render SEJPA unable to use the Reservoir in compliance with laws relating to the storage and conveyance of recycled water.
- c. Property maintenance activities shall include, but not be limited to landscaping, irrigation system maintenance, stormwater and erosion control, surface improvements, and site security.
- d. Costs associated with future capital improvements to the Property shall be shared by Olivenhain and San Dieguito as owners of the Property. Olivenhain shall be responsible for managing future capital improvements for the Property when determined necessary and shall coordinate with SEJPA and receive its

express consent on repairs or capital improvements to be undertaken by OMWD on the Property.

- e. Should Olivenhain and San Dieguito determine that the Property should be converted to a recycled water use site, Olivenhain shall be responsible for planning, design, construction, permitting, operation, and maintenance of the recycled water irrigation system. Costs to convert the site to recycled water shall be in accordance with ownership responsibilities for capital improvements to the real Property.
- f. In the event that electrical utility service from SDG&E is constructed to the Property in the future, SEJPA and Olivenhain agree to share in the costs, commensurate with each party's respective benefit, and upon mutually-agreeable terms. SEJPA shall coordinate with OMWD and receive its express consent in advance prior to constructing electrical utility service from SDG&E to the site.
- g. In consideration of electrical power generated by SEJPA's solar-PV/Battery system and consumed by Olivenhain for onsite use(s) over the anticipated 20-year service life of the system, Olivenhain agrees to pay SEJPA an estimated value of power consumed on an annual basis. To establish value, SEJPA will conduct a limited power use study to establish typical electricity consumption and apply current commercial electricity rate to produce an annual invoice. OMWD agrees to pay invoice for electricity costs within 30 days of the date of the invoice to OMWD by SEJPA.
- h. Annual maintenance costs of the Property shall be shared equally between the parties. OMWD will be responsible for Property maintenance anticipated to include, but not limited to: landscaping, site security fencing, paved surfaces, drainage infrastructure, and stormwater management and dust control. OMWD shall invoice SEJPA annually for 50% of the Property maintenance costs, excluding OMWD staff time. SEJPA agrees to pay for 50% of the Property maintenance costs within 30 days of the date of the invoice to SEJPA by OMWD.

5. Olivenhain Representations. Olivenhain represents that all costs and fees due from Olivenhain for the Reservoir are current and there are no outstanding amounts owed to Olivenhain or any other person or entity. Olivenhain further represents that it is not aware of any current liabilities, claims, or disputes with respect to its interests in the Reservoir, nor is it aware of any liens or encumbrances on the Reservoir.

6. SEJPA Assumption. SEJPA hereby assumes Olivenhain's rights and interests in the Reservoir and assumes all obligations with respect to future maintenance, repairs, improvements and liabilities. Olivenhain shall have no further responsibility or liability for the Reservoir.

7. San Dieguito Water District Consent. San Dieguito hereby consents to the assignment and assumption between Olivenhain and SEJPA pursuant to this Agreement and agrees that, after the Effective Date of this Agreement, Olivenhain is relieved of all obligations under the Reservoir Agreement.

8. Real Property and Access Rights. The parties acknowledge and agree that the assignment by Olivenhain (and formerly under separate agreement, San Dieguito's) to SEJPA pursuant to this Agreement is limited to Olivenhain's interests in the Reservoir and expressly does

not include Olivenhain's or San Dieguito's rights, title, and interest in the real property on which the Reservoir is located except for the license rights set forth in this section. Fee title to the Property shall remain with Olivenhain and San Dieguito and will not be affected in any manner whatsoever by this Agreement. Notwithstanding the foregoing, San Dieguito and Olivenhain, as tenant-in-common co-owners of the Property, agree to provide SEJPA with access rights to the Reservoir, as set forth in License Agreement and Right of Entry executed on June 15, 2022 which is incorporated by reference here.

9. Indemnification.

a. SEJPA shall indemnify, hold harmless, and defend Olivenhain, its elected and appointed officials, directors, employees, agents, and volunteers and each of them from any and all claims, demands, causes of action, damages, costs, expenses or losses or liability in law or in equity arising out of or in connection with SEJPA's assumption of Olivenhain's rights and obligations in the Reservoir pursuant to this Agreement. SEJPA's indemnity obligations shall not apply to any claims, demands, causes of action, damages, costs, expenses or losses or liability in law or in equity arising prior to the Effective Date of this Agreement.

b. Olivenhain shall indemnify, hold harmless, and defend SEJPA, its elected and appointed officials, directors, employees, agents, and volunteers and each of them from any and all claims, demands, causes of action, damages, costs, expenses or losses or liability in law or in equity arising out of or in connection with Olivenhain's rights and obligations in the Reservoir existing prior to the Effective Date. Olivenhain's indemnity obligations shall not apply to any claims, demands, causes of action, damages, costs, expenses or losses or liability in law or in equity arising after the Effective Date of this Agreement.

c. Acceptance of Reservoir "As Is" and Indemnity Limitation. Notwithstanding subsection b. above, Olivenhain shall not be required to indemnify, hold harmless, or defend SEJPA with respect to the physical condition of the Reservoir including, but not limited to, costs, expenses or losses in connection with hazardous substances. SEJPA accepts the capacity rights in the Reservoir in the Reservoir's present physical "as-is" condition, and agrees to make no demands upon Olivenhain for any improvements or alterations. By signing this Agreement, SEJPA represents and warrants that SEJPA will independently inspect the Reservoir and the area immediately surrounding and made all investigations, tests, and observations necessary to satisfy SEJPA as to the condition of the Reservoir, zoning and land use laws, regulations, and ordinances affecting the Reservoir, and all of the conditions, restrictions, encumbrances, and other matters of record relating to the Reservoir. SEJPA agrees that SEJPA is relying solely on SEJPA's independent inspection and that Olivenhain makes no warranty or representation with regard to the Reservoir. Olivenhain shall not be responsible for any latent defect or change in condition in the Reservoir and SEJPA's obligations under this Agreement shall not be diminished on account of any defect in the Reservoir, any change of condition, or any damages occurring on or in the Reservoir. SEJPA hereby releases Olivenhain from all future claims, actions, or demands that SEJPA may have or may hereinafter have, known and unknown, in any way relating to the quality, fitness, or condition of the Reservoir, and SEJPA specifically waives all rights under California Civil Code section 1542, which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.



Initials: \_\_\_\_\_

10. Emergency Supplemental Potable Water. In conjunction with the Reservoir conversion to recycled water, SEJPA will construct an emergency supplemental potable water makeup connection, including onsite flow metering, from OMWD's onsite domestic water system, a component important to the reliable operation of the Reservoir that benefits OMWD. In the event that SEJPA intends to use the Emergency Potable Water Makeup Connection for a sustained period in response to production capability limitations at the San Elijo Water Campus, SEJPA shall submit written request to OMWD General Manager for approval to use potable water, describing the emergency condition and anticipated water usage and duration. There may be situations in which OMWD may not be able to provide supplemental potable water. In non-emergency situations SEJPA will be permitted incidental use of the potable water makeup connection to meet peak day demands, but not to interfere with reliable service to potable customers. To maintain reliability of the potable system, the potable water makeup connection will close at mutually-agreeable pressure set point, which may vary based on different OMWD operating situations. SEJPA and OMWD agree that there are no system access charges and capacity or connection fees associated with this supplemental potable water connection. SEJPA understands and agrees that the costs of any potable water deposits into the Reservoir are the sole responsibility of SEJPA. OMWD will bill SEJPA for the volume of water delivered, as measured by onsite flowmeter with flow signal communicated directly to OMWD's onsite remote telemetry unit (RTU). SEJPA will submit annual calibration records for the onsite flowmeter to OMWD. The price charged to SEJPA for supplemental potable water shall be at commercial irrigation cost. OMWD will bill SEJPA directly.

11. Revocation of Assignment. The assignment effectuated by this Agreement may be revoked by Olivenhain and San Dieguito if SEJPA abandons or ceases to maintain and operate the Reservoir for any consecutive period of two (2) years or more, upon written notice by Olivenhain and San Dieguito to SEJPA specifying the effective date of such revocation at least one hundred eighty (180) days prior to the effective date. However; no such revocation may occur if SEJPA can establish with written documentation that it is in a predesign, design, preconstruction or construction phase of a project for the Reservoir which has prevented or will prevent SEJPA from maintaining and/or operating the Reservoir for two (2) years. SEJPA's acceptance of the assignment effectuated by this Agreement may be vacated upon written notice from SEJPA to OMWD, one hundred eighty (180) days prior to the effective date, specifying intent to abandon or cease operations and maintenance of the Reservoir. In the event of such a revocation, all rights, title, and interest in SEJPA's capacity in the Reservoir and responsibility for maintenance shall revert to Olivenhain and this Agreement shall be of no further force and effect.

12. Legal Effect. This Agreement shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of all the respective parties hereto.

13. Entire Agreement. This Agreement, including attachments, contains the entire agreement between Olivenhain, Olivenhain and SEJPA with respect to the subject matter hereof and supersedes all prior agreements, understandings, offers and negotiations, oral or written, with respect thereto. For clarity, nothing in this Agreement shall be deemed to change, supersede or amend any of the terms in the SDWD Assignment Agreement.

14. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of California.

15. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

16. Further Assurances. Each of the parties hereto covenants and agrees to, at its own expense, perform any further acts and execute and deliver any further instruments that may be reasonably necessary to carry out the provisions and intent of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first herein above written.

OLIVENHAIN MUNICIPAL WATER  
DISTRICT

By: \_\_\_\_\_  
Name: Kimberly A. Thorne  
Title: General Manager

SAN ELIJO JOINT POWERS AUTHORITY

By: \_\_\_\_\_  
Name: Michael T. Thornton  
Title: General Manager

SAN DIEGUITO WATER DISTRICT

By: \_\_\_\_\_  
Name: Isam Hireish  
Title: Director of Utilities/General Manager

SAN ELIJO JOINT POWERS AUTHORITY  
MEMORANDUM

January 20, 2026

TO: Board of Directors  
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: UPDATED FY 2024-25 FINANCIAL AUDIT REPORT ACCEPTANCE

RECOMMENDATION

It is recommended that the Board of Directors:

1. Accept and file the updated San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2025;
2. Accept and file the updated FY 2024-25 SEJPA Audit Conclusion Letter (SAS 114); and
3. Discuss and take action as appropriate.

BACKGROUND

SEJPA is a member of the North San Diego Water Reuse Coalition (Coalition), a partnership of nine public agencies focused on expanding regional recycled water resources. Through the Coalition, SEJPA participates in federally funded capital projects supported by the U.S. Bureau of Reclamation's Title XVI Water Reclamation and Reuse Program (formerly the Water Infrastructure Improvements for the Nation Act Program). These projects include the Wanket Reservoir Refurbishment and Recycled Water Pipeline Projects, the Stormwater Capture and Reuse Project, and the Recycled Water Conservation and Production Upgrade.

