

AGENDA
SAN ELIJO JOINT POWERS AUTHORITY
MONDAY, DECEMBER 10, 2018 AT 8:30 AM
SAN ELIJO WATER RECLAMATION FACILITY – CONFERENCE ROOM
2695 MANCHESTER AVENUE
CARDIFF BY THE SEA, CALIFORNIA

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. ORAL COMMUNICATIONS (NON-ACTION ITEM)
5. AWARDS AND RECOGNITION
 - Michael J. Bardin, General Manager, Santa Fe Irrigation District
 - Tasha Boerner Horvath
 - Peter Zahn
6. * **CONSENT CALENDAR**
7. * APPROVAL OF MINUTES FOR OCTOBER 8, 2018 MEETING
- 8A. * APPROVAL FOR PAYMENT OF WARRANTS AND MONTHLY INVESTMENT REPORTS (19-11)
- 8B. * APPROVAL FOR PAYMENT OF WARRANTS AND MONTHLY INVESTMENT REPORTS (19-12)
- 9A. * SAN ELIJO WATER RECLAMATION FACILITY TREATED EFFLUENT FLOWS – MONTHLY REPORT (SEPTEMBER)
- 9B. * SAN ELIJO WATER RECLAMATION FACILITY TREATED EFFLUENT FLOWS – MONTHLY REPORT (OCTOBER)
- 10A.* SAN ELIJO JOINT POWERS AUTHORITY RECYCLED WATER PROGRAM – MONTHLY REPORT (SEPTEMBER)
- 10B.* SAN ELIJO JOINT POWERS AUTHORITY RECYCLED WATER PROGRAM – MONTHLY REPORT (OCTOBER)
11. * AUTHORIZATION FOR INTENSIVE MONITORING AGREEMENT
12. * PURCHASE OF REVERSE OSMOSIS MEMBRANES

13. * ITEMS REMOVED FROM CONSENT CALENDAR

Items on the Consent Calendar are routine matters and there will be no discussion unless an item is removed from the Consent Calendar. Items removed by a "Request to Speak" form from the public will be handled immediately following adoption of the Consent Calendar. Items removed by a Board Member will be handled as directed by the Board.

REGULAR AGENDA

14. FISCAL YEAR 2017-18 FINANCIAL AUDIT ACCEPTANCE

1. Accept and file the Fiscal Year 2017-18 Audited Financial Statements for San Elijo Joint Powers Authority;
2. Accept and file the Fiscal Year 2017-18 SAS 114 Letter; and
3. Discuss and take action as appropriate.

Staff Reference: Director of Finance and Administration

15. SAN ELIJO JOINT POWERS AUTHORITY END OF YEAR REVIEW OF THE FISCAL YEAR 2017-18 OPERATING AND DEBT SERVICE EXPENSES

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

Staff Reference: Director of Finance and Administration

16. BUILDING & SITE IMPROVEMENT PROJECT – APPROVAL OF PROFESSIONAL SERVICE AND CALTRANS CONSTRUCTION CONTRIBUTION AGREEMENTS

1. Authorize the General Manager to execute a professional service agreement with PCL Construction, Inc. for an amount not to exceed \$138,972;
2. Authorize the General Manager to amend professional service agreement with Kennedy/Jenks Consultants as the Owner's Representative for an amount not to exceed \$69,900; and
3. Approve Caltrans Construction Contribution Agreement for \$4.2 million for Bike/Pedestrian Trail; and
4. Discuss and take action as appropriate.

Staff Reference: General Manager

17. GENERAL MANAGER'S REPORT

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

18. GENERAL COUNSEL'S REPORT

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

19. 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.

20. 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".

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION. Significant exposure to litigation pursuant to Gov. Code section 54956.9(d)(2): 1 matter; and

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION. Initiation of litigation pursuant to Gov. Code section 54956.9(d)(4): 1 matter.

21. ADJOURNMENT

The next regularly scheduled San Elijo Joint Powers Authority Board Meeting will be Monday, January 14, 2019 at 8:30 a.m.

NOTICE:

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

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

AFFIDAVIT OF POSTING

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

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

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

Date: December 5, 2018

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

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

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
HELD ON OCTOBER 8, 2018
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

Tasha Boerner Horvath, Chair

David Zito, Vice Chair

A regular meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, October 8, 2018, at 8:30 a.m., at the San Elijo Water Reclamation Facility at 2695 Manchester Avenue, Cardiff by the Sea, California.

1. CALL TO ORDER

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

2. ROLL CALL

Directors Present:

Tasha Boerner Horvath
David Zito
Joe Mosca
Peter Zahn

Directors Absent:

None

Others Present:

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

Michael Thornton
Paul Kinkel
Chris Trees
Susie Arredondo
Jennifer Basco

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Greg Moser
Katherine M. Knudsen

City of Encinitas:

Director of Public Works

Carl Quiram

City of Solana Beach:

City Manager
Director of Engineering/Public Works

Greg Wade
Mohammad "Mo" Sammak

3. PLEDGE OF ALLEGIANCE

Vice Chair Zito led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

The General Manager recognized Susie Arredondo, Senior Laboratory Analyst, for 10 years of service.

6. CONSENT CALENDAR

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

Agenda Item No. 7 Approval of Minutes for the September 10, 2018 Meeting

Agenda Item No. 9 San Elijo Water Reclamation Facility Treated Effluent Flows – Monthly Report

Agenda Item No. 10 San Elijo Joint Powers Authority Recycled Water Program – Monthly Report

Agenda Item No. 11 Maintenance Truck and Sludge Tractor California Air Resources Board Emissions Compliance

Motion carried with the following vote of approval:

AYES: Boerner Horvath, Zito, Mosca, Zahn

NOES: None

ABSENT: None

ABSTAIN: None

Agenda Item No. 8 Approval for Payment of Warrants and Monthly Investment Report

Motion carried with the following vote of approval:

AYES: Boerner Horvath, Zito, Zahn

NOES: None

ABSENT: None

ABSTAIN: Mosca

12. ITEMS REMOVED FROM CONSENT CALENDAR

None

13. ACCEPTANCE OF COMPLETION – CONSTRUCTION CONTRACT FOR THE LAND
OUTFALL REPLACEMENT PROJECT

The General Manager informed the Board of Directors that construction of the Land Outfall Replacement Project has been completed by J.R. Filanc Construction Company and placed into service, with no reported injuries. The Project was a priority capital project for the SEJPA. The land outfall was constructed in 1965 and due to its age and surrounding soil type, the pipeline was estimated to be at the end of its useful life. During construction of the Project, the contractor encountered conditions that were different than depicted in the construction documents as well as performed additional work at the direction of the SEJPA. Construction change orders approved by the SEJPA Board to date resulted in an additional project cost of 1% of the contract value. Other potential change orders presented by the Contractor have not yet reached a mutually acceptable conclusion, but may be presented to the Board at a subsequent Board meeting, once resolved. Mr. Thornton stated that acceptance of the Project by the SEJPA and the filing of the Notice of Completion will complete the contract with J.R. Filanc Construction Company. The total budget for the project was \$9,679,175. The current cost of the project is \$9,729,501.

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

1. Authorize the General Manager to accept the Land Outfall Replacement Project on behalf of the SEJPA and record the project Notice of Completion.

Motion carried with the following vote of approval:

AYES:	Boerner Horvath, Zito, Mosca, Zahn
NOES:	None
ABSENT:	None
ABSTAIN:	None

14. GENERAL MANAGER'S REPORT

The General Manager updated the Board of Directors on the completion of an emergency repair of the digester gas line and informed the Board about a successful emergency repair of a leaking recycled water pipeline within Quail Gardens Drive in Encinitas.

15. GENERAL COUNSEL'S REPORT

Greg Moser informed the Board of Directors that the Governor signed AB 1912. Under the bill, if a JPA agency participates in a public retirement system, members of the JPA would be jointly and severally liable for all obligations to the retirement system. Recommendations will be presented to the Board of Directors at a future meeting.

16. BOARD MEMBER COMMENTS

None

17. CLOSED SESSION

The Board of Directors adjourned to closed session at 8:57 a.m., pursuant to the following Government Code Sections:

- CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION. Significant exposure to litigation pursuant to Gov. Code section 54956.9(d)(2): 1 matter;
- CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION. Initiation of litigation pursuant to Gov. Code section 54956.9(d)(4): 1 matter; and
- CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION. Pursuant to Gov. Code section 54956.9(d)(1), name of case: In the Matter of the Appeal Regarding the Uniform Allowance of San Elijo Joint Powers Authority, CalPERS Case No. 2016-0354.

The Board of Directors came out of closed session at 9:15 a.m., with no reportable action.

18. ADJOURNMENT

The meeting adjourned at 9:16 a.m. The next Board of Directors meeting will be held on Tuesday, November 13, 2018 at 8:30 a.m.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY**PAYMENT OF WARRANTS****19-11****For the Months September and October 2018**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
36254	Aquatic Bioassay	Services - Laboratory	Toxicity testing	1,400.00
36255	AT&T	Utilities - Telephone	Phone service - 08/13/18 - 09/12/18	387.83
36256	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping; grit and screenings	4,590.72
36257	Black & Veatch	Services - Management	Solids treatment process	6,635.00
36258	Boot World, Inc.	Uniforms - Boots	Safety boots	355.65
36259	Brenntag Pacific, Inc.	Supplies - Chemicals	Sodium hydroxide	1,046.64
36260	Carollo Engineers	Services - Engineering	ARC flash study; SCADA upgrades	5,638.11
36261	Clear Edge Filtration Inc.	Repair Parts Expense	Wire	216.93
36262	Coast Waste Management, Inc.	Services - Grit & Screenings	Grit screenings disposal	3,577.26
36263	City of Encinitas	Service - IT Support	Admin network - September	2,625.00
36264	Encinitas Ford	Vehicle Maintenance	Air conditioning unit repair	1,281.59
36265	J.R. Filanc Construction Co.	Retention	Land outfall replacement	402,276.05
36266	Fisher Scientific	Supplies - Shop & Field	Gas detectors replacement	475.17
36267	Golden Bell Products	Supplies - Chemicals	Lift station degrease and granular chlorine	622.80
36268	Hardy Diagnostics	Supplies - Lab	Laboratory supplies	469.20
36269	Kemira Water Solutions, Inc.	Supplies - Chemicals	Ferric chloride	5,205.75
36270	The Lawton Group	Services - Intern Program	Weeks worked - 09/04/18 - 09/16/18	388.50
36271	Lee's Lock & Safe	Services - Maintenance	Lock repair/replace	279.10
36272	Lomas Santa Fe Country Club	Other Personnel Cost	Deposit	150.00
36273	MBC Applied Environmental	Services - Professional	Annual kelp survey	5,901.36
36274	McMaster-Carr Supply Co.	Repair Parts Expense	Steel pipes, filter, electrical and plumbing supplies	1,951.90
36275	MetLife - Group Benefits	Dental/Vision	Dental - October	1,906.25
36276	Olin Corp - Chlor Alkali	Supplies - Chemicals	Sodium hypochlorite	3,276.58
36277	Eric ORiley	Supplies - Safety	Safety glasses and certificate	390.00
36278	Pacific Pipeline Supply	Repair Parts Expense	Pressure regulator	140.42
36279	Procopio Cory Hargreaves	Services - Legal	Labor and employment; General - August	15,407.50
36280	The Pun Group LLP	Services - Accounting	Progress billing	15,000.00
36281	ReadyRefresh	Supplies - Lab	Kitchen and lab supplies	286.05
36282	Red Truck Fire & Safety Co.	Supplies - Safety	Fire extinguishers	603.52
36283	Roesling Nakamura Terada Architects	Services - Professional	Equipment enclosure - Encinitas Ranch	1,199.00
36284	Santa Fe Irrigation District	Services - Engineering; Utilities	Potable reuse and RW expansion; recycled water	4,492.98
36285	Smart & Final	Supplies - Office	Kitchen supplies	116.52
36286	Sunbelt Rentals	Equipment Rental/Lease	Silent trash pump - 08/20/18 - 09/16/18	1,895.87
36287	Terminix Processing Center	Services - Maintenance	Pest control	190.00
36288	Test America	Services - Laboratory	Testing water samples	1,053.00
36289	Unifirst Corporation	Services - Uniforms	Uniform service	301.80
36290	UPS	Postage/Shipping	Postage for parts and letter	34.36
36291	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA - 457	7,349.42
36292	Vantagepoint Transfer Agents	ICMA Retirement	ICMA - 401a	3,518.66
36293	Verizon Wireless	Utilities - Telephone	08/11/18 - 09/10/18	309.13
36294	Verizon Wireless	Utilities - Telephone	Phone service and equip. - 08/08/18 - 09/07/18	1,206.93
36295	Volt Management Corp	Services - Intern Program	Period end - 08/24/18 through 09/07/18	5,001.12
36296	WageWorks	Payroll Processing Fees	Admin and compliance fee - August	118.25
On-line 116	Chevron & Texaco Business Card	Fuel	September	307.92
On-line 117	Home Depot Credit Services	Supplies - Safety	Supplies, tools, and parts	749.28
On-line 118	P.E.R.S.	Medical Insurance - PERS	Health - October	23,714.97
On-line 119	Public Employees - Retirement	Retirement Plan - PERS	Retirement - 09/08/18 - 09/21/18	13,394.48
On-line 120	San Diego Gas & Electric	Utilities - Gas & Electric	Gas and electric - 08/05/18 - 09/04/18	82,151.92
On-line 121	Sun Life Financial	Life Insurance/Disability	Life and disability insurance - October	1,715.67
36297	2ndgear	Capital Outlay	Computer and monitor	1,516.17
36298	Aflac	EE Deduction Benefits	Aflac - October	643.60
36299	Ag Tech, LLC	Services - Biosolids Hauling	Biosolid hauling - September	15,894.65
36300	Albertsons Companies	Services - Medical	Medical service	34.00
36301	All American First Aid & Safety	Supplies - Lab; Safety	Nitrile gloves, first aid supplies	1,102.23
36302	ASCE Membership	Dues & Memberships	Membership	295.00
36303	AT&T	Utilities - Telephone	Alarm service - October	399.56
36304	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping	554.88
36305	American Water Chemicals, Inc.	Supplies - Chemicals	Antiscalant	6,548.69
36306	James Barnett	Dues & Memberships	Exam fee reimbursement	165.00
36307	Boot World, Inc.	Uniforms - Boots	Safety boots	359.51
36308	Brenntag Pacific, Inc.	Supplies - Chemicals	Sodium hydroxide	1,894.34

