

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

July 21, 2022

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: ADOPTION OF THE SAN ELIJO JOINT POWERS AUTHORITY
FISCAL YEAR 2022-23 BUDGET, INVESTMENT POLICY, AND
APPOINTMENT OF TREASURER

RECOMMENDATION

It is recommended that the Board of Directors:

1. Adopt Resolution No. 2022-04, Resolution Approving the San Elijo Joint Powers Authority Operating and Capital Improvement Budgets for Fiscal Year 2022-23;
2. Adopt Resolution No. 2022-05, Resolution Approving the San Elijo Joint Powers Authority Investment Policy and Guidelines and Appointment of Amy Chang as SEJPA Treasurer; and
3. Discuss and take action as appropriate.

BACKGROUND

In April 2022, Staff presented the FY 2022-23 Recommended Budget to the Board of Directors for public review and comment. In addition, staff met with both Member Agencies staff as well as discussed the recommended budget with other government agencies that utilize San Elijo Joint Powers Authority (SEJPA) services.

In May 2021, Staff informed the Board of Directors that SEJPA has not received any proposed changes from the Member Agencies or other participating government agencies, as well as no public comments. However, there are four reportable changes to the recommended budget from staff related to two of the 11 programs SEJPA provides and debt service budget. These changes result in a \$37,000 increase to the Cardiff Pump Station Program to reflect the transfer of electric utility payment for the Olivenhain Pump Station from the City of Encinitas to SEJPA, move \$22,500 from Recycled Water Program expense budget (pipeline rent) to debt service for Santa Fe Irrigation District Pipeline Loan payment, add \$20,000 to the Recycled Water Program chemical expense budget to reflect cost increase for the purchase of Sodium Hypochlorite, and add a Recycled Water Supervisor position to the Classification and Salary Schedule to create a position series.

DISCUSSION

FY 2022-23 Budget

The FY 2022-23 Budget is anticipated to be adequate to fulfill the mission of SEJPA. This budget consists of \$8,911,445 operating costs, \$3,180,000 capital projects, and \$1,587,716 debt service for a total budget of \$13,679,161.

The recommended FY 2022-23 Operations budget of \$8,911,445 includes the new 22nd District Agricultural Association clean water services program with a budget at \$120,000 and funding to continue to develop the Recycled Water program and potable reuse concepts. The Cardiff Pump Station budget increase reflects the transfer of electric utility costs to SEJPA from the City of Encinitas. Below is a budget summary of the 11 operational programs for FY2022-23.

Program	Adopted Budget 2021-22	Recommended Budget 2022-23	Budget Change	% Change
Wastewater Treatment	\$ 3,202,668	\$ 3,455,532	\$ 252,864	7.9%
Laboratory Services	841,210	894,520	53,310	6.3%
Ocean Outfall	1,103,408	1,020,349	(83,059)	-7.5%
Cardiff Sanitary Division Pump Stations	296,008	355,226	59,218	20.0%
Encinitas Sanitary Division Pump Stations	151,184	155,882	4,697	3.1%
City of Encinitas Urban and Stormwater Services	35,048	37,314	2,266	6.5%
City of Solana Beach Pump Stations	418,351	446,437	28,086	6.7%
City of Solana Beach Generator Maintenance Services	14,111	14,884	773	5.5%
City of Del Mar Pump Station	57,425	61,888	4,463	7.8%
Del Mar Fairgrounds	-	120,000	120,000	
	<u>\$ 6,119,414</u>	<u>\$ 6,562,031</u>	<u>\$ 442,617</u>	<u>7.2%</u>
Recycled Water	1,883,700	2,349,413	465,713	24.7%
Total Operating Expenses	<u>\$ 8,003,113</u>	<u>\$ 8,911,445</u>	<u>\$ 908,331</u>	<u>11.3%</u>

The recommended FY 2022-23 Capital Improvement Program request is \$3,180,000, which is comprised of the following.

Program	Recommended Budget 2022-23
Wastewater Treatment	\$ 1,260,000
Laboratory Remodel	120,000
Ocean Outfall	175,000
Cardiff Pump Station	-
Encinitas Sanitary Division Pump Station	1,125,000
Solana Beach Pump Station	-
Water Reclamation	500,000
Total Capital Expense	\$ 3,180,000

Debt Service for FY 2022-23 is \$1,587,716; and includes \$1,390,813 for Wastewater and \$196,903 for Recycled Water.

Revenue Source	Recommended Budget 2022-23
2017 Revenue Bond	\$ 1,337,425
SDG&E On-Bill Financing	53,388
Advanced Water Purification Loan	148,153
SFID Pipeline Loan	37,500
Solana Beach Pipeline Loan	11,250
Total Revenue	\$ 1,587,716

FY 2022-23 revenue budget by entity, which is taking the operating, capital, and debt services expense budgets and allocating to the respective customers, is as follows.

Revenue Source	Adopted Budget 2021-22	Recommended Budget 2022-23	Budget Change	% Change
City of Encinitas	\$ 3,873,291	\$ 4,874,444	\$ 1,001,153	25.8%
City of Solana Beach	2,906,282	3,145,811	239,529	8.2%
City of Del Mar	870,501	949,515	79,014	9.1%
22nd District Agricultural Association	-	120,000	120,000	
Rancho Santa Fe CSD	365,764	377,184	11,420	3.1%
City of Escondido	938,948	988,720	49,772	5.3%

The recommended FY 2022-23 Budget is now ready for Board consideration for adoption as presented in the attached Resolution No. 2022-04. A copy of the FY 2022-23 Recommended Budget Document is available on SEJPA website at <https://www.sejpa.org/about-us/financials>.

Investment Policy

State law requires that the Investment Policy be reviewed and adopted annually. No changes are recommended to SEJPA investment policy at this time. SEJPA investment policy allows for investment in the State Local Agency Investment Fund (LAIF) and in the San Diego County Investment Pool. These two tools have been the basis of all investment activity since SEJPA became independent from the County of San Diego.

In addition, State law requires that a SEJPA Treasurer be appointed annually. The current SEJPA Treasurer is Amy Chang, Director of Finance and Administration. The General Manager recommends reappointing Amy Chang as SEJPA Treasurer.

It is therefore recommended that the Board of Directors:

1. Adopt Resolution No. 2022-04, Resolution Approving the San Elijo Joint Powers Authority Operating and Capital Improvement Budgets for Fiscal Year 2022-23;
2. Adopt Resolution No. 2022-05, Resolution Approving the San Elijo Joint Powers Authority Investment Policy and Guidelines and Appointment of Amy Chang as SEJPA Treasurer; and
3. Discuss and take action as appropriate.

Respectfully submitted,



Amy Chang
Director of Finance and Administration

Attachment 1: Resolution No. 2022-04, "Resolution Approving the San Elijo Joint Powers Authority Operating and Capital Improvement Budgets for Fiscal Year 2022-23"

Attachment 2: Resolution No. 2022-05, "Resolution Approving the San Elijo Joint Powers Authority Investment Policy and Guidelines and Appointment of SEJPA Treasurer"