As a result of its participation in these projects, SEJPA expended \$890,284 in qualifying federal funds during Fiscal Year 2024–25, exceeding the \$750,000 threshold established under 2 CFR Part 200 (Uniform Guidance). Exceeding this threshold required SEJPA to undergo a Single Audit and a Yellow Book Audit for the first time. These audits are conducted in addition to the annual financial statement audit and include reviews of internal control over financial reporting and compliance with federal program requirements in accordance with Government Auditing Standards.

At the December 2025 SEJPA Board meeting, following completion of the annual financial statement audit, the Board accepted and filed SEJPA's basic financial statements and the independent auditors' report for the fiscal year ended June 30, 2025, along with the SAS 114 Audit Conclusion Letter. This staff report presents the results of the additional audit

engagements, which have been incorporated into SEJPA's financial statements and SAS 114 Audit Conclusion Letter and require reacceptance by the Board.

## DISCUSSION

SEJPA's auditors, Leaf & Cole, LLP, conducted the additional audit engagements required under Government Auditing Standards and the Uniform Guidance. In the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, the auditors reported no deficiencies or material weaknesses in internal control identified during their testing. The report also disclosed no instances of noncompliance or other matters required to be reported under Government Auditing Standards.

The *Independent Auditor's Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance* evaluated SEJPA's compliance with the Office of Management and Budget (OMB) Compliance Supplement. For the fiscal year ended June 30, 2025, the auditors concluded that SEJPA complied, in all material respects, with the applicable compliance requirements that could have a direct and material effect on the major federal program.

The audits also included a Schedule of Findings and Questioned Costs. The schedule reflected unmodified opinions on SEJPA's financial statements and on compliance for the major federal program. No material weaknesses or significant deficiencies were identified. In addition, there were no financial statement findings, federal award findings, or questioned costs.

Taken together, these results represent a clean audit opinion with no findings, which is the most favorable outcome under the applicable auditing standards.

The audited financial statements include the following sections, with the new sections noted with an asterisk (\*):

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statement
- Required Supplementary Information
- Supplementary Information
- Other Information
- Schedule of Expenditures of Federal Awards (\*)
- Independent Auditor's Report on Internal Control Over Financial Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (\*)
- Independent Auditor's Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance (\*)
- Schedule of Findings and Questioned Costs (\*)
- Schedule of Prior Audit Findings (\*)

## RECOMMENDATION

It is therefore recommended that the Board of Directors:

1. Accept and file the updated San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2025;
2. Accept and file the updated FY 2024-25 SEJPA Audit Conclusion Letter (SAS 114); and
3. Discuss and take action as appropriate.

Respectfully submitted,



---

Kevin Lang  
Director of Finance & Administration

**Attachment 1:** San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2025

**Attachment 2:** FY2024-25 SEJPA Audit Conclusion Letter (SAS 114)

Attachment 1

**SAN ELIJO JOINT POWERS AUTHORITY**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2025**



Leaf & Cole, LLP  
*Certified Public Accountants*

**SAN ELIJO JOINT POWERS AUTHORITY  
FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the business-type activities and the remaining fund information of the San Elijo Joint Powers Authority ("SEJPA"), as of and for the year June 30, 2025, and the related notes to the financial statements, which collectively comprise the San Elijo Joint Powers Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, remaining fund information of the San Elijo Joint Powers Authority, as of June 30, 2025, and the respective 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.

#### ***Basis for Opinion***

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

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the San Elijo Joint Powers Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the combining schedule of net position, the combining schedule of revenues, expenses and changes in net position, and the combining schedule of cash flows are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of net position, combining schedule of revenues, expenses, and changes in net position and combining schedule of cash flows are fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2025, on our consideration of San Elijo Joint Powers Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Elijo Joint Powers Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Elijo Joint Powers Authority's internal control over financial reporting and compliance.

### ***Other Information***

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

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

Leaf & Cole LLP

San Diego, California  
December 31, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of San Elijo Joint Powers Authority ("SEJPA") provides an overview of SEJPA's financial activities for the year ended June 30, 2025. Please read it in conjunction with SEJPA's financial statements which begin on page 9.

### **Financial Statements**

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

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

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

- Net Investment in Capital Assets
- Restricted Net Position
- Unrestricted Net Position

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

The statement of revenues, expense and changes in net position and statement of changes in fiduciary net position present information which shows how SEJPA's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses, and changes in net position and statement of changes in fiduciary net position measure the results of SEJPA's operations over the past year and determines whether SEJPA has recovered its costs through user charges for services and other revenues.

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

- Operating
- Noncapital and related financing
- Capital and related financing
- Investing

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Financial Statements (Continued)

#### Financial Highlights

Net position increased by \$397,954 in the business-type activities and \$194,941 in the fiduciary fund for the year ended June 30, 2025.

Revenues totaled \$17,387,726 in the business-type activities and \$201,063 in the fiduciary fund for the year ended June 30, 2025, an increase of \$1,611,631 in the business-type activities resulting from increases in operating contributions from members, federal and state grants, and investment income.

Expenses and transfers out of capital assets totaled \$16,989,772 in the business-type activities for the year ended June 30, 2025. Expenses increased \$498,322 or 3.49% over the previous year primarily due to an increase in personnel costs and contracted services. Transfers out of capital assets increased \$2,193,888 over the previous year due to the completed Moonlight Beach Pump Station upgrade project being contributed to the City of Encinitas.

#### Financial Analysis of SEJPA

##### Net Position

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

	<u>2025</u>	<u>2024</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Assets:</u>				
Current and other assets	\$ 42,496,260	\$ 52,606,797	\$ (10,110,537)	(19.22)%
Capital assets	74,228,833	64,025,656	10,203,177	15.94%
Total Assets	<u>116,725,093</u>	<u>116,632,453</u>	<u>92,640</u>	.08%
<u>Deferred Outflows of Resources</u>	<u>1,748,149</u>	<u>2,215,024</u>	<u>(466,875)</u>	(21.08)%
<u>Liabilities:</u>				
Current liabilities	5,428,073	4,871,816	556,257	11.42%
Noncurrent liabilities	36,273,743	37,524,193	(1,250,450)	(3.33)%
Total Liabilities	<u>41,701,816</u>	<u>42,396,009</u>	<u>(694,193)</u>	(1.64)%
<u>Deferred Inflows of Resources</u>	<u>785,807</u>	<u>863,803</u>	<u>(77,996)</u>	(9.03)%
<u>Net Position:</u>				
Net investment in capital assets	49,869,159	41,482,866	8,386,293	20.22%
Unrestricted	26,116,460	34,104,799	(7,988,339)	(23.42)%
Total Net Position	<u>\$ 75,985,619</u>	<u>\$ 75,587,665</u>	<u>\$ 397,954</u>	.53%

Net position increased by \$397,954 in the business-type activities from fiscal year 2024 to 2025. Net investment in capital assets increased \$8,386,293 in fiscal year 2025. This increase is the result of depreciation expense being less than the amount spent on capital assets. In addition, in the current year, the SEJPA paid down its long-term debt by more than \$1 million.

Unrestricted net position (those resources that can be used to finance day-to-day operations) decreased \$7,988,339 primarily due to the funds expended for capital assets and long-term debt exceeding the amount generated from operations and capital contributions.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Financial Analysis of SEJPA (Continued)

#### Revenues, Expenses and Change in Net Position

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

	<u>2025</u>	<u>2024</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<b><u>Revenues:</u></b>				
Operating contributions from members	\$ 5,307,261	\$ 5,058,703	\$ 248,558	4.91%
Charges for services to other government agencies	6,639,906	5,914,230	725,676	12.27%
Other nonoperating revenue	1,969,423	2,213,821	(244,398)	(11.04)%
Member agency assessments	1,579,158	1,819,884	(240,726)	(13.23)%
Federal and state grants	1,891,978	769,457	1,122,521	145.88%
Total Revenues	<u>17,387,726</u>	<u>15,776,095</u>	<u>1,611,631</u>	10.22%
<b><u>Expenses:</u></b>				
Operating expenses	13,558,626	13,011,403	547,223	4.21%
Nonoperating expenses	1,237,258	1,286,159	(48,901)	(3.80)%
Transfer out of capital asset	<u>2,193,888</u>	<u>-</u>	<u>2,193,888</u>	0.00%
Total Expenses and Transfers Out of Capital Assets	<u>16,989,772</u>	<u>14,297,562</u>	<u>2,692,210</u>	18.83%
Increase in Net Position	<u>\$ 397,954</u>	<u>\$ 1,478,533</u>	<u>\$ (1,080,579)</u>	(73.08)%

#### Capital Assets

Capital assets consist of the following at June 30:

	<u>2025</u>	<u>2024</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Construction in progress	\$ 17,273,725	\$ 5,042,068	\$ 12,231,657	242.59%
Plant equipment	109,177,723	108,410,985	766,738	0.71%
Lab equipment	36,742	36,742	-	0.00%
Office equipment	21,497	21,497	-	0.00%
Vehicles	<u>475,038</u>	<u>500,851</u>	<u>(25,813)</u>	(5.15)%
Subtotal	126,984,725	114,012,143	12,972,582	11.38%
Accumulated depreciation	<u>(52,755,892)</u>	<u>(49,986,487)</u>	<u>(2,769,405)</u>	5.54%
Total Capital Assets, Net	<u>\$ 74,228,833</u>	<u>\$ 64,025,656</u>	<u>\$ 10,203,177</u>	15.94%

The net change to capital assets for fiscal year 2025 totaled \$10,203,177 as depreciation expense was exceeded by capital additions related to such projects as the biosolids dewatering, the Wanket reservoir refurbishment, the stormwater capture and reuse improvements, and Wanket pipeline.

The Moonlight beach pump station (MBPS) is owned by the City of Encinitas but operated and maintained by SEJPA. From fiscal year 2021-22 through 2024-25 the rehabilitation of MBPS has been funded with capital contributions from the City of Encinitas and included in construction in progress by SEJPA. At the conclusion of the rehabilitation of MBPS in fiscal 2024-25 the asset has been contributed back to the City of Encinitas and reported as a transfer out of capital assets in the statement of revenues, expenses, and changes in net position.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Financial Analysis of the SEJPA (Continued)

#### Long-Term Debt

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

	<u>2025</u>	<u>2024</u>	<u>Dollar</u> <u>Change</u>	<u>Percentage</u> <u>Change</u>
2017 Revenue Bonds	\$ 20,839,927	\$ 21,420,151	\$ (580,224)	(2.71)%
Loan payable	9,477,000	9,810,000	(333,000)	(3.39)%
Private placement loan payable	836,508	946,510	(110,002)	(11.62)%
Solana Beach Reimbursement Agreement	402,584	424,544	(21,960)	(5.17)%
SFID Reimbursement Agreement	202,703	237,093	(34,390)	(14.50)%
SDG&E financing agreement	124,573	160,165	(35,592)	(22.22)%
Total Long-Term Debt	<u>\$ 31,883,295</u>	<u>\$ 32,998,463</u>	<u>\$ (1,115,168)</u>	(3.38)%

The total long-term debt decreased by \$1,115,168 primarily due to principal payments on the 2017 Revenue Bonds, the loan payable and the private placement loan payable.