SAN ELIJO JOINT POWERS AUTHORITY**PAYMENT OF WARRANTS****19-11****For the Months September and October 2018**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
36309	Carollo Engineers	Services - Professional	Oak Crest Park Reservoir	341.40
36310	Coast Waste Management, Inc.	Services - Grit & Screenings	Roll-off and service charge 09/16 - 09/24/18	1,342.35
36311	Complete Office	Supplies - Office	Supplies	167.55
36312	Carrie Cook	Supplies - Shop & Field	Shore sampling	52.58
36313	Corodata	Rent	Record storage - September	91.83
36314	CWEA Membership	Dues & Memberships	Plant maintenance, laboratory, membership	550.00
36315	EDCO Waste & Recycling Service	Utilities - Trash	September	242.75
36316	Encina Wastewater Authority	Service - EWA Support	Resource sharing - HR and safety	1,385.81
36317	Environmental Lab Accred. Prog	Fees - Permits	Laboratory accreditation	5,294.00
36318	J.R. Filanc Construction Co.	Retention	Land outfall replacement	24,000.00
36319	Grainger, Inc.	Repair Parts Expense	Muffler repair	557.22
36320	Golden State Overnight	Postage/Shipping	Lab samples	35.22
36321	GTT Communications	Utilities - Internet	T-1 Service - November	355.24
36322	Hardy Diagnostics	Supplies - Lab	Laboratory supplies	366.10
36323	Harrington Industrial Plastics	Shop Tools and Equip.	Pump - drums	755.09
36324	Michael Henke	Subsistence - Travel/Rm & Bd	Seminar	850.21
36325	Kennedy/Jenks Consultants	Services - Engineering	Land ocean outfall	1,165.00
36326	Casey Larsen	Subsistence - Travel	Training	11.83
36327	The Lawton Group	Services - Intern Program	Week worked - 09/17/18 - 09/28/18	703.00
36328	Lizbeth Ecke	Licenses	Temp construction access	750.00
36329	McMaster-Carr Supply Co.	Supplies - Safety; Repair Parts	Fire extinguisher; plumbing parts, battery, pipe	913.93
36330	Metro Fire & Safety	Services - Maintenance	Sprinkler inspections	538.05
36331	Mile3 Web Development, Inc.	Services - Professional	Website redesign	8,675.00
36332	NeWest Construction	Services - Contractors	Headworks and grit project; digester line	388,951.74
36333	The Nyhart Company	Services - Accounting	Pension and OPEB actuarial valuations	1,500.00
36334	Olivenhain Municipal Water District	Rent	Pipeline rental payment - September	12,424.50
36335	Penn Valley Pump Co., Inc.	Repair Parts Expense	Exchange bearing drive assembly	2,447.00
36336	Preferred Benefit Insurance	Dental/Vision	Vision - October	315.60
36337	ProBuild Company, LLC	Supplies - Shop & Field	Supplies and parts	536.13
36338	Procopio Cory Hargreaves	Services - Legal	General; labor and employment - September	18,532.50
36339	Rusty Wallis, Inc.	Services - Maintenance	Water softener, carbon tank, and salt bags	124.39
36340	Santa Fe Irrigation District	Utilities - Water	Recycled water	1,463.91
36341	Santa Fe Irrigation District	SFID Distribution Pipeline	Pipeline purchase payment - September	1,584.00
36342	San Dieguito Water District	Utilities - Water	Recycled water	1,526.13
36343	San Dieguito Water District	Utilities - Water	Recycled water	2,149.32
36344	Sigma-Aldrich	Supplies - Lab	Minerals	233.15
36345	Signarama Carlsbad	Printing	Site sign	861.11
36346	Smart & Final	Supplies - Office	Kitchen supplies	173.90
36347	State Water Resources Control Board	Dues & Memberships	Operator certificate	300.00
36348	Terminix Processing Center	Services - Maintenance	Pest control	82.00
36349	Thatcher Company of California	Supplies - Chemicals	Citric acid	2,211.31
36350	Michael Thornton	Subsistence - Travel/Rm & Bd	WEFTEC 2018 Conference	3,024.47
36351	Technology Integration Group	Services - Maintenance	Copier	97.66
36352	Trussell Technologies, Inc.	Services - Engineering	RO membrane replacement and coliform study	8,944.00
36353	Unifirst Corporation	Services - Uniforms	Uniform service	222.15
36354	UPS	Postage/Shipping	Postage	18.42
36355	Underground Service Alert/SC	Services - Alarm	Dig alert - September	117.25
36356	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA - 457	7,349.42
36357	Vantagepoint Transfer Agents	ICMA Retirement	ICMA - 401a	3,523.61
36358	Volt Management Corp	Services - Intern Program	Period end - 09/28/2018	5,257.80
36359	VWR International, Inc.	Supplies - Lab	Laboratory supplies	426.88
36360	Woodard & Curran	Services - Professional	Stormwater opportunities study	4,843.14
36361	Water Systems Consulting, Inc.	Services - Professional	SEJPA strategic communications	10,831.37
On-line 122	Chevron & Texaco Business Card	Fuel	September and October	307.58
On-line 123	Public Employees - Retirement	Retirement Plan - PERS	Retirement - 09/22/18 - 10/05/18	13,417.50
36362	A-1 Crane San Diego	Equipment Rental/Lease	Crane rental to replace pipe	945.00
36363	AMETEK Arizona Instrument	Services - Maintenance	Loaner analyzer	175.00
36364	AT&T	Utilities - Telephone	Phone service - 09/13/18 - 10/12/18	400.37
36365	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping; grit and screenings	1,303.88
36366	Black & Veatch	Services - Management	Project and construction management	41,559.90
36367	Brenntag Pacific, Inc.	Supplies - Chemicals	Sodium Hydroxide	1,246.47

SAN ELIJO JOINT POWERS AUTHORITY**PAYMENT OF WARRANTS****19-11****For the Months September and October 2018**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
36368	City National Bank	Interest Expense - AWT Note	Loan agreement	74,076.57
36369	Complete Office	Supplies - Office	Pencil sharpener, report covers, pens, and tape	126.07
36370	CS-Amsco	Repair Parts Expense	Valve with buriable worm gear	2,027.70
36371	DMV	Services - Other	Safety records - 09/01/18 - 09/30/18	7.00
36372	Dudek & Associates	Services - Professional	Preliminary treatment upgrades; ER RW project	19,273.65
36373	City of Encinitas	Service - IT Support	Admin network - October and November	5,250.00
36374	Evantec Lab Supply	Supplies - Lab	Filters, tubes, buffer, ammonia, digestion vials	1,775.01
36375	Forte of San Diego	Supplies - Janitorial	Supplies	515.72
36376	Grainger, Inc.	Repair Parts Expense	V-belt pulley	172.98
36377	Golden State Overnight	Postage/Shipping	Water samples	35.28
36378	Hach Company	Supplies - Lab	Supplies	483.66
36379	Home Depot Credit Services	Supplies - Shop & Field	Tools and supplies	1,491.91
36380	Kemira Water Solutions, Inc.	Supplies - Chemicals	Ferric chloride	5,290.91
36381	Kennedy/Jenks Consultants	Services - Engineering	CMAR - Owner representative	22,841.36
36382	Kimley-Horn & Associates, Inc.	Services - Professional	Civil engineering and environmental	71,801.28
36383	The Lawton Group	Services - Intern Program	Weeks worked - 10/01/18 - 10/21/18	1,119.25
36384	Lizbeth Ecke	Licenses	Temporary construction access	750.00
36385	Marine Taxonomic Services, Ltd.	Services - Contractors	Offshore water monitoring	2,250.00
36386	McMaster-Carr Supply Co.	Repair Parts Expense	Battery, electrical parts, swith, v-belt pulley	1,318.19
36387	MetLife - Group Benefits	Dental/Vision	Dental - November	1,861.15
36388	Olin Corp - Chlor Alkali	Supplies - Chemicals	Sodium hypochlorite	3,650.06
36389	Pacific Green Landscape	Services - Landscape	October	2,625.00
36390	Pacific Pipeline Supply	Repair Parts Expense	Bolt nut set	212.03
36391	Random Deeds Media LLC	Services - Professional	Education, training, and SOP's	2,685.00
36392	ReadyRefresh	Supplies - Lab	Kitchen and lab supplies	317.42
36393	Roesling Nakamura Terada Architects	Services - Professional	Building improvements	2,398.00
36394	Southwest Membrane Operation	Dues & Memberships	Membership	360.00
36395	Sunbelt Rentals	Equipment Rental/Lease	Discharge hose - 09/07/18 - 10/09/18	81.89
36396	T.S. Industrial Supply	Supplies - Shop & Field	Suction hose	427.82
36397	Thatcher Company of California	Supplies - Chemicals	Aluminum sulfate	6,070.85
36398	Technology Integration Group	Services - Maintenance	Copier	91.13
36399	Unifirst Corporation	Services - Uniforms	Uniform service	223.62
36400	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA - 457	7,349.42
36401	Vantagepoint Transfer Agents	ICMA Retirement	ICMA - 401a	3,555.72
36402	Verizon Wireless	Utilities - Telephone	09/11/18 - 10/10/18	310.69
36403	Verizon Wireless	Utilities - Telephone	Cell phone service - 09/08/18 - 10/07/18	818.54
36404	Volt Management Corp	Services - Intern Program	Period end - 10/05/18 and 10/12/18	3,047.04
36405	WageWorks	Payroll Processing Fees	Admin and compliance fee	128.75
36406	Water Systems Consulting, Inc.	Services - Professional	Strategic communications	8,125.00
36407	WorkPartners Occupational	Services - Medical	Vaccine	205.00
On-line 124	BankCard Center	Supplies - Safety	Security, repairs, and meetings	3,872.07
On-line 125	Chevron & Texaco Business Card	Fuel	October	357.12
On-line 126	P.E.R.S.	Medical Insurance - PERS	Health - November	23,096.90
On-line 127	Public Employees- Retirement	Retirement Plan - PERS	Retirement - 10/06/18 - 10/19/18	13,566.92
On-line 128	Void	Void	Void	Void
On-line 129	Void	Void	Void	Void
On-line 130	Void	Void	Void	Void
On-line 131	San Diego Gas & Electric	Utilities - Gas & Electric	Gas and electric - 09/04/18 - 10/03/18	64,307.55
On-line 132	Board of Equalization	Accrued Sales Tax Payable	3rd Qtr 2018	1,129.00
On-line 133	Sun Life Financial	Life Insurance/Disability	Life and disability insurance - November	1,842.02
	San Elijo Payroll Account	Payroll	Payroll - 09/28/2018	68,945.13
	San Elijo Payroll Account	Payroll	Payroll - 10/12/2018	71,442.74
	San Elijo Payroll Account	Payroll	Payroll - 10/26/2018	74,698.96
				<u>\$1,827,695.59</u>

SAN ELIJO JOINT POWERS AUTHORITY

PAYMENT OF WARRANTS SUMMARY

**For the Months September and October 2018
As of October 30, 2018**

PAYMENT OF WARRANTS		\$ 1,827,695.59
Reference Number	19-11	

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



Paul F. Kinkel
Director of Finance & Administration

STATEMENT OF FUNDS AVAILABLE FOR PAYMENT OF WARRANTS
AND INVESTMENT INFORMATION
As of October 30, 2018

FUNDS ON DEPOSIT WITH	AMOUNT
LOCAL AGENCY INVESTMENT FUND	
<i>(SEPTEMBER 2018 YIELD 2.063%)</i>	
RESTRICTED SRF RESERVE	\$ 630,000.00
UNRESTRICTED DEPOSITS	\$ 8,453,739.79
CALIFORNIA BANK AND TRUST	
<i>(SEPTEMBER 2018 YIELD 0.01%)</i>	
REGULAR CHECKING	\$ 397,418.64
PAYROLL CHECKING	\$ 5,000.00
UNION BANK - TRUSTEE (BOND FUNDS)	
BLACKROCK <i>(SEPTEMBER 2018 YIELD 1.89%)</i>	\$ 459,322.75
LAIF <i>(SEPTEMBER 2018 YIELD 2.063%)</i>	\$ 18,052,843.60
TOTAL RESOURCES	\$ 27,998,324.78

SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS
19-12
For the Months of October and November 2018

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
36408	Void	Void	Void	Void
36409	Brenntag Pacific, Inc.	Supplies - Chemicals	Sodium hydroxide	760.22
36410	Brithinee Electric	Capital Outlay	Recycled water 150 hp motor	23,023.71
36411	Burtech Pipeline, Inc.	Services - Contractors	Encinitas Ranch Recycled Water project	47,500.00
36412	CFM San Diego, Inc.	Repair Parts Expense	Butterfly valves	3,908.92
36413	Coast Waste Management, Inc.	Services - Grit & Screenings	Service charge - 10/26 - 10/31/18	123.64
36414	County of San Diego	Fees - Permits	Facility permits	380.00
36415	CS-Amsco	Repair Parts Expense	Plug valves	3,260.08
36416	D&H Water Systems	Services - Maintenance	Micro 2000 analyzers annual service contract	3,806.27
36417	EDCO Waste & Recycling Service	Utilities - Trash	October trash service	242.75
36418	Encina Wastewater Authority	Service - EWA Support	Resource sharing - Safety and HR	2,986.19
36419	Excel Landscape, Inc.	Services - Landscape	Irrigation installation and overseed	6,655.42
36420	Frankie Abeyta	Vehicle Maintenance	Pump run truck repair parts	16.15
36421	GTT Communications	Utilities - Internet	T-1 service - December	355.24
36422	Hach Company	Supplies - Lab	Laboratory supplies	94.99
36423	Jennifer Basco	Subsistence - Travel	Mileage	125.00
36424	Kennedy/Jenks Consultants	Services - Engineering	CMAR-Owner Representative	7,210.36
36425	Casey Larsen	Subsistence - Travel	Wonderware conference	100.38
36426	The Lawton Group	Services - Intern Program	Week worked - 10/22/18 - 10/28/18	416.25
36427	McMaster-Carr Supply Co.	Repair Parts Expense	Plastic cam, hose, gaskets, bushings, steel eyebolt	1,119.20
36428	Olivenhain Municipal Water District	Rent	Pipeline rental payment - October	10,840.50
36429	Olivenhain Municipal Water District	Services - Maintenance	August 2018 through October 2018 Weigand Tank	2,726.72
36430	OneSource Distributors, Inc.	Repair Parts Expense	Analog Input PLC card	2,354.49
36431	Eric ORiley	Dues & Memberships	CWEA membership	188.00
36432	Pacific Pipeline Supply	Repair Parts Expense	Valve, combination air release	644.83
36433	Penn Valley Pump Co., Inc.	Capital Outlay	Drive assembly rebuilt	2,397.00
36434	Michael Piper	Subsistence - Travel/Rm & Bd	ABPA Western Regional Backflow Conference	788.23
36435	Preferred Benefit Insurance	Dental/Vision	Vision - November	315.60
36436	ProBuild Company, LLC	Supplies - Shop & Field	Repair parts, shop and field supplies	143.11
36437	Santa Fe Irrigation District	Utilities - Water	Recycled water	396.12
36438	The San Diego Union-Tribune	Advertising	Reverse Osmosis (RO) Membranes	647.36
36439	San Dieguito Water District	Utilities - Water	Recycled water	3,202.25
36440	Sunbelt Rentals	Equipment Rental/Lease	Pump - 09/17/18 - 10/14/18	1,813.98
36441	State Water Resources Control Board	Dues & Memberships	Operator certificate	150.00
36442	Michael Thornton	Uniforms - Boots	Safety boots	185.00
36443	Traffic Safety Store	Supplies - Safety	Cones with reflective collars	786.83
36444	Unifirst Corporation	Services - Uniforms	Uniform service	248.11
36445	UPS	Postage/Shipping	Shipping	104.40
36446	Underground Service Alert/SC	Services - Alarm	Dig alert - October	130.45
36447	USA Bluebook	Repair Parts Expense	Pressure transmitter	472.07
36448	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA - 457	7,351.63
36449	Vantagepoint Transfer Agents	ICMA Retirement	ICMA - 401a	3,525.82
36450	Volt Management Corp	Services - Intern Program	Period end - 10/19/18 and 10/26/18	3,473.46
36451	WateReuse Association	Dues & Memberships	Membership	1,016.50
36452	Water Environment Federation	Dues & Memberships	Membership	263.00
36453	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping; grit and screenings	3,496.12
On-line 134	Chevron & Texaco Business Card	Fuel	October	388.94
On-line 135	Public Employees - Retirement	Retirement Plan - PERS	Retirement - 10/20/18 - 11/02/18	13,424.71
36454	Abcana Industries	Supplies - Chemicals	Hydrochloric acid	712.02
36455	Aflac	EE Deduction Benefits	Aflac - November	643.60
36456	Ag Tech, LLC	Services - Biosolids Hauling	Biosolids hauling - October	14,037.98
36457	AT&T	Utilities - Telephone	Phone service - 10/13/18 - 11/12/18	398.91
36458	AT&T	Utilities - Telephone	Alarm service - November	399.56
36459	Atlas Pumping Service Inc.	Services - Grease & Scum	Grease and scum pumping	277.44
36460	Automation Direct	Repair Parts Expense	Prosense temperature transmitter	375.00
36461	Black & Veatch	Services - Management	Solids treatment process; Land outfall replacement	70,867.21
36462	Brenntag Pacific, Inc.	Supplies - Chemicals	Sodium hydroxide	1,236.87
36463	California Boiler	Services - Maintenance	As needed support	1,352.50
36464	Carollo Engineers	Services - Engineering	ARC flash and protection coordination study	11,718.65
36465	Complete Office	Supplies - Office	Paper, writing pads, tape, and markers	66.96
36466	Core-Rosion Products	Capital Outlay	Deposit for 6,600 gallon storage tank	5,004.00

SAN ELIJO JOINT POWERS AUTHORITY**PAYMENT OF WARRANTS****19-12****For the Months of October and November 2018**

Warrant #	Vendor Name	G/L Account	Warrant Description	Amount
36467	Corodata	Rent	Record storage - October	94.90
36468	CS-Amsco	Repair Parts Expense	Parts for valves	846.35
36469	DMV	Services - Other	Safety records - 10/01/18 - 10/31/18	3.00
36470	Dudek & Associates	Services - Professional	ESDC-Preliminary treatment upgrades	6,779.15
36471	Evantec Lab Supply	Supplies - Lab	Tubes, filters, buffer, and COD digestion	959.96
36472	Forte of San Diego	Services - Janitorial	December service and supplies	1,501.54
36473	FRS Environmental	Services - Maintenance	Parts washer service - 10/15/18 - 01/07/19	249.05
36474	Global Power Group Inc.	Services - Maintenance	Generator maintenance service	661.66
36475	Golden State Overnight	Postage/Shipping	Water samples	45.92
36476	Hach Company	Shop Tools and Equip.	Field test equipment	515.70
36477	Hoch Consulting, APC	Services - Engineering	As needed services - 02/01/18 - 10/31/18	26,560.00
36478	Home Depot Credit Services	Supplies - Shop & Field	Tools and shop supplies	708.17
36479	Kemira Water Solutions, Inc.	Supplies - Chemicals	Ferric chloride	5,296.24
36480	Labconco Corporation	Repair Parts Expense	Door latch	180.18
36481	The Lawton Group	Services - Intern Program	Week worked - 10/29/18 - 11/02/18	397.75
36482	Midas Shop	Vehicle Maintenance	Tires and A/C service	268.14
36483	North County Transit District	Licenses	Annual fee	1,035.41
36484	NeWest Construction	Services - Professional	Headworks/grit project	171,535.80
36485	Olin Corp - Chlor Alkali	Supplies - Chemicals	Sodium hypochlorite	3,708.10
36486	OneSource Distributors, Inc.	Repair Parts Expense	Ethernet switch, copper/fiber	700.22
36487	Pacific Green Landscape	Services - Landscape	November	2,625.00
36488	Pacific Safety Center	Training - Safety	Forklift training	1,195.00
36489	Polydyne Inc.	Supplies - Chemicals	Clarifloc WE-007	11,770.71
36490	Procopio Cory Hargreaves	Services - Legal	General; Labor and Employment - October	7,805.50
36491	Roesling Nakamura Terada Architects	Services - Professional	Building design	1,744.00
36492	RSF Security Systems	Prepaid - Other	Security - 12/01/2018 - 02/28/2019	1,353.00
36493	Rusty Wallis, Inc.	Services - Maintenance	Service 11/01/18 - 11/30/18; water softener	137.33
36494	Santa Fe Irrigation District	Utilities - Water	Seabright - 09/15/18 - 11/15/18	85.08
36495	Santa Fe Irrigation District	SFID Distribution Pipeline	Pipeline purchase payment - October	1,507.50
36496	Smart & Final	Supplies - Office	Kitchen supplies	154.63
36497	Sunbelt Rentals	Equipment Rental/Lease	Pump rental - 10/15/18 - 11/11/18	1,813.98
36498	Terminix Processing Center	Services - Maintenance	Pest control	382.00
36499	Tesco Controls	Services - Maintenance	Annual instruments verification	3,950.00
36500	Test America	Services - Laboratory	Testing water samples	1,329.00
36501	Michael Thornton	Subsistence - Meals	Meeting and notary	149.48
36502	Technology Integration Group	Services - Maintenance	Copier	87.61
36503	Unifirst Corporation	Services - Uniforms	Uniform service	221.26
36504	UPS	Postage/Shipping	Shipping	21.54
36505	Valley Chain & Gear, Inc.	Repair Parts Expense	Pump repair	150.32
36506	Vantagepoint Transfer Agents	EE Deduction Benefits	ICMA - 457	7,351.63
36507	Vantagepoint Transfer Agents	ICMA Retirement	ICMA - 401a	3,589.12
36508	Verizon Wireless	Utilities - Telephone	10/11/18 - 11/10/18	310.69
36509	Verizon Wireless	Utilities - Telephone	Cell phone service - 10/08/18 - 11/07/18	822.66
36510	Volt Management Corp	Services - Intern Program	Periods end - 11/09/18, 11/02/18, 10/26/18	3,840.60
36511	Woodard & Curran	Services - Professional	Data, Ops, Tech & Mgt	6,256.64
36512	WageWorks	Payroll Processing Fees	Admin and compliance fee	128.75
36513	Water Systems Consulting, Inc.	Services - Professional	Strategic communications	5,575.00
36514	WorkPartners Occupational	Services - Medical	Vaccine	95.00
On-line 136	BankCard Center	Supplies - Safety	Security, meetings, and supplies	2,839.91
On-line 137	Chevron & Texaco Business Card	Fuel	November	692.35
On-line 138	P.E.R.S.	Medical Insurance - PERS	Health - December	23,096.90
On-line 139	Public Employees - Retirement	Retirement Plan - PERS	Retirement - 11/03/18 - 11/16/18	13,656.31
On-line 140	Sun Life Financial	Life Insurance/Disability	Life and disability insurance - December	1,753.18
	San Elijo Payroll Account	Payroll	Payroll - 11/09/2018	68,901.30
	San Elijo Payroll Account	Payroll	Payroll - 11/23/2018	71,542.73
				\$ 739,633.65