#### Economic Factors

For the upcoming fiscal year 2025-26, SEJPA has adopted a sanitary fund operations and maintenance budget of \$8,480,591. Included in this budget amount are costs associated with the production and sale of reclaimed water. Sales of reclaimed water are budgeted to be 1,613 acre feet in the upcoming year.

Contingency funding for each program area has been reviewed and budgeted on the basis of the potential for unforeseen events within each activity area. For all programs, the amount in contingency funding is \$224,430 which is at the same level as prior year.

In addition to SEJPA's operations and maintenance budget, a capital project program budget has also been adopted in the amount of \$3,941,368 to support projects for both the sanitary and reclaimed water programs in the amount of \$2,485,368 and \$1,456,000, respectively.

Operational and maintenance costs of sanitary services are allocated based on a percentage of use basis, as indicated by measured flows, or level of effort, as appropriate. On the basis of connected equivalent dwelling units (EDUs) for wastewater treatment provided to the member agencies, the budgeted cost is approximately \$261 per EDU for fiscal year 2025-26. This represents a 5.2% increase from fiscal year 2024-25. The Encinitas Ranch Golf Course pays a set annual price for interruptible reclaimed water service. For the remaining water agencies, recycled water sales are based on individual contracts which may include minimum annual purchase volumes and negotiated water rates. From 2020 through August of 2025 these recycled water revenues were supplemented by incentives from the Metropolitan Water District and the San Diego County Water Authority. Following 25 years, fiscal year 2025-26 will include the two months of incentive revenues prior to the program sunseting

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **Contacting the Authority's Financial Manager**

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

**SAN ELIJO JOINT POWERS AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

**ASSETS**

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

Cash and cash equivalents	\$ 12,777,377
Due from other government agencies	2,005,262
Accrued interest receivable	394,934
Prepaid expenses	96,578
Current portion of loans receivable	535,000
Total Current Assets	<u>15,809,151</u>

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

Restricted Assets:

Cash and cash equivalents	7,523,621
Total Restricted Assets	<u>7,523,621</u>

Lease receivable	403,488
Loans receivable, net of current portion	18,760,000

Capital Assets:

Nondepreciable	17,273,725
Depreciable, net of accumulated depreciation	56,955,108
Total Capital Assets	<u>74,228,833</u>

Total Noncurrent Assets	<u>100,915,942</u>
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<b>TOTAL ASSETS</b>	<u><b>116,725,093</b></u>
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**DEFERRED OUTFLOWS OF RESOURCES:** (Notes 1, 11 and 12)

Deferred outflows related to pensions	1,699,887
Deferred outflows related to OPEB	48,262

<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>\$ 1,748,149</b></u>
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The accompanying notes are an integral part of the financial statements.



**SAN ELIJO JOINT POWERS AUTHORITY**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**JUNE 30, 2025**

**LIABILITIES**

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

Accounts payable	\$ 2,956,594
Accrued liabilities	351,264
Accrued interest payable	306,756
Due to other funds	100,000
Unearned revenue	286,702
Current portion of revenue bonds	535,000
Current portion loan payable	349,000
Current portion of private placement loan payable	114,615
Current portion of SDG&E financing agreement	53,388
Current portion of compensated absences	374,754
Total Current Liabilities	<u>5,428,073</u>

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

**Long-Term Debt:**

Revenue bonds, net of current portion	20,304,927
Loan payable, net of current portion	9,128,000
Private placement loan payable, net of current portion	721,893
Solana Beach reimbursement agreement payable	402,584
SFID reimbursement agreement payable	202,703
SDG&E financing agreement, net of current portion	71,185
Total Long-Term Debt	<u>30,831,292</u>

**Other Noncurrent Liabilities:**

Net pension liability	4,724,597
Net OPEB obligation	379,754
Compensated absences, net of current portion	338,100
Total Other Noncurrent Liabilities	<u>5,442,451</u>

Total Noncurrent Liabilities	<u>36,273,743</u>
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Total Liabilities	<u>41,701,816</u>
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**DEFERRED INFLOWS OF RESOURCES:** (Notes 1 and 11, 12 and 13)

Deferred inflows related to pensions	200,105
Deferred inflows related to OPEB	223,489
Deferred inflows related to leases	362,213
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>785,807</u>

**Commitments and Contingencies** (Notes 11, 12 and 13)

**NET POSITION:**

Net investment in capital assets	49,869,159
Unrestricted	26,116,460
Total Net Position	<u>\$ 75,985,619</u>

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

**SAN ELIJO JOINT POWERS AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Operating Revenues:**

Charges for services to other government agencies	\$ 6,639,906
Contributions from City of Encinitas	3,020,003
Contributions from City of Solana Beach	2,287,258
Total Operating Revenues	<u>11,947,167</u>

**Operating Expenses:**

Personnel costs	5,821,920
Depreciation and amortization	2,795,219
Utilities	1,405,322
Contracted services	1,142,352
Supplies	1,060,470
Repair parts expense	378,448
Disposal services	271,021
Permit/purveyor fees	219,026
Insurance	184,931
Rent	144,711
Miscellaneous	135,206
Total Operating Expenses	<u>13,558,626</u>

Operating Loss	<u>(1,611,459)</u>
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**Nonoperating Revenues (Expenses):**

Investment income	1,888,828
Federal grants	947,480
State grants	944,498
Rental income	70,332
Other	10,263
Interest expense	(1,237,258)
Total Nonoperating Revenues (Expenses)	<u>2,624,143</u>

Income Before Capital Contributions and Transfers	<u>1,012,684</u>
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**Capital Contributions and Transfers:**

Member agency assessments	1,579,158
Transfer out of capital asset	(2,193,888)
Total Capital Contributions and Transfers	<u>(614,730)</u>

Change in Net Position	397,954
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Net Position at Beginning of Year	<u>75,587,665</u>
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<b>NET POSITION AT END OF YEAR</b>	<b><u>\$ 75,985,619</u></b>
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The accompanying notes are an integral part of the financial statements.

**SAN ELIJO JOINT POWERS AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Cash Flows From Operating Activities:**

Cash received from customers	\$ 11,295,926
Cash payments to suppliers for goods and services	(3,362,576)
Cash payments to employees for services	(5,081,565)
Net Cash Provided by Operating Activities	<u>2,851,785</u>

**Cash Flows From Noncapital and Related Financing Activities:**

Rental and other nonoperating income	80,595
Net Cash Provided by Noncapital and Related Financing Activities	<u>80,595</u>

**Cash Flows From Capital and Related Financing Activities:**

Acquisition and construction of capital assets	(15,192,284)
Principal paid on long-term debt	(1,044,944)
Interest paid on long-term debt	(1,317,633)
Proceeds from federal and state grants	1,891,978
Capital contributions	1,579,158
Net Cash Used in Capital and Related Financial Activities	<u>(14,083,725)</u>

**Cash Flows From Investing Activities:**

Proceeds from loans receivable	510,000
Investment income	1,978,949
Net Cash Provided by Investing Activities	<u>2,488,949</u>

Net Decrease in Cash and Cash Equivalents	(8,662,396)
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Cash and Cash Equivalents at Beginning of Year	<u>28,963,394</u>
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<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b><u>\$ 20,300,998</u></b>
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(Continued)

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

**SAN ELIJO JOINT POWERS AUTHORITY  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**Reconciliation of Operating Loss to**

**Net Cash Provided by Operating Activities:**

Operating loss	\$ (1,611,459)
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**Adjustments to reconcile operating loss to  
net cash provided by operating activities:**

Depreciation	2,795,219
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**Change in assets and liabilities:**

Due from other governmental agencies	806,880
Prepaid expenses	20,328
Lease receivable	20,812
Deferred outflows related to pensions	454,342
Deferred outflows related to OPEB	12,533
Accounts payable	1,558,583
Accrued liabilities	263,002
Due to PARS Trust fund	100,000
Unearned revenue	(1,450,000)
Net pension liability	(28,080)
Net OPEB obligation	(99,432)
Compensated absences	87,053
Deferred inflows related to pensions	(146,010)
Deferred Inflows related to OPEB	96,947
Deferred inflows related to leases	(28,933)
Net Cash Provided by Operating Activities	<u><u>\$ 2,851,785</u></u>

**Cash and Cash Equivalents:**

**Financial Statement Classification**

Cash and cash equivalents	\$ 12,777,377
Restricted cash and cash equivalents	7,523,621
Total Cash and Cash Equivalents	<u><u>\$ 20,300,998</u></u>

**Noncash Investing, Capital and Financing Activities**

Transfer out of capital asset	\$ <u><u>(2,193,888)</u></u>
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The accompanying notes are an integral part of the financial statements.

**SAN ELIJO JOINT POWERS AUTHORITY  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Post-Employment Benefits Trust</u>
<b>ASSETS</b>	
Cash	\$ 1,097,623
Due from other funds	<u>100,000</u>
Total Assets	<u>\$ 1,197,623</u>
 <b>NET POSITION</b>	
Held in trust for the benefit of employees of the San Elijo Joint Powers Authority	 <u>\$ 1,197,623</u>

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

**SAN ELIJO JOINT POWERS AUTHORITY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Post-Employment Benefits Trust</u>
<b>ADDITIONS:</b>	
Contribution	\$ 100,000
Investment income	<u>101,063</u>
Total Additions	<u>201,063</u>
<b>DEDUCTIONS:</b>	
Administrative fees	<u>6,122</u>
Total Deductions	<u>6,122</u>
Change in Net Assets	194,941
Net Position - Beginning of Year	<u>1,002,682</u>
Net Position - End of year	<u><u>\$ 1,197,623</u></u>

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

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 1 - Organization and Significant Accounting Policies:**

**Organization**

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

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

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

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

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

**Significant Accounting Policies**

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

**Method of Accounting**

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

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

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Significant Accounting Policies (Continued)**

**Method of Accounting (Continued)**

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

**Estimates**

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

**Revenue Recognition**

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

**Unearned Revenue**

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

**Allowance for Doubtful Accounts**

Bad debts are recognized on the allowance method based on historical experience and management’s evaluation of outstanding receivables. Management believes that all amounts due from other government agencies and loans receivable were fully collectible; therefore, no allowance for doubtful accounts was recorded at June 30, 2025.

**Leases**

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

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



**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Significant Accounting Policies (Continued)**

**Leases (Continued)**

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

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

**Capital Assets**

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

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

Depreciation totaled \$2,795,219 for the year ended June 30, 2025.