SAN ELIJO JOINT POWERS AUTHORITY

PAYMENT OF WARRANTS SUMMARY

**For the Months of October and November 2018
As of December 3, 2018**

PAYMENT OF WARRANTS	\$ 739,633.65
Reference Number	19-12

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



Paul F. Kinkel
Director of Finance & Administration

STATEMENT OF FUNDS AVAILABLE FOR PAYMENT OF WARRANTS
AND INVESTMENT INFORMATION
As of December 3, 2018

FUNDS ON DEPOSIT WITH	AMOUNT
LOCAL AGENCY INVESTMENT FUND	
<i>(OCTOBER 2018 YIELD 2.144%)</i>	
RESTRICTED SRF RESERVE	\$ 630,000.00
UNRESTRICTED DEPOSITS	\$ 8,301,561.09
CALIFORNIA BANK AND TRUST	
<i>(OCTOBER 2018 YIELD 0.01%)</i>	
REGULAR CHECKING	\$ 113,823.58
PAYROLL CHECKING	\$ 5,000.00
UNION BANK - TRUSTEE (BOND FUNDS)	
BLACKROCK <i>(OCTOBER 2018 YIELD 2.05%)</i>	\$ 460,827.47
LAIF <i>(OCTOBER 2018 YIELD 2.144%)</i>	\$ 18,052,843.60
TOTAL RESOURCES	\$ 27,564,055.74

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2018

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

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

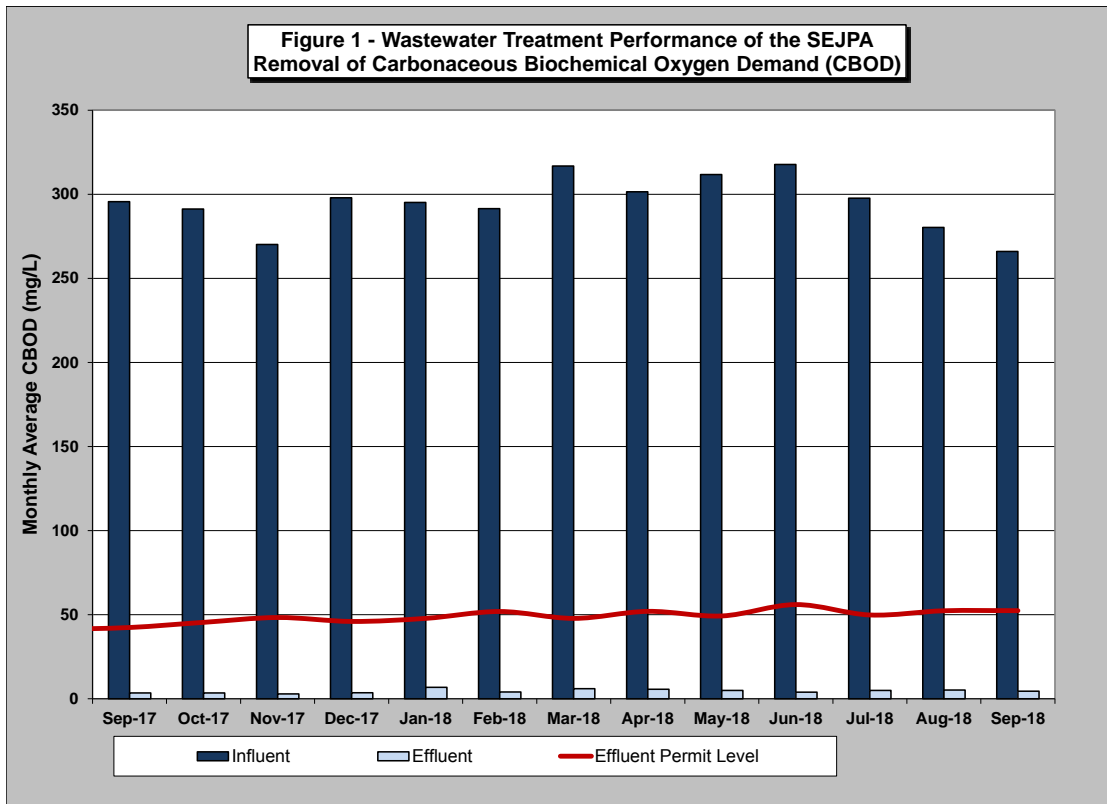
RECOMMENDATION

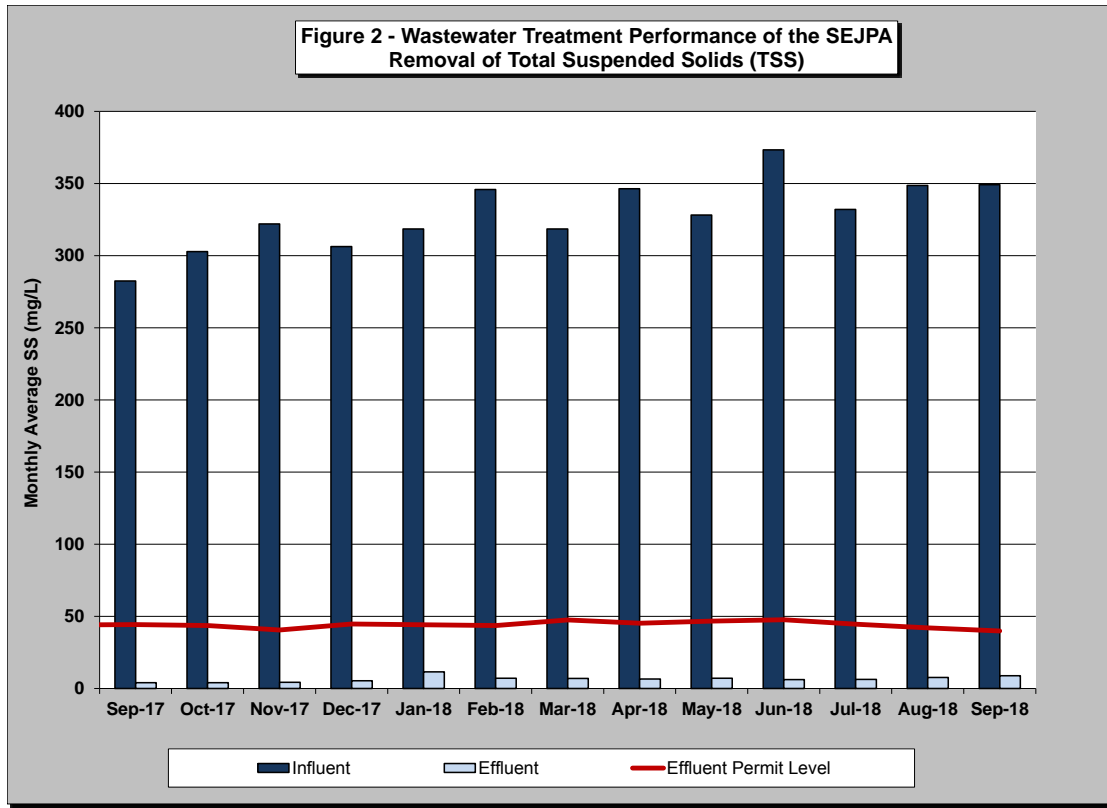
No action required. This memorandum is submitted for information only.

DISCUSSION

Monthly Treatment Plant Performance and Evaluation

Wastewater treatment for the San Elijo Joint Powers Authority (SEJPA) met all National Pollutant Discharge Elimination System (NPDES) ocean effluent limitation requirements for the month of September 2018. The primary indicators of treatment performance include the removal of Carbonaceous Biochemical Oxygen Demand (CBOD) and Total Suspended Solids (TSS). The SEJPA is required to remove a minimum of 85 percent of the CBOD and TSS from the wastewater. Treatment levels for CBOD and TSS were 98.3 and 97.5 percent removal, respectively, (as shown in Figure 1 and Figure 2).





Member Agency Flows

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

	September	
	<u>Influent (mgd)</u>	<u>Effluent (mgd)*</u>
Cardiff Sanitary Division	1.230	0.677
City of Solana Beach	0.905	0.498
Rancho Santa Fe SID	0.117	0.064
City of Del Mar	0.341	0.188
Total San Elijo WRF Flow	2.593	1.427

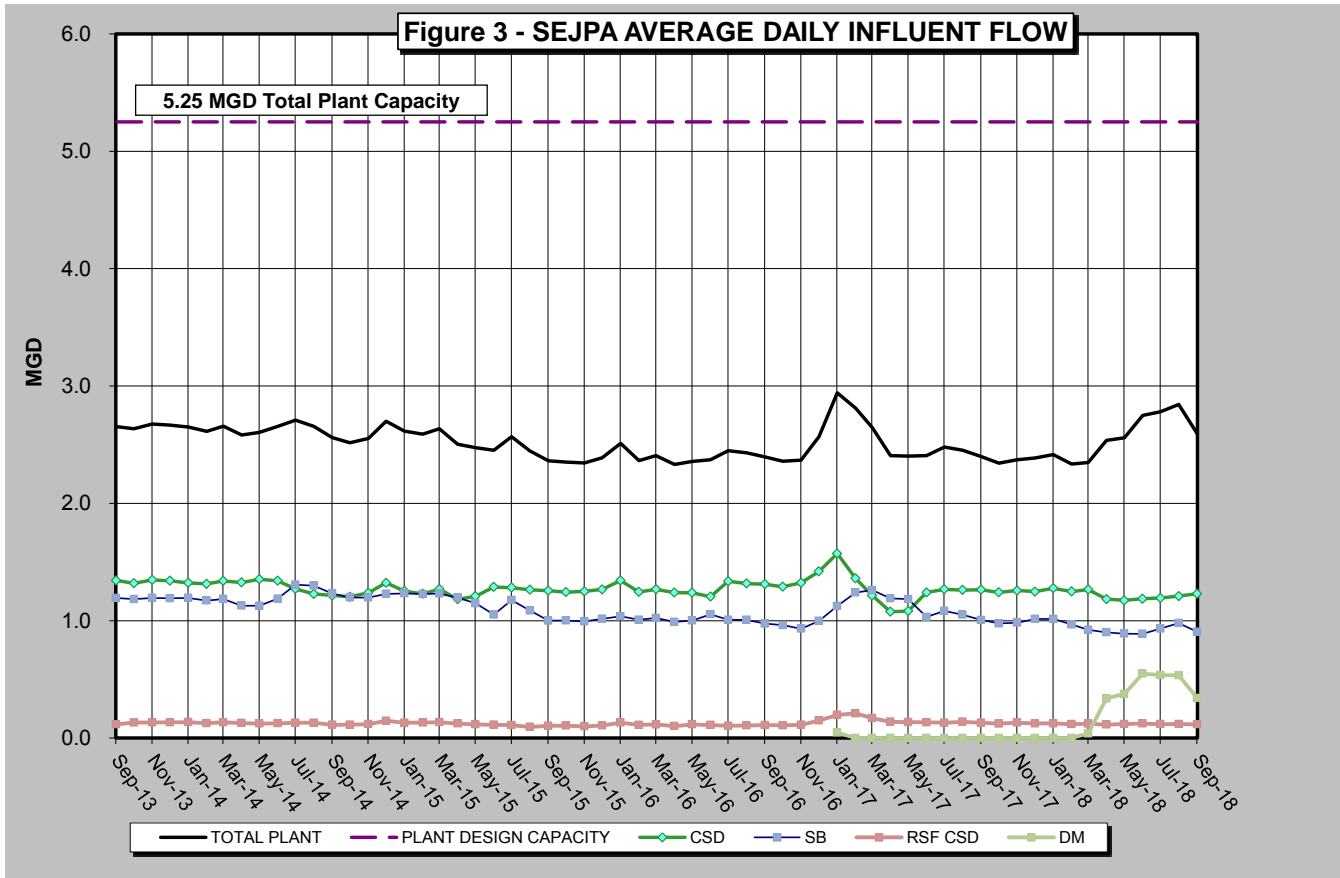
* Effluent is calculated by subtracting the recycled water production from the influent wastewater.

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

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

MONTH	AVERAGE DAILY INFLUENT FLOW RATE (MGD)					AVERAGE DAILY EFFLUENT FLOW RATE (MGD)					CONNECTED EDUS					AVERAGE UNIT INFLUENT FLOW RATE (GAL/EDU/DAY)							
	CSD	RSF	CSD	SB	DM	TOTAL PLANT	CSD	RSF	CSD	SB	DM	TOTAL PLANT	CSD EDUS	RSF EDUS	CSD EDUS	SB EDUS	DM EDUS	TOTAL EDUS	CSD	RSF	SB	DM	TOTAL PLANT
Jul-13	1.366	0.144	1.269			2.779	0.482	0.050	0.448			0.980	8,309	493	7,728			16,530	164	292	164		168
Aug-13	1.342	0.168	1.258			2.768	0.380	0.048	0.356			0.784	8,311	494	7,728			16,533	161	340	163		167
Sep-13	1.343	0.117	1.193			2.653	0.403	0.036	0.358			0.797	8,311	494	7,728			16,533	162	237	154		160
Oct-13	1.319	0.132	1.184			2.635	0.629	0.063	0.565			1.257	8,314	494	7,728			16,536	159	267	153		159
Nov-13	1.348	0.133	1.194			2.675	0.932	0.092	0.826			1.850	8,315	494	7,728			16,537	162	270	155		162
Dec-13	1.341	0.134	1.191			2.666	1.030	0.103	0.915			2.048	8,316	494	7,728			16,538	161	272	154		161
Jan-14	1.322	0.135	1.194			2.651	0.851	0.087	0.768			1.706	8,318	495	7,728			16,541	159	273	155		160
Feb-14	1.314	0.127	1.172			2.613	0.954	0.093	0.851			1.898	8,323	495	7,728			16,546	158	257	152		158
Mar-14	1.339	0.134	1.185			2.658	0.858	0.086	0.760			1.704	8,324	496	7,728			16,548	161	270	153		161
Apr-14	1.326	0.128	1.128			2.582	0.449	0.043	0.382			0.874	8,328	498	7,728			16,554	159	257	146		156
May-14	1.353	0.124	1.127			2.604	0.159	0.015	0.132			0.306	8,333	498	7,728			16,559	162	249	146		157
Jun-14	1.341	0.126	1.188			2.655	0.207	0.020	0.183			0.410	8,333	498	7,728			16,559	161	253	154		160
Jul-14	1.271	0.130	1.307			2.708	0.232	0.024	0.239			0.495	8,338	499	7,728			16,565	152	261	169		163
Aug-14	1.228	0.130	1.298			2.656	0.227	0.024	0.239			0.490	8,345	500	7,728			16,573	147	260	168		160
Sep-14	1.215	0.113	1.232			2.560	0.211	0.019	0.214			0.444	8,351	500	7,728			16,579	145	226	159		154
Oct-14	1.204	0.114	1.198			2.516	0.394	0.038	0.392			0.824	8,353	500	7,728			16,581	144	228	155		152
Nov-14	1.237	0.118	1.198			2.553	0.667	0.063	0.646			1.376	8,354	502	7,728			16,584	148	235	155		154
Dec-14	1.323	0.147	1.229			2.699	1.163	0.129	1.081			2.373	8,355	502	7,728			16,585	158	293	159		163
Jan-15	1.253	0.130	1.232			2.615	0.984	0.102	0.967			2.053	8,359	503	7,977			16,838	150	259	154		155
Feb-15	1.229	0.132	1.228			2.589	0.757	0.081	0.757			1.595	8,361	504	7,977			16,841	147	262	154		154
Mar-15	1.269	0.135	1.231			2.635	0.583	0.062	0.566			1.211	8,365	504	7,977			16,846	152	268	154		156
Apr-15	1.183	0.124	1.196			2.503	0.350	0.036	0.354			0.740	8,366	504	7,977			16,847	141	246	150		149
May-15	1.209	0.117	1.149			2.475	0.545	0.053	0.518			1.116	8,367	505	7,977			16,848	144	232	144		147
Jun-15	1.287	0.113	1.052			2.452	0.362	0.032	0.296			0.690	8,369	506	7,977			16,852	154	224	132		146
Jul-15	1.282	0.110	1.176			2.568	0.392	0.034	0.359			0.785	8,370	510	8,003			16,883	153	216	147		152
Aug-15	1.264	0.095	1.087			2.446	0.315	0.023	0.271			0.609	8,371	510	8,003			16,884	151	186	136		145
Sep-15	1.256	0.105	1.001			2.362	0.457	0.038	0.364			0.859	8,372	511	8,003			16,885	150	206	125		140
Oct-15	1.243	0.106	1.002			2.351	0.681	0.058	0.549			1.288	8,373	511	8,003			16,886	148	208	125		139
Nov-15	1.250	0.100	0.994			2.344	0.792	0.063	0.630			1.485	8,376	511	8,003			16,889	149	196	124		139
Dec-15	1.266	0.107	1.016			2.389	0.971	0.082	0.780			1.833	8,377	511	8,003			16,891	151	210	127		141
Jan-16	1.342	0.131	1.037			2.510	1.189	0.116	0.918			2.223	8,380	511	8,003			16,894	160	257	130		149
Feb-16	1.245	0.112	1.008			2.365	0.780	0.070	0.631			1.481	8,383	512	8,003			16,897	149	219	126		140
Mar-16	1.267	0.116	1.023			2.406	0.763	0.070	0.616			1.449	8,388	512	8,003			16,903	151	227	128		142
Apr-16	1.240	0.102	0.990			2.332	0.675	0.055	0.539			1.269	8,389	512	8,003			16,904	148	199	124		138
May-16	1.238	0.117	1.002			2.357	0.505	0.048	0.409			0.962	8,389	512	8,003			16,904	148	229	125		139
Jun-16	1.205	0.111	1.055			2.371	0.362	0.033	0.317			0.712	8,390	514	8,003			16,907	144	216	132		140
Jul-16	1.336	0.105	1.008			2.449	0.586	0.046	0.442			1.074	8,392	514	8,020			16,926	159	204	126		145
Aug-16	1.317	0.107	1.007			2.431	0.647	0.053	0.495			1.195	8,393	516	8,020			16,929	157	207	126		144
Sep-16	1.311	0.110	0.975			2.396	0.601	0.050	0.447			1.098	8,394	516	8,020			16,930	156	213	122		142
Oct-16	1.289	0.108	0.962			2.359	0.521	0.043	0.389			0.953	8,397	517	8,020			16,933	154	209	120		139
Nov-16	1.323	0.113	0.932			2.368	0.730	0.062	0.514			1.306	8,403	517	8,020			16,940	157	219	116		140
Dec-16	1.419	0.150	0.998			2.567	1.179	0.125	0.829			2.133	8,406	549	8,020			16,975	169	273	124		151
Jan-17	1.572	0.197	1.125	0.047		2.941	1.489	0.186	1.066	0.045		2.786	8,409	549	8,020	1,716		18,694	187	359	140	142	157
Feb-17	1.361	0.211	1.240	0.000		2.812	1.236	0.192	1.126	0.000		2.554	8,409	549	8,020	1,716		18,694	162	384	155	0	166
Mar-17	1.215	0.170	1.261	0.000		2.646	0.856	0.120	0.889	0.000		1.865	8,413	550	8,020	1,716		18,698	144	309	157	0	156
Apr-17	1.077	0.139	1.190	0.000		2.406	0.841	0.108	0.929	0.000		1.878	8,414	551	8,020	1,716		18,700	128	252	148	0	142
May-17	1.082	0.136	1.184	0.000		2.402	0.842	0.106	0.922	0.000		1.870	8,416	551	8,049	1,716		18,732	129	247	147	0	141
Jun-17	1.241	0.134	1.032	0.000		2.407	0.980	0.106	0.815	0.000		1.901	8,420	551	8,049	1,716		18,737	147	243	128	0	141
Jul-17	1.267	0.130	1.083	0.000		2.480	0.802	0.082	0.685	0.000		1.569	8,421	551	8,061	1,716		18,749	150	236	134	0	146
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Apr-18	1.184	0.115	0.901	0.337		2.537	0.627	0.061	0.477	0.179		1.344	8,451	559	8,061	1,716		18,786	140	206	112	196	135
May-18	1.173	0.119	0.890	0.376		2.558	0.566	0.057	0.430	0.182		1.235	8,461	562	8,061	1,716		18,799	139	212	110	219	136
Jun-18	1.188	0.124	0.888	0.549		2.749	0.557	0.058	0.417	0.258		1.290	8,466	562	8,061	1,716		18,804	140	221	110	320	146
Jul-18	1.193	0.118	0.93																				

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



City of Escondido Flows

The average and peak flow rate for the month of September 2018 from the City of Escondido's Hale Avenue Resource Recovery Facility, which discharges through the San Elijo Ocean Outfall, is reported below.