**Amortization**

**2017 Revenue Bonds**

The original issue premium on the 2017 Revenue bonds is being amortized on the straight-line method over 30 years. Amortization expense totaled \$70,224 for the year ended June 30, 2025 and is included in interest expense.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Significant Accounting Policies (Continued)**

**Compensated Absences**

Employees are entitled to accrue vacation leave up to a maximum amount equal to twice the employees' annual accrual rate, after which accrual ceases until the balance accrued falls below the maximum accumulation (208 - 370 hours, depending on length of service). Upon separation of employment, accrued vacation benefits that have not been used are paid to the employee. Sick leave benefits may be accrued up to a maximum of 1,000 hours after which accrual ceases. Employees who are not terminated for cause and have given SEJPA 14 calendar days written notice are paid for 50% of the sick leave balance upon separation. Accumulated and unpaid vacation and sick leave totaling \$712,854 is accrued when incurred with \$374,754 and \$338,100 and included in current and noncurrent liabilities, respectively, at June 30, 2025.

**Deferred Outflows/Inflows of Resources**

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

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

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

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

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Significant Accounting Policies (Continued)**

**Risk Management**

SEJPA is a member of the California Sanitation Risk Management Authority (CSRMA). CSRMA is a risk-pooling self-insurance authority created under provisions of California Government Code Sections 6500 et. seq. The purpose of CSRMA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Each insured agency pays for its proportionate share of its individually contracted insurance coverage and consulting services. At June 30, 2025, SEJPA participated in the programs of CSRMA as follows:

General Liability including Bodily Injury, Property Damage, Public Entity Errors and Omissions, Employment Practices Liability and Automobile Liability - The CSRMA Pooled Liability (shared risk) Program provides \$25,750,000 per occurrence and in aggregate. CSRMA is self-insured up to \$15,750,000 and additional \$10,000,000 in excess insurance has been purchased to bring the total limit of liability coverage to \$25,750,000. SEJPA has a \$100,000 deductible in the CSRMA Pooled Liability Program.

Property Damage - \$89,758,041 in scheduled values through the APIP Property Program with a \$1,000,000,000 shared loss limit per occurrence with a \$25,000 deductible. Coverage includes: all risk property coverage, mobile equipment, auto physical damage and boiler and machinery. SEJPA has a \$25,000 deductible for boiler and machinery coverage.

Faithful Performance/Employee Dishonesty Bond - Insured up to \$2,000,000 with a \$2,500 deductible. Coverage includes: employee dishonesty, faithful performance forgery or alteration, computer fraud, money and securities theft, disappearance and destruction.

Workers' Compensation - SEJPA participates in CSRMA's Workers' Compensation Program, which currently self-insures the first \$1,000,000 of each claim. The members have no deductible or self-insured retention. Excess insurance provides statutory limits for Workers' Compensation and \$1,000,000 for each accident or each employee for disease in limits for Employers Liability.

SEJPA pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. SEJPA's insurance expense totaled \$184,931 for the year ended June 30, 2025. There were no instances in the past three years where a settlement exceeded SEJPA's coverage.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Significant Accounting Policies (Continued)**

**Pensions**

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

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

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

**Post-Employment Benefits (OPEB)**

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

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

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

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Significant Accounting Policies (Continued)**

**Fair Value Measurements**

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

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

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

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

**Economic Dependency**

SEJPA received approximately 44% of its operating revenues from its member agencies for the year ended June 30, 2025.

**Cash and Cash Equivalents**

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

**Subsequent Events**

In preparing these financial statements, SEJPA has evaluated events and transactions for potential recognition or disclosure through December 31, 2025 the date the financial statements were available to be issued.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 2 - Cash and Cash Equivalents:**

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

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

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Quality Requirements</b>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	A1
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	A Rating
Mutual Funds	N/A	20%	Multiple
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA Rating
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investments	N/A	None	None

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

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 2 - Cash and Cash Equivalents: (Continued)**

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

Cash and cash equivalents held by the SEJPA were comprised of the following at June 30, 2025:

	Maturity in Years	
	1 Year or Less	Total
California Local Agency Investment Fund (LAIF)	\$ 3,771,084	\$ 3,771,084
Deposits with financial institutions	3,622,277	3,622,277
Open-ended money market funds	12,907,637	12,907,637
Mutual funds	1,097,623	1,097,623
Total Cash and Cash Equivalents	<u>\$ 21,398,621</u>	<u>\$ 21,398,621</u>
Statement of Net Position:		
Cash and cash equivalents	\$ 12,777,377	\$ 12,777,377
Restricted cash and cash equivalents	7,523,621	7,523,621
Total Statement of Net Position	<u>20,300,998</u>	<u>20,300,998</u>
Statement of Fiduciary Net Position:		
Cash	1,097,623	1,097,623
Total Statement of Fiduciary Net Position	<u>1,097,623</u>	<u>1,097,623</u>
Total Cash and Cash Equivalents	<u>\$ 21,398,621</u>	<u>\$ 21,398,621</u>

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. SEJPA manages its exposure to interest rate risk by purchasing shorter term investments so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of SEJPA's investments to market interest rate fluctuations is provided in the previous table that shows the distribution of SEJPA's investments by maturity at June 30, 2025.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 2 - Cash and Cash Equivalents: (Continued)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of the year end for each investment type:

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

**Concentration of Credit Risk**

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

The investment policy of SEJPA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. SEJPA holds no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of SEJPA's total investments at June 30, 2025.

**Custodial Credit Risk**

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

At **June 30, 2025**, none of SEJPA's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. At June 30, 2025, no SEJPA investments were held by the same broker-dealer (counterparty) that was used by SEJPA to buy the securities.



**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 2 - Cash and Cash Equivalents: (Continued)**

**Investment in State Investment Pool**

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

The statement of cash flows has been prepared by considering all investment instruments purchased with a maturity of three months or less to be cash equivalents. Following is a detail at June 30, 2025:

California Local Agency Investment Fund (LAIF)	\$ 3,771,084
Open-ended money market mutual funds	12,907,637
Deposits with financial institutions	3,622,277
Total	<u>\$ 20,300,998</u>

**Note 3 - Due From/To Other Government Agencies:**

SEJPA provides reclaimed water and wastewater treatment to a variety of governmental agencies within San Diego County. In addition, the SEJPA is owed funding from several agencies under various regional grants. The following is a detail of amounts owed to/from SEJPA by these agencies at June 30, 2025:

Olivenhain Municipal Water District	\$ 896,864
San Diego County Water Authority	794,548
San Dieguito Water District	188,663
Santa Fe Irrigation District	117,623
City of Del Mar	47,311
Other	23,251
City of Encinitas	19,854
Rancho Santa Fe Community Services District #2 and #3	6,150
22 <sup>nd</sup> District Agricultural Association	4,377
City of Solana Beach	(14,564)
City of Escondido	(78,815)
Total	<u>\$ 2,005,262</u>

**Financial Statement Classification:**

Due from other government agencies	\$ 2,005,262
Total	<u>\$ 2,005,262</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 4 - Loans Receivable:**

The City of Encinitas and the City of Solana Beach have entered into the fourth amended and restated loan agreements with SEJPA. The loans bear interest from 3% to 5%. Principal and interest are payable semi-annually four days prior to each September 1 and March 1 of each year, in order to provide SEJPA with sufficient funds to service the debt on the 2017 Revenue Bonds (See Note 7). Loans receivable consist of the following at June 30, 2025:

City of Solana Beach	\$ 9,647,500
City of Encinitas	9,647,500
Subtotal	<u>19,295,000</u>
Less current portion	(535,000)
Total	<u><u>\$ 18,760,000</u></u>

**Note 5 - Capital Assets:**

Capital assets consist of the following at June 30:

	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025
<b>Capital Assets Not Being Depreciated:</b>				
Construction in progress	\$ 5,042,068	\$ 15,192,282	\$ (2,960,625)	\$ 17,273,725
<b>Capital Assets Being Depreciated:</b>				
Plant equipment	108,410,985	766,739	-	109,177,724
Lab equipment	36,742	-	-	36,742
Office equipment	21,497	-	-	21,497
Vehicles	500,851	-	(25,813)	475,038
Total Capital Assets Being Depreciated	<u>108,970,075</u>	<u>766,739</u>	<u>(25,813)</u>	<u>109,711,001</u>
<b>Less: Accumulated Depreciation For:</b>				
Plant equipment	(49,526,780)	(2,757,551)	-	(52,284,331)
Lab equipment	(31,620)	(1,019)	-	(32,639)
Office equipment	(21,497)	-	-	(21,497)
Vehicles	(406,590)	(36,649)	25,813	(417,426)
Net Capital Assets Being Depreciated	<u>58,983,588</u>	<u>(2,028,480)</u>	<u>-</u>	<u>56,955,108</u>
<b>Net Capital Assets</b>	<u><u>\$ 64,025,656</u></u>	<u><u>\$ 13,163,802</u></u>	<u><u>\$ (2,960,625)</u></u>	<u><u>\$ 74,228,833</u></u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 6 - Noncurrent Liabilities:**

Noncurrent liabilities consist of the following at June 30, 2025:

	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025	Due Within One Year	Due in More Than One year
Long-Term Debt:						
2017 Revenue Bonds	\$ 19,805,000	\$ -	\$ (510,000)	\$ 19,295,000	\$ 535,000	\$ 18,760,000
Loan payable	9,810,000	-	(333,000)	9,477,000	349,000	9,128,000
Original issue premium	1,615,151	-	(70,224)	1,544,927	-	1,544,927
Private placement loan payable	946,510	-	(110,002)	836,508	114,615	721,893
Reimbursement agreements payable:						
Solana Beach	424,544	-	(21,960)	402,584	-	402,584
Santa Fe Irrigation	237,093	-	(34,390)	202,703	-	202,703
SDG&E financing agreement	160,165	-	(35,592)	124,573	53,388	71,185
Total Long-Term Debt	<u>32,998,463</u>	<u>-</u>	<u>(1,115,168)</u>	<u>31,883,295</u>	<u>1,052,003</u>	<u>30,831,292</u>
Other Noncurrent Liabilities:						
Net pension liability	4,752,677	561,749	(589,829)	4,724,597	-	4,724,597
Total OPEB liability	479,186	55,202	(154,634)	379,754	-	379,754
Compensated absences	625,801	461,807	(374,754)	712,854	374,754	338,100
Total Other Noncurrent Liabilities	<u>5,857,664</u>	<u>1,078,758</u>	<u>(1,119,217)</u>	<u>5,817,205</u>	<u>374,754</u>	<u>5,442,451</u>
Total Noncurrent Liabilities	<u>\$ 38,856,127</u>	<u>\$ 1,078,758</u>	<u>\$ (2,234,385)</u>	<u>\$ 37,700,500</u>	<u>\$ 1,426,757</u>	<u>\$ 36,273,743</u>

**Note 7 - Revenue Bonds:**

**2017 Revenue Bonds**

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

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 7 - Revenue Bonds: (Continued)**

**2017 Revenue Bonds (Continued)**

The 2017 Revenue Bonds are payable in annual principal installments from \$435,000 to \$1,285,000 beginning March 1, 2020 through March 1, 2047. Interest payments are due semi-annually on September 1 and March 1 beginning September 1, 2017. Interest rates on the revenue bonds range from 3% to 5%. The revenue bonds outstanding totaled \$19,295,000 and accrued interest totaled \$267,692 at June 30, 2025, respectively. The 2017 revenue bonds are special obligations of SEJPA, secured by a first lien on the pledge of all of the revenues.