	Flow (mgd)
Escondido (Average flow rate)	7.51
Escondido (Peak flow rate)	18.2

Connected Equivalent Dwelling Units

The City of Solana Beach updated the connected EDUs number that is reported to the SEJPA in July 2018. The City of Encinitas and Rancho Santa Fe CSD report their connected EDUs every month. The City of Del Mar updated their connected EDUs in July 2018. The number of EDUs connected for each of the Member Agencies and lease agencies is as follows:

	Connected (EDU)
Cardiff Sanitary Division	8,481
Rancho Santa Fe SID	563
City of Solana Beach	7,747
San Diego (to Solana Beach)	337
City of Del Mar	2,611
Total EDUs to System	19,737

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

*

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2018

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

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

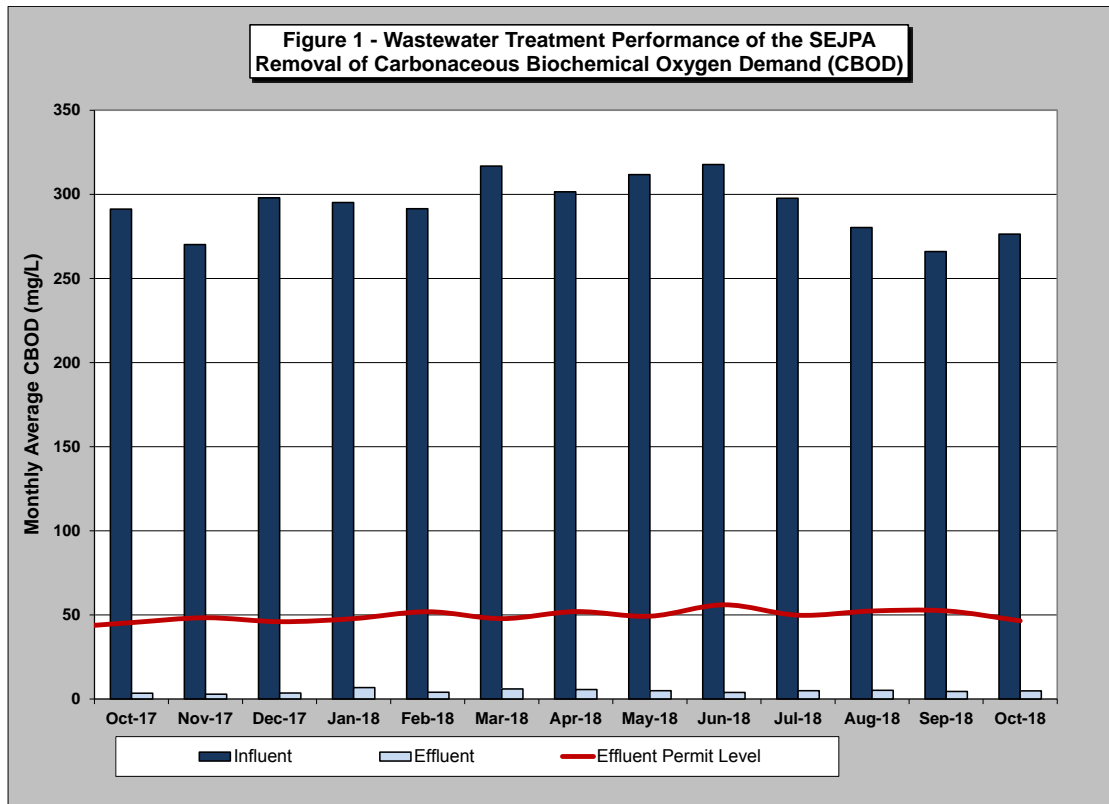
RECOMMENDATION

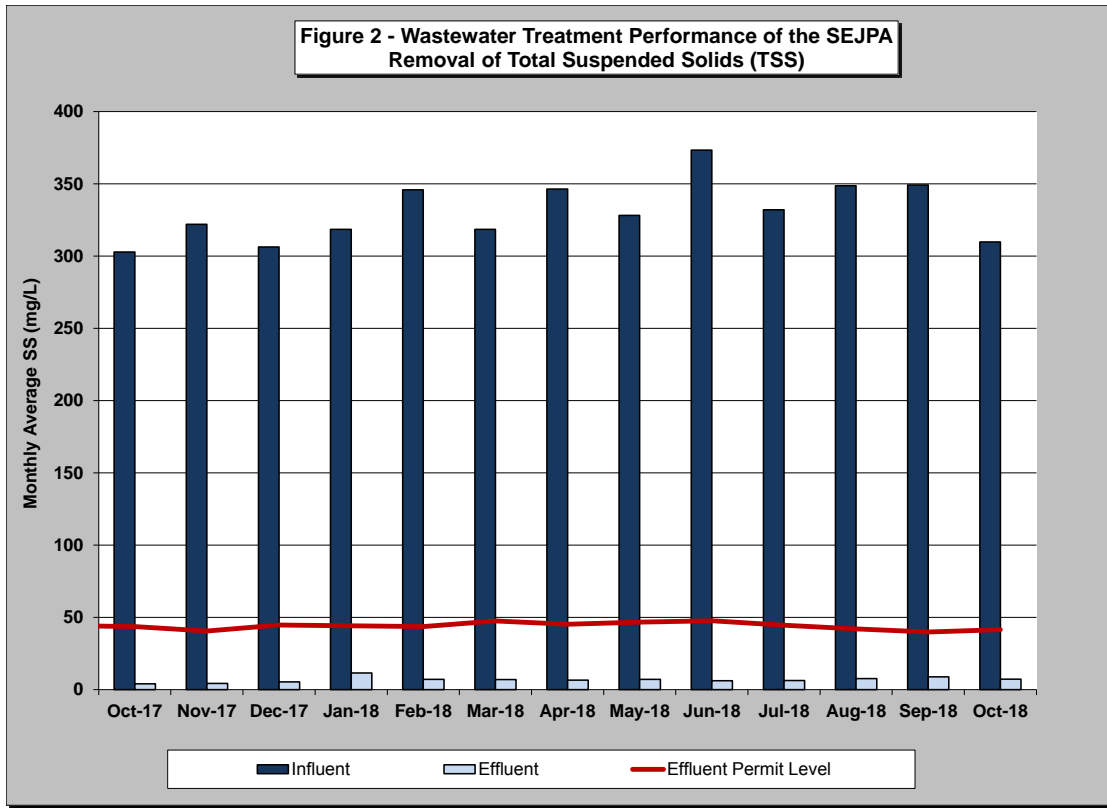
No action required. This memorandum is submitted for information only.

DISCUSSION

Monthly Treatment Plant Performance and Evaluation

Wastewater treatment for the San Elijo Joint Powers Authority (SEJPA) met all National Pollutant Discharge Elimination System (NPDES) ocean effluent limitation requirements for the month of October 2018. The primary indicators of treatment performance include the removal of Carbonaceous Biochemical Oxygen Demand (CBOD) and Total Suspended Solids (TSS). The SEJPA is required to remove a minimum of 85 percent of the CBOD and TSS from the wastewater. Treatment levels for CBOD and TSS were 98.3 and 97.6 percent removal, respectively, (as shown in Figure 1 and Figure 2).





Member Agency Flows

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

	October	
	<u>Influent (mgd)</u>	<u>Effluent (mgd)*</u>
Cardiff Sanitary Division	1.172	0.529
City of Solana Beach	0.897	0.405
Rancho Santa Fe SID	0.121	0.054
City of Del Mar	0.354	0.160
Total San Elijo WRF Flow	2.544	1.148

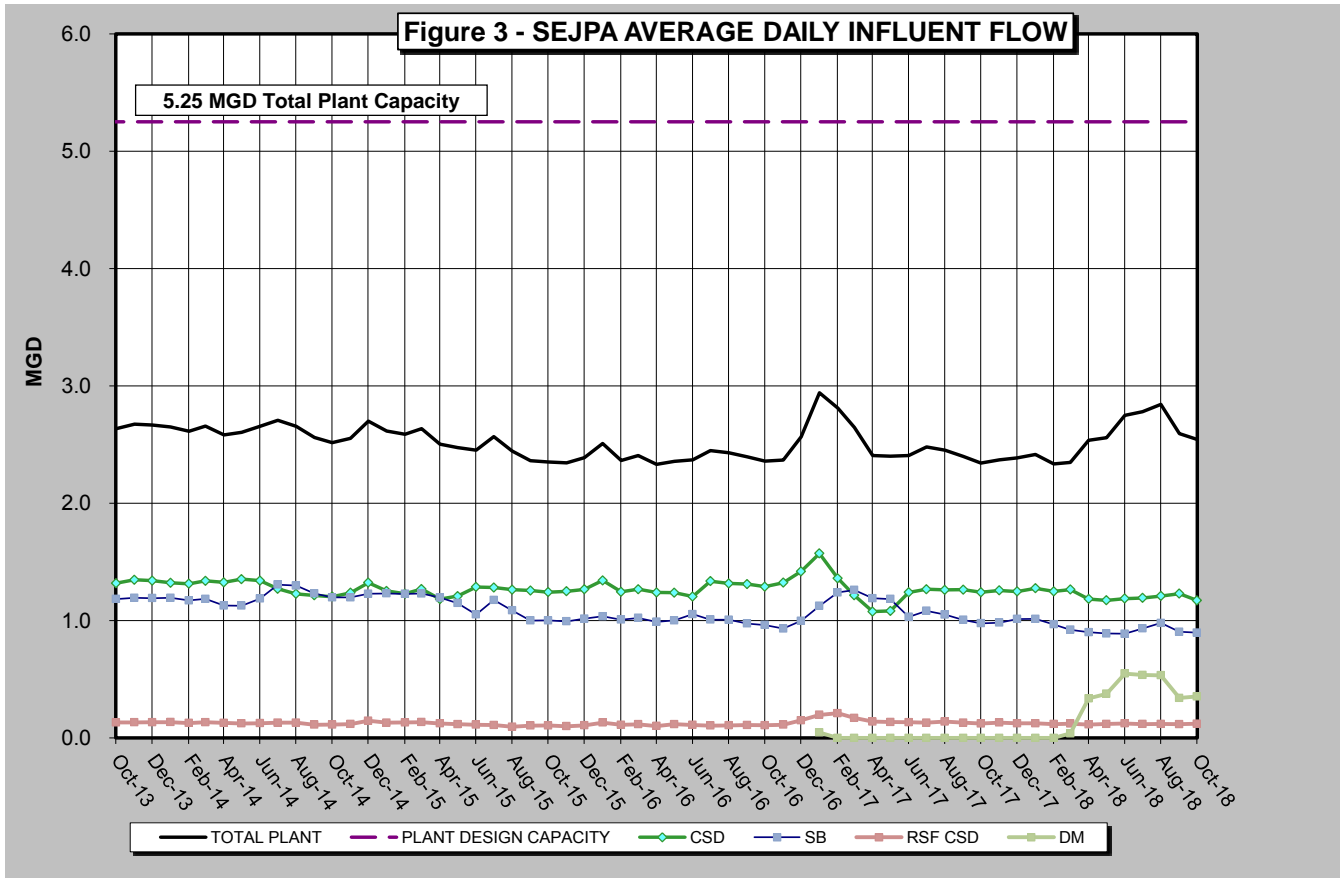
* Effluent is calculated by subtracting the recycled water production from the influent wastewater.

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

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

MONTH	AVERAGE DAILY INFLUENT FLOW RATE (MGD)					AVERAGE DAILY EFFLUENT FLOW RATE (MGD)					CONNECTED EDUS					AVERAGE UNIT INFLUENT FLOW RATE (GAL/EDU/DAY)							
	CSD	RSF	CSD	SB	DM	TOTAL PLANT	CSD	RSF	CSD	SB	DM	TOTAL PLANT	CSD EDUS	RSF EDUS	CSD EDUS	SB EDUS	DM EDUS	TOTAL EDUS	CSD	RSF	SB	DM	TOTAL PLANT
Jul-13	1.366	0.144	1.269			2.779	0.482	0.050	0.448			0.980	8,309	493	7,728			16,530	164	292	164		168
Aug-13	1.342	0.168	1.258			2.768	0.380	0.048	0.356			0.784	8,311	494	7,728			16,533	161	340	163		167
Sep-13	1.343	0.117	1.193			2.653	0.403	0.036	0.358			0.797	8,311	494	7,728			16,533	162	237	154		160
Oct-13	1.319	0.132	1.184			2.635	0.629	0.063	0.565			1.257	8,314	494	7,728			16,536	159	267	153		159
Nov-13	1.348	0.133	1.194			2.675	0.932	0.092	0.826			1.850	8,315	494	7,728			16,537	162	270	155		162
Dec-13	1.341	0.134	1.191			2.666	1.030	0.103	0.915			2.048	8,316	494	7,728			16,538	161	272	154		161
Jan-14	1.322	0.135	1.194			2.651	0.851	0.087	0.768			1.706	8,318	495	7,728			16,541	159	273	155		160
Feb-14	1.314	0.127	1.172			2.613	0.954	0.093	0.851			1.898	8,323	495	7,728			16,546	158	257	152		158
Mar-14	1.339	0.134	1.185			2.658	0.858	0.086	0.760			1.704	8,324	496	7,728			16,548	161	270	153		161
Apr-14	1.326	0.128	1.128			2.582	0.449	0.043	0.382			0.874	8,328	498	7,728			16,554	159	257	146		156
May-14	1.353	0.124	1.127			2.604	0.159	0.015	0.132			0.306	8,333	498	7,728			16,559	162	249	146		157
Jun-14	1.341	0.126	1.188			2.655	0.207	0.020	0.183			0.410	8,333	498	7,728			16,559	161	253	154		160
Jul-14	1.271	0.130	1.307			2.708	0.232	0.024	0.239			0.495	8,338	499	7,728			16,565	152	261	169		163
Aug-14	1.228	0.130	1.298			2.656	0.227	0.024	0.239			0.490	8,345	500	7,728			16,573	147	260	168		160
Sep-14	1.215	0.113	1.232			2.560	0.211	0.019	0.214			0.444	8,351	500	7,728			16,579	145	226	159		154
Oct-14	1.204	0.114	1.198			2.516	0.394	0.038	0.392			0.824	8,353	500	7,728			16,581	144	228	155		152
Nov-14	1.237	0.118	1.198			2.553	0.667	0.063	0.646			1.376	8,354	502	7,728			16,584	148	235	155		154
Dec-14	1.323	0.147	1.229			2.699	1.163	0.129	1.081			2.373	8,355	502	7,728			16,585	158	293	159		163
Jan-15	1.253	0.130	1.232			2.615	0.984	0.102	0.967			2.053	8,359	503	7,977			16,838	150	259	154		155
Feb-15	1.229	0.132	1.228			2.589	0.757	0.081	0.757			1.595	8,361	504	7,977			16,841	147	262	154		154
Mar-15	1.269	0.135	1.231			2.635	0.583	0.062	0.566			1.211	8,365	504	7,977			16,846	152	268	154		156
Apr-15	1.183	0.124	1.196			2.503	0.350	0.036	0.354			0.740	8,366	504	7,977			16,847	141	246	150		149
May-15	1.209	0.117	1.149			2.475	0.545	0.053	0.518			1.116	8,367	505	7,977			16,848	144	232	144		147
Jun-15	1.287	0.113	1.052			2.452	0.362	0.032	0.296			0.690	8,369	506	7,977			16,852	154	224	132		146
Jul-15	1.282	0.110	1.176			2.568	0.392	0.034	0.359			0.785	8,370	510	8,003			16,883	153	216	147		152
Aug-15	1.264	0.095	1.087			2.446	0.315	0.023	0.271			0.609	8,371	510	8,003			16,884	151	186	136		145
Sep-15	1.256	0.105	1.001			2.362	0.457	0.038	0.364			0.859	8,372	511	8,003			16,885	150	206	125		140
Oct-15	1.243	0.106	1.002			2.351	0.681	0.058	0.549			1.288	8,373	511	8,003			16,886	148	208	125		139
Nov-15	1.250	0.100	0.994			2.344	0.792	0.063	0.630			1.485	8,376	511	8,003			16,889	149	196	124		139
Dec-15	1.266	0.107	1.016			2.389	0.971	0.082	0.780			1.833	8,377	511	8,003			16,891	151	210	127		141
Jan-16	1.342	0.131	1.037			2.510	1.189	0.116	0.918			2.223	8,380	511	8,003			16,894	160	257	130		149
Feb-16	1.245	0.112	1.008			2.365	0.780	0.070	0.631			1.481	8,383	512	8,003			16,897	149	219	126		140
Mar-16	1.267	0.116	1.023			2.406	0.763	0.070	0.616			1.449	8,388	512	8,003			16,903	151	227	128		142
Apr-16	1.240	0.102	0.990			2.332	0.675	0.055	0.539			1.269	8,389	512	8,003			16,904	148	199	124		138
May-16	1.238	0.117	1.002			2.357	0.505	0.048	0.409			0.962	8,389	512	8,003			16,904	148	229	125		139
Jun-16	1.205	0.111	1.055			2.371	0.362	0.033	0.317			0.712	8,390	514	8,003			16,907	144	216	132		140
Jul-16	1.336	0.105	1.008			2.449	0.586	0.046	0.442			1.074	8,392	514	8,020			16,926	159	204	126		145
Aug-16	1.317	0.107	1.007			2.431	0.647	0.053	0.495			1.195	8,393	516	8,020			16,929	157	207	126		144
Sep-16	1.311	0.110	0.975			2.396	0.601	0.050	0.447			1.098	8,394	516	8,020			16,930	156	213	122		142
Oct-16	1.289	0.108	0.962			2.359	0.521	0.043	0.389			0.953	8,397	517	8,020			16,933	154	209	120		139
Nov-16	1.323	0.113	0.932			2.368	0.730	0.062	0.514			1.306	8,403	517	8,020			16,940	157	219	116		140
Dec-16	1.419	0.150	0.998			2.567	1.179	0.125	0.829			2.133	8,406	549	8,020			16,975	169	273	124		151
Jan-17	1.572	0.197	1.125	0.047		2.941	1.489	0.186	1.066	0.045		2.786	8,409	549	8,020	1,716		18,694	187	359	140	142	157
Feb-17	1.361	0.211	1.240	0.000		2.812	1.236	0.192	1.126	0.000		2.554	8,409	549	8,020	1,716		18,694	162	384	155	0	166
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Figure 3 (below) presents the 5-year historical average daily flows per month for each Member Agency. This is to provide a historical overview of the average treated flow by each agency. Also shown in Figure 3 is the total wastewater treatment capacity of the plant, 5.25 mgd, of which each Member Agency has the right to 2.2 mgd, Rancho Santa Fe Community Service District leases 0.25 mgd, and the City of Del Mar leases 0.60 mgd.



City of Escondido Flows

The average and peak flow rate for the month of October 2018 from the City of Escondido's Hale Avenue Resource Recovery Facility, which discharges through the San Elijo Ocean Outfall, is reported below.

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City of Del Mar	2,611
Total EDUs to System	19,738

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2018

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO WATER RECLAMATION PROGRAM – MONTHLY REPORT

RECOMMENDATION

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

DISCUSSION

Recycled Water Production

For the month of September 2018, recycled water demand was 193 acre-feet (AF), which was met using 193 AF of recycled water no supplementation with potable water.

September demand was 5.9% above budget for recycled water production and delivery, with actual above budget expectations by 56 AF or 9.2% for the first 3 months of the fiscal year. This demand was the second highest for a September since the program began.

Figure 1 (attached) provides monthly demands for recycled water since deliveries began in September 2000. Figure 2 (attached) provides a graphical view of annual recycled water demand spanning the last 17 fiscal years. Figure 3 (attached) shows the monthly recycled water demand for each September since the program began. Figure 4 (attached) compares budget versus actual recycled water sales for FY 2018-19; showing sales are starting the year above budget.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Figure 1 - MONTHLY RECYCLED WATER DEMAND