The Loan Installments paid by Encinitas would pay approximately 50% of the total debt service on the Bonds and the Loan Installments paid by Solana Beach would pay approximately 50% of the debt service on the Bonds.

Debt service requirements of the Revenue Bonds are as follows:

<u>Years Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 535,000	\$ 803,075
2027	560,000	776,325
2028	590,000	748,325
2029	620,000	718,825
2030	650,000	687,825
2031 - 2035	3,735,000	2,949,625
2036 - 2040	4,580,000	2,104,113
2041 - 2045	5,505,000	1,182,200
2046 - 2048	2,520,000	152,200
Total	<u>\$ 19,295,000</u>	<u>\$ 10,122,513</u>

**Note 8 - Loan Agreement:**

In May 2023, SEJPA entered into a Loan Agreement with Webster Bank National Association in the amount of \$10,120,000, to provide funds to finance capital improvements and pay costs of issuance of the Loan Agreement. Interest accrues at 4.58% on the unpaid balance and is payable in forty (40) semi-annual payments of principal ranging from \$154,000 to \$376,000 plus interest. The Loan Agreement outstanding at June 30, 2025 totaled \$9,477,000. Accrued interest totaled \$36,171 at June 30, 2025. SEJPA's obligation to pay the loan repayments is a special obligation limited solely to the net revenues as defined in the Loan Agreement. SEJPA has covenanted that it will fix, prescribe, and collect rates, fees, and charges sufficient to generate net revenues at least equal to 115% of the loan repayments and the principal of and interest on all outstanding parity obligations coming due and payable during such fiscal year.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 8 - Loan Agreement: (Continued)**

Debt service requirements on the Loan Agreement are as follows:

<u>Years Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 349,000	\$ 430,039
2027	365,000	413,895
2028	382,000	396,972
2029	399,000	379,293
2030	418,000	360,812
2031 - 2035	2,398,000	1,495,049
2036 - 2040	3,007,000	885,612
2041 - 2043	2,159,000	176,078
Total	<u>\$ 9,477,000</u>	<u>\$ 4,537,750</u>

**Note 9 - Private Placement Loan Payable:**

In November 2011, SEJPA entered into a private placement loan payable with Municipal Finance Corporation in the amount of \$2,000,000 to fund advanced water treatment improvements (Advanced Water Treatment Project) at the San Elijo Water Reclamation Facility. Interest accrues at 4.15% on the unpaid principal balance and is payable in forty (40) semi-annual payments of \$74,077 including principal and interest and continue through December 2031. The private placement loan payable outstanding totaled \$836,508 at June 30, 2025. Accrued interest totaled \$2,893 at June 30, 2025. SEJPA's obligation to pay the loan repayments is a special obligation limited solely to the net revenues as defined in the loan agreement. SEJPA has covenanted that it will fix, prescribe and collect rates, fees and charges sufficient to generate net revenues at least equal to 115% of the amount of the maximum annual debt service.

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

<u>Years Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 114,615	\$ 33,538
2027	119,421	28,732
2028	124,428	23,725
2029	129,646	18,508
2030	135,082	13,071
2031 - 2032	213,316	8,914
Total	<u>\$ 836,508</u>	<u>\$ 126,488</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 10 - Reimbursement Agreements Payable:**

**SFID**

The Santa Fe Irrigation District (SFID) constructed a reclaimed water distribution pipeline extension of 3,400 linear feet to SEJPA's reclaimed water distribution system in order to extend SEJPA's existing recycled water distribution system and enable the SFID to serve new reclaimed water customers. SEJPA agreed to reimburse SFID for the cost of design and construction of the extension in the amount of \$526,149 and the SFID agreed to convey ownership of the extension to SEJPA. Under the terms of the agreement, the reimbursement amount shall be increased each July 1<sup>st</sup> by adding interest at the rate equivalent to the average LAIF rate for the past four quarters, but not less than 1% nor greater than 2.5% calculated on the unpaid monthly balance. SEJPA shall reimburse SFID monthly at a rate of \$450 per acre foot of recycled water delivered through the extension including water delivered to purveyors other than SFID. In addition, SEJPA made an initial down payment of \$50,000. SEJPA will further make a lump sum payment of all remaining principal and interest due after completion of the 20<sup>th</sup> 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 \$202,703 at June 30, 2025.

**Solana Beach**

Solana Beach constructed a reclaimed water distribution pipeline extension of 7,920 linear feet to SEJPA's reclaimed water distribution system in order to extend SEJPA's existing recycled distribution system and enable Solana Beach to serve new reclaimed water customers. SEJPA agreed to reimburse Solana Beach the cost of design and construction of the extension in the amount of \$478,319 and Solana Beach agreed to convey ownership of the extension to SEJPA. SEJPA shall reimburse Solana Beach monthly at a rate of \$450 per acre foot of recycled water delivered to any customers through the extension. The payment due for fiscal 2024-25 water sales is \$12,960 and has been included in the current liabilities section of the statement of net position. Future payments on the Solana Beach Reimbursement Agreement Payable are contingent upon future reclaimed water sales, therefore future maturities have not been estimated past fiscal year 2025-26. The Solana Beach Reimbursement Agreement Payable, including both the current portion of \$-0-, along with the noncurrent portion of \$402,584, totaled \$402,584 at June 30, 2025.

**San Diego Gas & Electric Financing Agreement**

On July 3, 2017, SEJPA entered into an on-bill financing loan agreement with San Diego Gas & Electric (SDG&E) in the amount of \$533,883 in order to retrofit certain electric equipment. SEJPA will pay an additional \$4,449 on their monthly SDG&E bills. This retrofitting is expected to save SEJPA \$68,120 per year and be paid off in under five years. The San Diego Gas & Electric Financing Agreement payable totaled \$124,573 at June 30, 2025.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 10 - Reimbursement Agreements Payable: (Continued)**

**San Diego Gas & Electric Financing Agreement (Continued)**

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

<u>Years Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 53,388	\$ -	\$ 53,388
2027	53,388	-	53,388
2028	17,797	-	17,797
Total	<u>\$ 124,573</u>	<u>\$ -</u>	<u>\$ 124,573</u>

**Note 11 - Postemployment Benefits:**

**Plan Description**

SEJPA provides medical insurance benefits to eligible retirees in accordance with various labor agreements subject to the SEJPA's vesting schedule. Medical benefits are typically available at age 55 and are only available to those retirees that select CalPERS medical upon the date of retirement. The current maximum contribution by SEJPA to the retiree is \$158 per month, which is the minimum amount set by CalPERS.

**Eligibility**

Employees of SEJPA are eligible for retiree health benefits if they retire within 120 days of their separation date. Membership in the plan consisted of the following at June 30, 2025, the date of the latest actuarial valuation:

Active plan members	34
Retirees	<u>6</u>
Total	<u>40</u>

**Contributions**

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

**Net OPEB Liability**

SEJPA's OPEB liability was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2025.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 11 - Postemployment Benefits: (Continued)**

**Actuarial Assumptions**

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

Actuarial Assumptions:

Discount Rate	5.20%
Inflation	2.80%
Aggregate payroll increases	2.80%
Expected long-term investment rate of return	N/A
Mortality	General SOA Pub-216 General total data set headcount weighted mortality table fully generational using scale MP 2021.
Pre-retirement turnover	Termination rates used are according to the termination rates under the 2021 CalPERS pension plan experience study.
Healthcare Trend Rate	The fiscal year 2024/2025 Healthcare Cost Trend Rates are based on the rate of change in the per capita health claims cost over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments.

Actuarial assumptions used in the June 30, 2025 valuation were determined through several different methods which include SEJPA-specific information, results of the 2021 CalPERS Experience Study and Review of Actuarial Assumptions, and other publicly-available financial and non-financial data. As permitted, SEJPA conducts a full actuarial valuation every two years, with limited-scope updates performed in the interim years. For the fiscal year ending June 30, 2026, a limited-scope update will be prepared, and the next full valuation will be completed and utilized for the fiscal year ending June 30, 2027.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.20% as of June 30, 2025 and 4.21% as of June 30, 2024. This discount rate is the mid-point, rounded to five basis points, of the range of 3 - 20 year municipal bond rate indices; S&P Municipal bond 20-Year High Grade Rate Index, Bond Buyer GO 20-Bond Municipal Bond Index, and Fidelity 20-Year Go Municipal Bond Index.



**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 11 - Postemployment Benefits: (Continued)**

**Change in the Total OPEB Liability**

	Total OPEB <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net OPEB <u>Liability</u>
Balance at June 30, 2024	\$ 479,186	\$ -	\$ 479,186
<u>Changes Recognized for the Measurement Period:</u>			
Service cost	34,158	-	34,158
Interest	21,044	-	21,044
Change in assumptions	(39,107)	-	(39,107)
Difference between expected and actual experience	(88,282)	-	(88,282)
Contributions - Employer	-	27,245	(27,245)
Benefit payments	(27,245)	(27,245)	-
Net Changes	<u>(99,432)</u>	<u>-</u>	<u>(99,432)</u>
Balance at June 30, 2025	<u>\$ 379,754</u>	<u>\$ -</u>	<u>\$ 379,754</u>

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

The following presents the total OPEB liability of SEJPA, as well as what SEJPA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20 percent) or 1-percentage-point higher (6.20 percent) than the current discount rate:

	Plan's Total OPEB Liability/(Asset)		
	Discount Rate - 1% (4.20%)	Current Discount Rate (5.20%)	Discount Rate +1% (6.20%)
Net OPEB Liability	<u>\$ 427,195</u>	<u>\$ 379,754</u>	<u>\$ 340,364</u>

**Change in Assumptions**

For the measurement period ended June 30, 2025, the discount rate used to calculate the net OPEB liability changed from 4.21% to 5.20%.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 11 - Postemployment Benefits: (Continued)**

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

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

	Plan's Total OPEB Liability		
	Discount Rate - 1% (7.00% Decreasing to 3.5%)	Healthcare Cost Trend Rates (8.00% Decreasing to 4.5%)	Discount Rate +1% (9.00% Decreasing to 5.5%)
Net OPEB Liability	\$ <u>332,754</u>	\$ <u>379,754</u>	\$ <u>438,595</u>

**OPEB Expense**

For the fiscal year ended June 30, 2025, SEJPA recognized OPEB expense of \$37,293.

Deferred outflows or deferred inflows of resources associated with OPEB at June 30, 2025 were the following:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 4,023	\$ (101,953)
Changes of assumptions	44,239	(121,536)
Total	\$ <u>48,262</u>	\$ <u>(223,489)</u>

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

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources
2026	\$ (17,903)
2027	(19,787)
2028	(19,784)
2029	(25,312)
2030	(28,592)
Thereafter	(63,849)
Total	\$ <u>(175,227)</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 12 - Defined Benefit Pension Plan:**

**General Information About the Pension Plans**

**Plan Descriptions** - All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan of San Elijo Joint Powers Authority, (All Plans) a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. SEJPA participates in the miscellaneous 2.5% at 55 pool, for those employees hired before July 1, 2012. New employees with no prior CalPERS membership and those with prior CalPERS membership with a break in service greater than six months, hired on or after July 1, 2012 participate in the miscellaneous 2% at 62 pool. Employees hired on or after July 1, 2012 with prior CalPERS membership with less than six months break in service, participate in the miscellaneous 2% at 60 pool.

The Plan's provisions and benefits in effect at June 30, 2025, are summarized as follows:

Hire Date	Prior to July 1, 2012	Miscellaneous	
		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	52*
Monthly benefits, as a % of eligible compensation	1.10% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	7.75%
Required employer contribution rates	14.20%	10.20%	7.90%

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

In addition to the contribution rates above, SEJPA was required to make payments of \$362,493 toward the unfunded actuarial liability during the year ended June 30, 2025. The miscellaneous 2.5% at 55 pool is closed to new members that are not already CalPERS eligible participants and existing members hired on or after July 1, 2012.

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

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 12 - Defined Benefit Pension Plan: (Continued)**

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

SEJPA reported the following net pension liability for its proportionate share of the net pension liability of the risk pool at June 30, 2025:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous Risk Pool	\$ <u>4,724,597</u>

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

SEJPA's proportionate share of the net pension liability as of June 30, 2025, the measurement date, was calculated as follows:

- Each risk pool's total pension liability was computed at the measurement date, June 30, 2024, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2024, was computed by subtracting the respective risk pool's fiduciary net pension from its total pension liability.
- The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2025, was calculated by applying SEJPA's proportionate share percentage as of the valuation date (described above) to the total pension liability and fiduciary net position as of June 30, 2024, to obtain the total pension liability and fiduciary net position as of June 30, 2024. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 12 - Defined Benefit Pension Plan: (Continued)**

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

The District's proportionate share percentage of the net position liability as of June 30, 2023 and 2024 was as follows:

	<u>Miscellaneous Risk Pool</u>
Proportionate at Measurement Date - June 30, 2023	0.095046
Proportionate at Measurement Date - June 30, 2024	<u>0.097684</u>
Change - Increase (Decrease)	<u>(0.002638)</u>

For the year ended June 30, 2025, SEJPA recognized pension expense of \$990,498. At June 30, 2025, 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>
Pension contributions subsequent to measurement date	\$ 710,247	\$ -
Changes in assumptions	121,432	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	85,189	(141,638)
Changes in proportions	118,487	(58,467)
Differences between actual and expected experience	392,546	-
Net difference between projected and actual earnings on plan investments	<u>271,989</u>	<u>-</u>
Total	<u>\$ 1,699,890</u>	<u>\$ (200,105)</u>

The \$710,247 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Years Ended June 30</u>	
2026	\$ 262,060
2027	610,591
2028	10,095
2029	<u>(93,208)</u>
Total	<u>\$ 789,538</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 12 - Defined Benefit Pension Plan: (Continued)**

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

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

	<u>2.5% @ 55</u>	<u>2% @ 60</u>	<u>2% @ 62</u>
Valuation Date	June 30, 2023	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2024	June 30, 2024	June 30, 2024
Actuarial Cost Method	Entry-Age Cost Method	Entry-Age Cost Method	Entry-Age Cost Method
Actuarial Assumptions:			
Discount Rate	6.90%	6.90%	6.90%
Inflation	2.30%	2.30%	2.30%
Payroll Growth	3.00%	3.00%	3.00%
Projected Salary Increase	Varies (1)	Varies (1)	Varies (1)
Investment Rate of Return	6.90% (2)	6.90% (2)	6.90% (2)
Mortality	CalPERS Specific	CalPERS Specific	CalPERS Specific

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

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

**Discount Rate**

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 12 - Defined Benefit Pension Plan: (Continued)**

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

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

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

<sup>(1)</sup> An expected price inflation of 2.3% used for this period

<sup>(2)</sup> Figures are based on 2021 Asset Liability Management study

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the risk pool, as of the measurement date calculated using the discount rate as well as what SEJPA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
SEJPA's proportionate share of the miscellaneous risk pool's pension liability	\$ <u>7,447,325</u>	\$ <u>4,724,597</u>	\$ <u>2,483,391</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 13 - Commitments and Contingencies:**

**Contracts**

SEJPA has entered into various contracts for the purchase of materials and construction of capital assets. The amounts contracted are based on the contractor's estimated cost of construction. At June 30, 2025, the total unpaid amount on these contracts is approximately \$2,660,863.

**Litigation**

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

**Cell Site Lease**

The SEJPA has entered into a Communications Site License Agreement as lessor with an initial five-year renewal lease term, with five (5) five-year options to renew. The lessees are required to make annual fixed payments starting at \$20,400 and increasing 3% annually. At June 30, 2025, the lease receivable totaled \$403,488 and deferred inflows related to leases totaled \$362,213. The District recognized \$28,933 in lease revenue during the year ended June 30, 2025.

**Assignment and Assumption Agreement**

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

**Note 14 - New Governmental Accounting Standards:**

**GASB No. 102**

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



**SAN ELIJO JOINT POWERS AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 14 - New Governmental Accounting Standards: (Continued)**

**GASB No. 103**

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

**GASB No. 104**

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

**SAN ELIJO JOINT POWERS AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2025**

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

	Measurement Date June 30, 2024	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020
Proportion of the Net Pension Liability	0.097684%	0.095046%	0.093295%	0.099195%	0.085799%
Proportionate Share of the Net Pension Liability	\$ 4,724,597	\$ 4,752,677	\$ 4,365,491	\$ 1,883,516	\$ 3,619,079
Covered Payroll - Measurement Period	\$ 2,983,713	\$ 2,572,479	\$ 2,420,193	\$ 2,286,481	\$ 2,118,208
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	158.35%	184.75%	180.38%	82.38%	170.86%
Plan's Fiduciary Net Position	\$ 15,452,670	\$ 14,391,401	\$ 13,770,398	\$ 14,615,225	\$ 11,895,680
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.58%	75.17%	75.93%	88.58%	76.67%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 589,829	\$ 598,275	\$ 714,281	\$ 574,840	\$ 531,495
	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
Proportion of the Net Pension Liability	0.082537%	0.079550%	0.081861%	0.079200%	0.089800%
Proportionate Share of the Net Pension Liability	\$ 3,305,214	\$ 2,998,025	\$ 3,227,017	\$ 2,924,994	\$ 2,463,640
Covered Payroll - Measurement Period	\$ 2,072,596	\$ 1,930,102	\$ 1,916,333	\$ 1,829,430	\$ 1,718,001
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	159.47%	155.33%	168.40%	159.89%	143.40%
Plan's Fiduciary Net Position	\$ 11,362,690	\$ 10,450,711	\$ 9,717,557	\$ 8,477,710	\$ 8,203,952
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.47%	77.71%	75.07%	74.35%	76.91%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 470,825	\$ 398,079	\$ 367,677	\$ 315,703	\$ 308,067

**Notes to Schedules:**

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

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

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

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

**SAN ELIJO JOINT POWERS AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2025**

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

	Fiscal Year 2024 - 2025	Fiscal Year 2023 - 2024	Fiscal Year 2022 - 2023	Fiscal Year 2021 - 2022	Fiscal Year 2020 - 2021
Actuarially Determined Contribution	\$ 710,247	\$ 589,829	\$ 561,778	\$ 511,854	\$ 466,121
Contributions in Relation to the Actuarially Determined Contributions	<u>(710,247)</u>	<u>(588,658)</u>	<u>(561,778)</u>	<u>(511,854)</u>	<u>(466,121)</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ (1,171)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll - Fiscal Year	<u>\$ 3,607,357</u>	<u>\$ 2,983,713</u>	<u>\$ 2,572,479</u>	<u>\$ 2,420,193</u>	<u>\$ 2,286,481</u>
Contributions as a Percentage of Covered Payroll	19.69%	19.73%	21.84%	21.15%	20.39%
Valuation Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	Fiscal Year 2019 - 2020	Fiscal Year 2018 - 2019	Fiscal Year 2017 - 2018	Fiscal Year 2016 - 2017	Fiscal Year 2015 - 2016
Actuarially Determined Contribution	\$ 403,880	\$ 356,338	\$ 302,451	\$ 302,683	\$ 286,852
Contributions in Relation to the Actuarially Determined Contributions	<u>(404,110)</u>	<u>(356,338)</u>	<u>(302,451)</u>	<u>(437,683)</u>	<u>(441,852)</u>
Contributions Deficiency (Excess)	<u>\$ (230)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (135,000)</u>	<u>\$ (125,000)</u>
Covered Payroll - Fiscal Year	<u>\$ 2,118,208</u>	<u>\$ 2,072,596</u>	<u>\$ 1,930,102</u>	<u>\$ 1,916,333</u>	<u>\$ 1,829,430</u>
Contributions as a Percentage of Covered Payroll	19.08%	17.19%	15.67%	22.84%	22.51%
Valuation Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

**Notes to Schedules:**

Methods and assumptions used to determine contribution rates:

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

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

**SAN ELIJO JOINT POWERS AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2025**

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

<b>Measurement Period</b>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Total OPEB Liability</b>										
Service cost	\$ 34,158	\$ 30,478	\$ 21,712	\$ 32,952	\$ 27,919	\$ 23,405	\$ 19,445	\$ 18,879	\$ 18,267	\$ N/A
Interest	21,044	19,104	19,564	13,498	13,759	15,314	15,625	14,565	13,926	N/A
Change of benefit terms	-	-	-	-	-	-	-	-	-	N/A
Differences between expected and actual experience	(88,282)	(3,166)	(21,354)	(6,277)	6,728	-	8,259	-	-	N/A
Changes of assumptions	(39,107)	20,410	(10,789)	(140,644)	22,755	49,719	6,771	(9,274)	-	N/A
Benefit payments	<u>(27,245)</u>	<u>(39,066)</u>	<u>(28,370)</u>	<u>(24,405)</u>	<u>(18,556)</u>	<u>(16,528)</u>	<u>(12,096)</u>	<u>(14,170)</u>	<u>(13,242)</u>	<u>N/A</u>
<b>Net Change in Total OPEB Liability</b>	<u>(99,432)</u>	<u>27,760</u>	<u>(19,237)</u>	<u>(124,876)</u>	<u>52,605</u>	<u>71,910</u>	<u>38,004</u>	<u>10,000</u>	<u>18,951</u>	<u>N/A</u>
<b>Total OPEB Liability - Beginning</b>	<u>479,186</u>	<u>451,426</u>	<u>470,663</u>	<u>595,539</u>	<u>542,934</u>	<u>471,024</u>	<u>433,020</u>	<u>423,020</u>	<u>404,069</u>	<u>N/A</u>
<b>Total OPEB Liability - Ending (a)</b>	<u><u>\$ 379,754</u></u>	<u><u>\$ 479,186</u></u>	<u><u>\$ 451,426</u></u>	<u><u>\$ 470,663</u></u>	<u><u>\$ 595,539</u></u>	<u><u>\$ 542,934</u></u>	<u><u>\$ 471,024</u></u>	<u><u>\$ 433,020</u></u>	<u><u>\$ 423,020</u></u>	<u><u>\$ N/A</u></u>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 27,245	\$ 39,066	\$ 28,370	\$ 24,405	\$ 18,556	\$ 16,528	\$ 12,096	\$ 14,170	\$ 13,242	\$ N/A
Net investment income	-	-	-	-	-	-	-	-	-	N/A
Benefit payments	(27,245)	(39,066)	(28,370)	(24,405)	(18,556)	(16,528)	(12,096)	(14,170)	(13,242)	N/A
Administrative expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>
<b>Net Change in Plan Fiduciary Net Position</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ N/A</u></u>
District's Net OPEB Liability - Ending (a) - (b)	<u><u>\$ 379,754</u></u>	<u><u>\$ 479,186</u></u>	<u><u>\$ 451,426</u></u>	<u><u>\$ 470,663</u></u>	<u><u>\$ 595,539</u></u>	<u><u>\$ 542,934</u></u>	<u><u>\$ 471,024</u></u>	<u><u>\$ 433,020</u></u>	<u><u>\$ 423,020</u></u>	<u><u>\$ N/A</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
Covered Employee Payroll - Measurement Period	<u><u>\$ 3,621,898</u></u>	<u><u>\$ 3,303,416</u></u>	<u><u>\$ 2,869,777</u></u>	<u><u>\$ 2,420,193</u></u>	<u><u>\$ 2,188,001</u></u>	<u><u>\$ 2,104,992</u></u>	<u><u>\$ 2,043,682</u></u>	<u><u>\$ N/A</u></u>	<u><u>\$ 1,856,890</u></u>	<u><u>\$ N/A</u></u>
<b>Net OPEB Liability as a Percentage of Covered - Employee Payroll</b>	10.48%	14.50%	15.70%	19.45%	27.22%	25.79%	23.05%	N/A	22.78%	N/A

**SAN ELIJO JOINT POWERS AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2025**

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

**Notes to Schedules:**

Valuation Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Measurement Period - Fiscal Year Ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

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

**Benefit Changes** - None

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

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

**SAN ELIJO JOINT POWERS AUTHORITY  
COMBINING SCHEDULE OF NET POSITION  
JUNE 30, 2025**

**ASSETS**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b><u>Current Assets:</u></b>			
Cash and cash equivalents	\$ 8,788,592	\$ 3,988,785	\$ 12,777,377
Due from other government agencies	737,101	1,268,161	2,005,262
Accrued interest receivable	327,403	67,531	394,934
Prepaid expenses	66,638	29,940	96,578
Current portion of loan receivable	535,000	-	535,000
Total Current Assets	<u>10,454,734</u>	<u>5,354,417</u>	<u>15,809,151</u>
<b><u>Noncurrent Assets:</u></b>			
<b>Restricted Assets:</b>			
Cash and cash equivalents	<u>3,971</u>	<u>7,519,650</u>	<u>7,523,621</u>
Total Restricted Assets	<u>3,971</u>	<u>7,519,650</u>	<u>7,523,621</u>
Lease receivable	403,488	-	403,488
Loans receivable, net of current portion	18,760,000	-	18,760,000
Capital Assets:			
Nondepreciable	12,584,742	4,688,983	17,273,725
Depreciable, net of accumulated depreciation	<u>41,330,210</u>	<u>15,624,898</u>	<u>56,955,108</u>
Total Capital Assets	<u>53,914,952</u>	<u>20,313,881</u>	<u>74,228,833</u>
<b>TOTAL ASSETS</b>	<u>83,537,145</u>	<u>33,187,948</u>	<u>116,725,093</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions	1,419,649	280,238	1,699,887
Deferred outflows related to OPEB	40,645	7,617	48,262
Total Deferred Outflows of Resources	<u>\$ 1,460,294</u>	<u>\$ 287,855</u>	<u>\$ 1,748,149</u>

**SAN ELIJO JOINT POWERS AUTHORITY  
COMBINING SCHEDULE OF NET POSITION (CONTINUED)  
JUNE 30, 2025**

**LIABILITIES**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b><u>Current Liabilities:</u></b>			
Accounts payable	\$ 2,172,617	\$ 783,977	\$ 2,956,594
Accrued liabilities	234,502	116,762	351,264
Accrued interest payable	267,692	39,064	306,756
Due to other funds	100,000	-	100,000
Unearned revenue	-	286,702	286,702
Current portion of noncurrent liabilities	905,492	521,265	1,426,757
Total Current Liabilities	<u>3,680,303</u>	<u>1,747,770</u>	<u>5,428,073</u>
<b><u>Noncurrent Liabilities:</u></b>			
<b>Long-Term Debt:</b>			
Revenue bonds, net of current portion	20,304,927	-	20,304,927
Loan payable	-	9,128,000	9,128,000
Private placement loan payable, net of current portion	-	721,893	721,893
SFID reimbursement agreement payable	-	202,703	202,703
Solana Beach reimbursement agreement payable	-	402,584	402,584
SDG&E financing agreement, net of current portion	71,185	-	71,185
Total Long-Term Debt	<u>20,376,112</u>	<u>10,455,180</u>	<u>30,831,292</u>
<b>Other Noncurrent Liabilities:</b>			
Net pension liability	3,945,740	778,857	4,724,597
Net OPEB obligation	319,783	59,971	379,754
Compensated absences, net of current portion	286,088	52,012	338,100
Total Other Noncurrent Liabilities	<u>4,551,611</u>	<u>890,840</u>	<u>5,442,451</u>
Total Noncurrent Liabilities	<u>24,927,723</u>	<u>11,346,020</u>	<u>36,273,743</u>
Total Liabilities	<u>28,608,026</u>	<u>13,093,790</u>	<u>41,701,816</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Deferred inflows related to pensions	167,108	32,997	200,105
Deferred inflows related to OPEB	188,200	35,289	223,489
Deferred inflows related to leases	362,213	-	362,213
Total Deferred Inflows of Resources	<u>717,521</u>	<u>68,286</u>	<u>785,807</u>
<b><u>NET POSITION:</u></b>			
Net investment in capital assets	32,954,423	16,914,736	49,869,159
Unrestricted	22,717,469	3,398,991	26,116,460
Total Net Position	<u>\$ 55,671,892</u>	<u>\$ 20,313,727</u>	<u>\$ 75,985,619</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b><u>Operating Revenues:</u></b>			
Charges for services to other government agencies	\$ 2,844,367	\$ 3,795,539	\$ 6,639,906
Contributions from City of Encinitas	3,020,003	-	3,020,003
Contributions from City of Solana Beach	2,287,258	-	2,287,258
Total Operating Revenues	<u>8,151,628</u>	<u>3,795,539</u>	<u>11,947,167</u>
<b><u>Operating Expenses:</u></b>			
Personnel costs	4,688,259	1,133,661	5,821,920
Depreciation and amortization	2,011,213	784,006	2,795,219
Utilities	871,482	533,840	1,405,322
Contracted services	792,453	349,899	1,142,352
Supplies	779,594	280,876	1,060,470
Repair parts expense	279,762	98,686	378,448
Disposal services	271,021	-	271,021
Permit/purveyor fees	157,459	61,567	219,026
Insurance	152,014	32,917	184,931
Rent	8,997	135,714	144,711
Miscellaneous	109,977	25,229	135,206
Total Operating Expenses	<u>10,122,231</u>	<u>3,436,395</u>	<u>13,558,626</u>
Operating Loss	<u>(1,970,603)</u>	<u>359,144</u>	<u>(1,611,459)</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>			
Investment income	1,326,943	561,885	1,888,828
Federal grants	41,418	906,062	947,480
State grants	799,453	145,045	944,498
Rental income	70,332	-	70,332
Other	9,569	694	10,263
Interest expense	(749,851)	(487,407)	(1,237,258)
Total Nonoperating Revenues (Expenses)	<u>1,497,864</u>	<u>1,126,279</u>	<u>2,624,143</u>
Loss Before Capital Contributions and Transfers	<u>(472,739)</u>	<u>1,485,423</u>	<u>1,012,684</u>
<b><u>Capital Contributions and Transfers:</u></b>			
Member agency assessments	1,579,158	-	1,579,158
Transfer out of capital asset	(2,193,888)	-	(2,193,888)
Total Capital Contributions and Transfers	<u>(614,730)</u>	<u>-</u>	<u>(614,730)</u>
Change in Net Position	(1,087,469)	1,485,423	397,954
Net Position at Beginning of Year	<u>56,759,361</u>	<u>18,828,304</u>	<u>75,587,665</u>
<b>NET POSITION AT END OF YEAR</b>	<u><u>\$ 55,671,892</u></u>	<u><u>\$ 20,313,727</u></u>	<u><u>\$ 75,985,619</u></u>



**SAN ELIJO JOINT POWERS AUTHORITY  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b><u>Cash Flows From Operating Activities:</u></b>			
Cash received from customers	\$ 9,091,794	\$ 2,204,132	\$ 11,295,926
Cash payments to suppliers for goods and services	(2,031,650)	(1,330,926)	(3,362,576)
Cash payments to employees for services	(4,120,154)	(961,411)	(5,081,565)
Net Cash Provided by (Used in) Operating Activities	<u>2,939,990</u>	<u>(88,205)</u>	<u>2,851,785</u>
<b><u>Cash Flows From Noncapital and Related Financing Activities:</u></b>			
Rental and other nonoperating income	79,901	694	80,595
Net Cash Provided by Noncapital and Related Financing Activities	<u>79,901</u>	<u>694</u>	<u>80,595</u>
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Acquisition and construction of capital assets	(11,297,191)	(3,895,093)	(15,192,284)
Principal paid on long-term debt	(545,592)	(499,352)	(1,044,944)
Interest paid on long-term debt	(828,575)	(489,058)	(1,317,633)
Proceeds of federal and state grants	840,871	1,051,107	1,891,978
Capital contributions	1,579,158	-	1,579,158
Net Cash Used in Capital and Related Financial Activities	<u>(10,251,329)</u>	<u>(3,832,396)</u>	<u>(14,083,725)</u>
<b><u>Cash Flows From Investing Activities:</u></b>			
Proceeds from loans receivable	510,000	-	510,000
Investment income	1,395,898	583,051	1,978,949
Net Cash Provided by Investing Activities	<u>1,905,898</u>	<u>583,051</u>	<u>2,488,949</u>
Net Decrease in Cash and Cash Equivalents	(5,325,540)	(3,336,856)	(8,662,396)
Cash and Cash Equivalents at Beginning of Year	<u>14,118,103</u>	<u>14,845,291</u>	<u>28,963,394</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b><u>\$ 8,792,563</u></b>	<b><u>\$ 11,508,435</u></b>	<b><u>\$ 20,300,998</u></b>

(Continued)

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

**SAN ELIJO JOINT POWERS AUTHORITY  
COMBINING SCHEDULE OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash</u></b>			
<b><u>Provided by (Used in) Operating Activities:</u></b>			
Operating income (loss)	\$ (1,970,603)	\$ 359,144	\$ (1,611,459)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>			
Depreciation	2,011,213	784,006	2,795,219
<b>Change in assets and liabilities:</b>			
Due from other governmental agencies	948,287	(141,407)	806,880
Prepaid expenses	18,006	2,322	20,328
Lease receivable	20,812	-	20,812
Deferred outflows related to pensions	387,145	67,197	454,342
Deferred outflows related to OPEB	11,501	1,032	12,533
Accounts payable	1,373,103	185,480	1,558,583
Accrued liabilities	166,177	96,825	263,002
Due to PARS Trust fund	100,000	-	100,000
Unearned revenue	-	(1,450,000)	(1,450,000)
Net pension liability	(39,259)	11,179	(28,080)
Net OPEB obligation	(84,099)	(15,333)	(99,432)
Compensated absences	69,630	17,423	87,053
Deferred inflows related to pensions	(123,629)	(22,381)	(146,010)
Deferred inflows related to OPEB	80,639	16,308	96,947
Deferred inflows related to leases	(28,933)	-	(28,933)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,939,990</u>	<u>\$ (88,205)</u>	<u>\$ 2,851,785</u>
<b><u>Noncash Investing, Capital and Financing Activities</u></b>			
Transfer out of capital asset	<u>\$ (2,193,888)</u>		

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

**SAN ELIJO JOINT POWERS AUTHORITY**  
**SCHEDULE OF OPERATING BUDGET COMPARISON - WASTEWATER**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>Operating Revenues:</u></b>			
Charges for services to other government agencies	\$ 2,875,806	\$ 2,844,367	\$ (31,439)
Contributions from the City of Encinitas	3,022,053	3,020,003	(2,050)
Contributions from the City of Solana Beach	2,301,816	2,287,258	(14,558)
Total Operating Revenues	<u>8,199,675</u>	<u>8,151,628</u>	<u>(48,047)</u>
<b><u>Operating Expenses:</u></b>			
Personnel costs	4,147,185	4,688,259	(541,074)
Utilities	838,760	871,482	(32,722)
Contracted services	927,580	792,453	135,127
Miscellaneous	322,383	109,977	212,406
Supplies	558,869	779,594	(220,725)
Rent	9,443	8,997	446
Repair parts expense	235,307	279,762	(44,455)
Insurance	165,300	152,014	13,286
Disposal services	402,900	271,021	131,879
Permit/purveyor fees	105,600	157,459	(51,859)
Contingency	174,430	-	174,430
Total Operating Expenses	<u>7,887,757</u>	<u>8,111,018</u>	<u>(223,261)</u>
Depreciation and Amortization	-	2,011,213	(2,011,213)
Operating Expenses, Net	<u>7,887,757</u>	<u>10,122,231</u>	<u>(2,234,474)</u>
Operating Income (Loss)	<u>\$ 311,918</u>	<u>\$ (1,970,603)</u>	<u>\$ (2,282,521)</u>

**SAN ELIJO JOINT POWERS AUTHORITY**  
**SCHEDULE OF OPERATING BUDGET COMPARISON - RECYCLED**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>Operating Revenues:</u></b>			
Charges for services to other government agencies	\$ 3,691,767	\$ 3,795,539	\$ 103,772
Total Operating Revenues	<u>3,691,767</u>	<u>3,795,539</u>	<u>103,772</u>
<b><u>Operating Expenses:</u></b>			
Personnel costs	1,053,396	1,133,661	(80,265)
Utilities	501,540	533,840	(32,300)
Contracted services	377,382	349,899	27,483
Miscellaneous	57,977	25,229	32,748
Supplies	330,430	280,876	49,554
Rent	117,300	135,714	(18,414)
Repair parts expense	55,000	98,686	(43,686)
Insurance	35,810	32,917	2,893
Permit/purveyor fees	54,850	61,567	(6,717)
Contingency	50,000	-	50,000
Total Operating Expenses	<u>2,633,685</u>	<u>2,652,389</u>	<u>(18,704)</u>
Depreciation and Amortization	-	784,006	(784,006)
Operating Expenses, Net	<u>2,633,685</u>	<u>3,436,395</u>	<u>(802,710)</u>
Operating Income (Loss)	<u>\$ 1,058,082</u>	<u>\$ 359,144</u>	<u>\$ (698,938)</u>

**SAN ELIJO JOINT POWERS AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Federal Grants/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Agency or Pass-Through Number</u>	<u>Passed Through to Subrecipient</u>	<u>Federal Expenditures</u>	<u>Total</u>
<b>U.S. Department of the Interior</b>					
<b>Pass-Through Programs From:</b>					
Water Recycling and Desalination Construction Programs:	15.504				
Title XVI WIIN Water Reclamation and Reuse Project:					
Olivenhain Municipal Water District		23AGR001	\$ -	\$ 890,284	\$ 890,284
Total Water Recycling and Desalination Construction Programs			-	890,284	890,284
 Total Pass-Through Programs			-	890,284	890,284
 Total U.S. Department of the Interior			-	890,284	890,284
 <b>Total Expenditures of Federal Awards</b>			\$ -	\$ 890,284	\$ 890,284

**SAN ELIJO JOINT POWERS AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of San Elijo Joint Powers Authority under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of San Elijo Joint Powers Authority, it is not intended to and does not present the financial position of the business-type activities, remaining fund information and the respective changes in financial position and cash flows of the San Elijo Joint Powers Authority.

**Note 2 - Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass through entity identifying numbers are presented where available.

San Elijo Joint Powers Authority has elected not to use the de minimis indirect cost rate as allowed under Uniform Guidance.



Leaf & Cole, LLP

*Certified Public Accountants*

*A Partnership of Professional Corporations*

**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

To the Board of Directors  
San Elijo Joint Powers Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America, the State Controller's minimum audit requirements for California Special Districts, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the business-type activities and the remaining fund information of the San Elijo Joint Powers Authority ("SEJPA"), as of and for the year June 30, 2025, and the related notes to the financial statements, which collectively comprise the San Elijo Joint Powers Authority's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 31, 2025.

**Report on Internal Control over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

Leaf & Cole LLP

San Diego, California  
December 31, 2025





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

**Independent Auditor's Report on Compliance  
For The Major Program and on Internal Control Over  
Compliance Required by the Uniform Guidance**

To the Board of Directors  
San Elijo Joint Powers Authority

**Report on Compliance for The Major Federal Program**

***Opinion on The Major Federal Program***

We have audited San Elijo Joint Powers Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on San Elijo Joint Powers Authority's major federal program for the year ended June 30, 2025. San Elijo Joint Powers Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, San Elijo Joint Powers Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

***Basis for Opinion on The Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of San Elijo Joint Powers Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of San Elijo Joint Powers Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to San Elijo Joint Powers Authority's federal programs.

### ***Auditor's Responsibilities for The Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on San Elijo Joint Powers Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about San Elijo Joint Powers Authority's compliance with the requirements for the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding San Elijo Joint Powers Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of San Elijo Joint Powers Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of San Elijo Joint Powers Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California  
December 31, 2025

**SAN ELIJO JOINT POWERS AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_\_ Yes   X   No

Significant deficiencies identified?

\_\_\_\_\_ Yes   X   No

Noncompliance material to the financial statements noted?

\_\_\_\_\_ Yes   X   No

**Federal Awards**

Type of auditor's report issued on compliance for the major program:

Unmodified

Internal control over the major program:

Material weaknesses identified?

\_\_\_\_\_ Yes   X   No

Significant deficiencies identified?

\_\_\_\_\_ Yes   X   No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

\_\_\_\_\_ Yes   X   No

Identification of the major program:

Assistance Listing Number

Name of Federal Program or Cluster

15.504

Title XVI WIIN Water Reclamation and Reuse Project

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes   X   No

**Section II - Financial Statement Findings:**

None

**Section III - Federal Award Findings and Questioned Costs:**

None

**SAN ELIJO JOINT POWERS AUTHORITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

There were no findings or questioned costs for San Elijo Joint Powers Authority relative to federal awards for the year ended June 30, 2024.



## Attachment 2

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

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

We have audited the financial statements of the business-type activities, and the aggregate remaining fund information of San Elijo Joint Powers Authority ("SEJPA") for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 5, 2025. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Communications**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SEJPA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the period. We noted no transactions entered into by SEJPA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. We have audited the critical estimates and judgments, as well as other estimates and judgments, utilized by management in the preparation of the June 30, 2025 financial statements. We have evaluated key factors and assumptions used to develop the accounting estimates and have determined that they are reasonable in relation to the financial statement taken as a whole. The most significant estimates affecting the financial statements were:

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

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

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures may be particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

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

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

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

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

- The attached schedule of misstatements detected as a result of audit procedures were corrected by management.

#### ***Disagreements With Management***

For purposes of this letter, a disagreement with management is a disagreement on 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.

***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.

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

*Leaf & Cole LLP*

San Diego, California  
December 31, 2025



Client:  
Report:

SAN ELIJO JOINT POWE  
Adjusting Journal Entries  
6-30-25

Account	Description	Debit	Credit	Net Income Effect
<b>AJE 01</b>				
To adjust fund 10 expenses for misposting of contribution to PARS from City of Encinitas and Solana Beach.				
10-5153	Contribution to PARS Trust	100,000.00	0.00	
10-5418	Services - Alarm	0.00	100,000.00	
<b>Total</b>		<b>100,000.00</b>	<b>100,000.00</b>	<b>0.00</b>
<b>AJE 02</b>				
To adjust 2017 bond interest income and related interest expense to actual.				
10-4982	2017 Bond Inter From Bond Rec.	8,500.00	0.00	
10-5806	Interest Expense - 2017 Bond	0.00	8,500.00	
<b>Total</b>		<b>8,500.00</b>	<b>8,500.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>		<b>108,500.00</b>	<b>108,500.00</b>	<b>0.00</b>