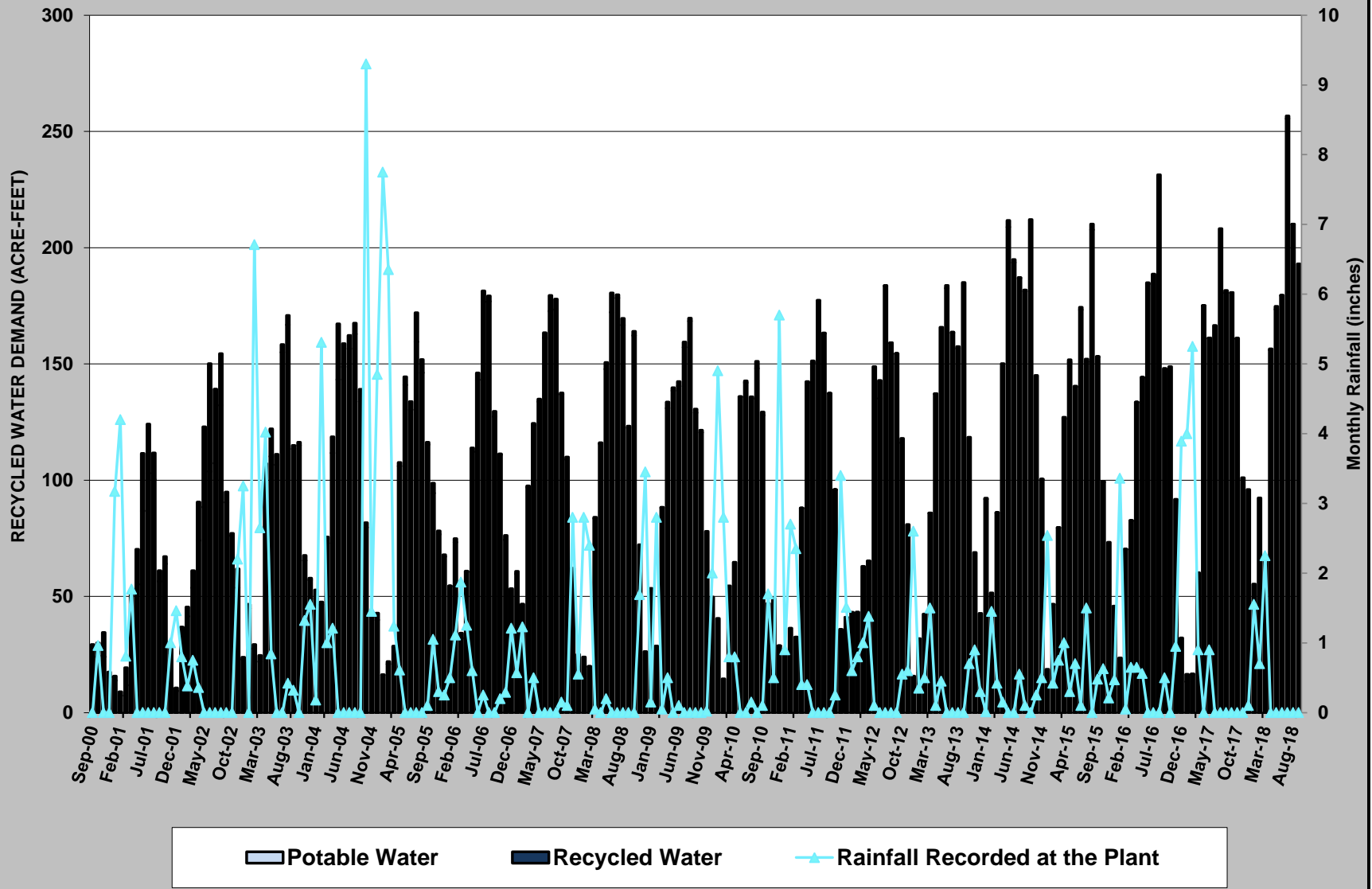


Figure 2 - RECYCLED WATER DEMAND by FISCAL YEAR

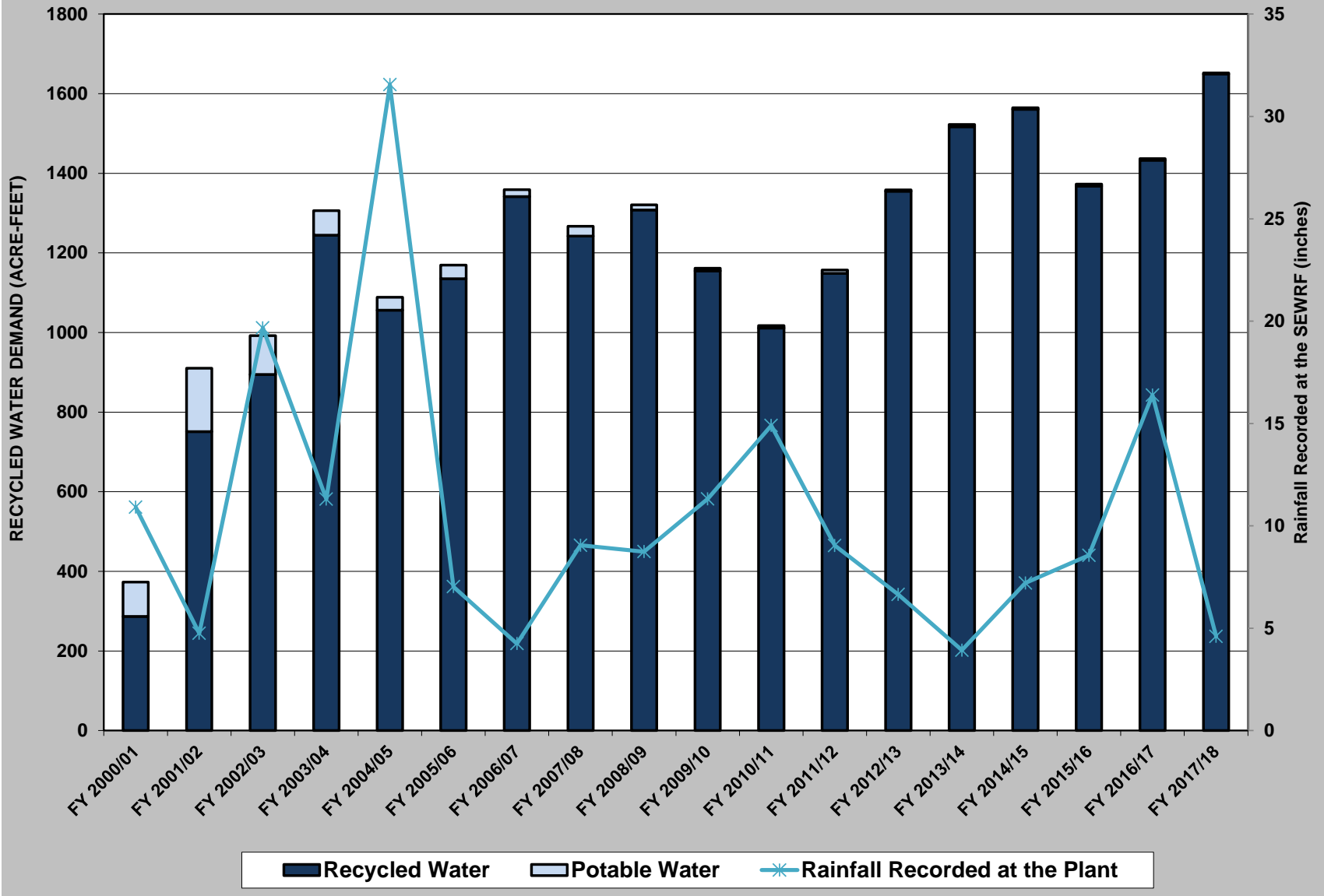


Figure 3 - SEPTEMBER RECYCLED WATER DEMAND

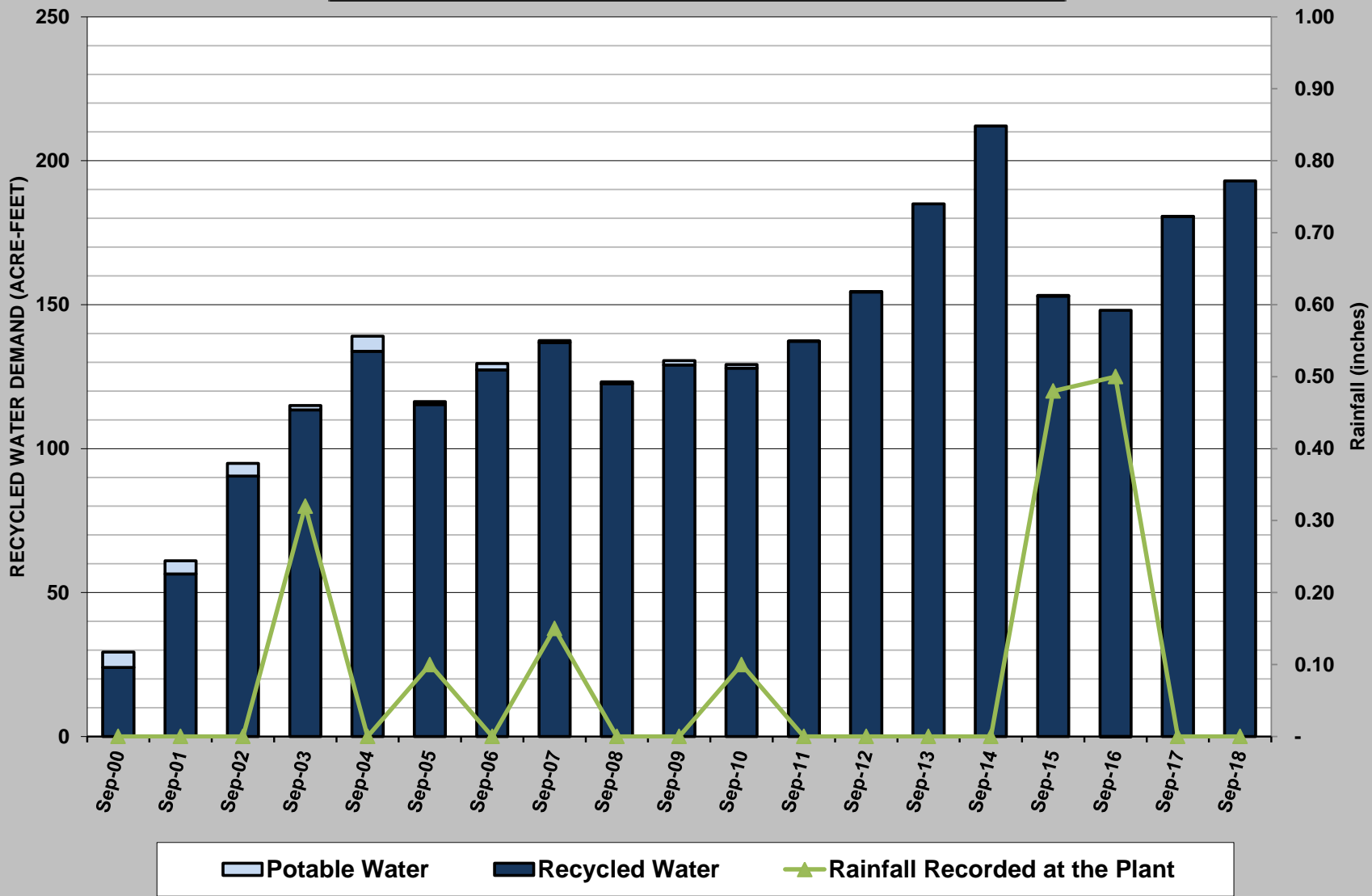
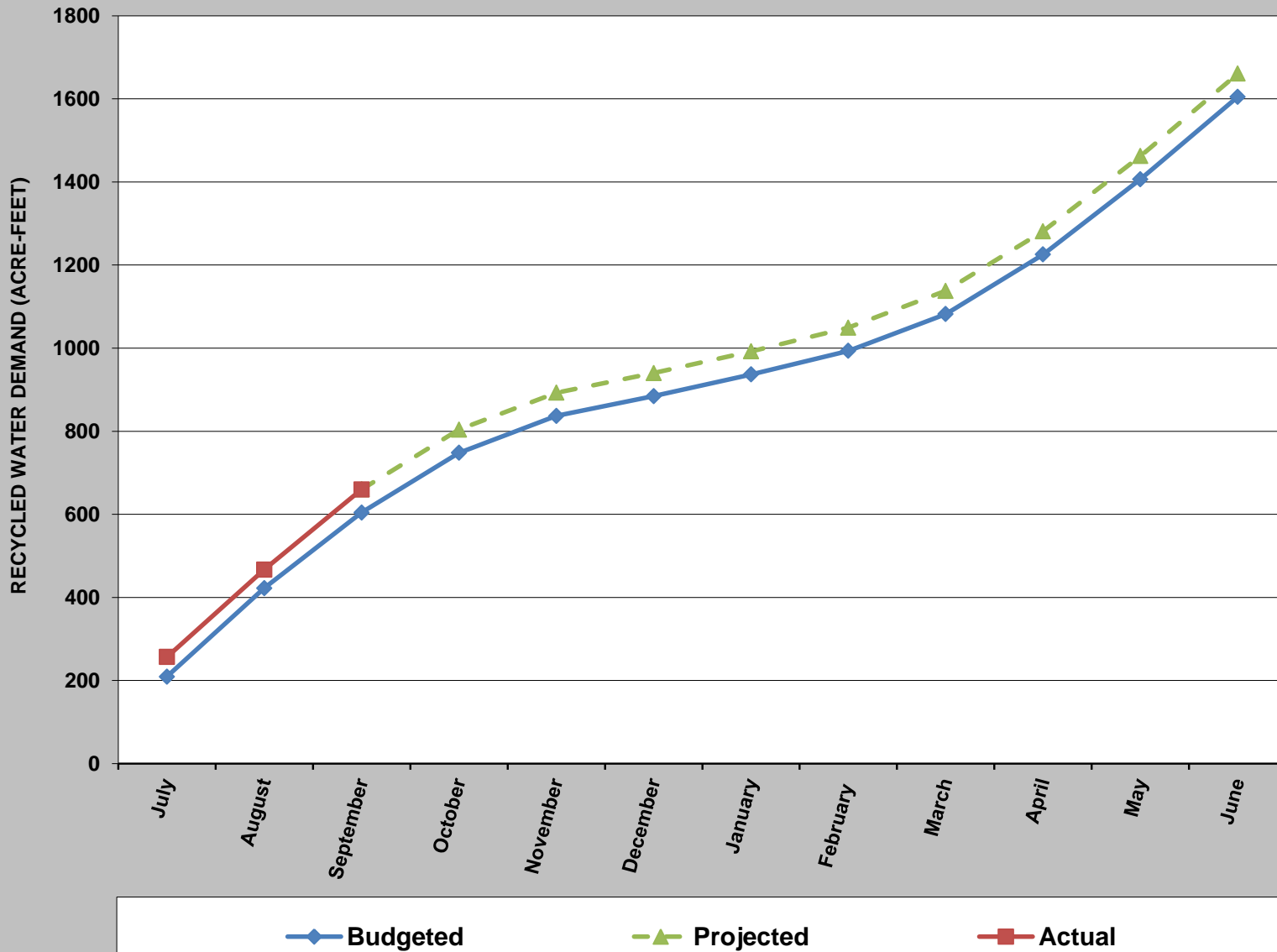


Figure 4 - RECYCLED WATER DEMAND BUDGET vs ACTUAL



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SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2018

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO WATER RECLAMATION PROGRAM – MONTHLY REPORT

RECOMMENDATION

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

DISCUSSION

Recycled Water Production

For the month of October 2018, recycled water demand was 124 acre-feet (AF), which was met using 124 AF of recycled water no supplementation with potable water.

October demand was 13.7% below budget for recycled water production and delivery, most likely due to rainfall at the beginning of the month. However, the total water production for the year is above budget expectations by 36 AF or 4.8% for the first 4 months of the fiscal year.

Figure 1 (attached) provides monthly demands for recycled water since deliveries began in September 2000. Figure 2 (attached) provides a graphical view of annual recycled water demand spanning the last 17 fiscal years. Figure 3 (attached) shows the monthly recycled water demand for each October since the program began. Figure 4 (attached) compares budget versus actual recycled water sales for FY 2018-19; showing sales are starting the year above budget.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Figure 1 - MONTHLY RECYCLED WATER DEMAND

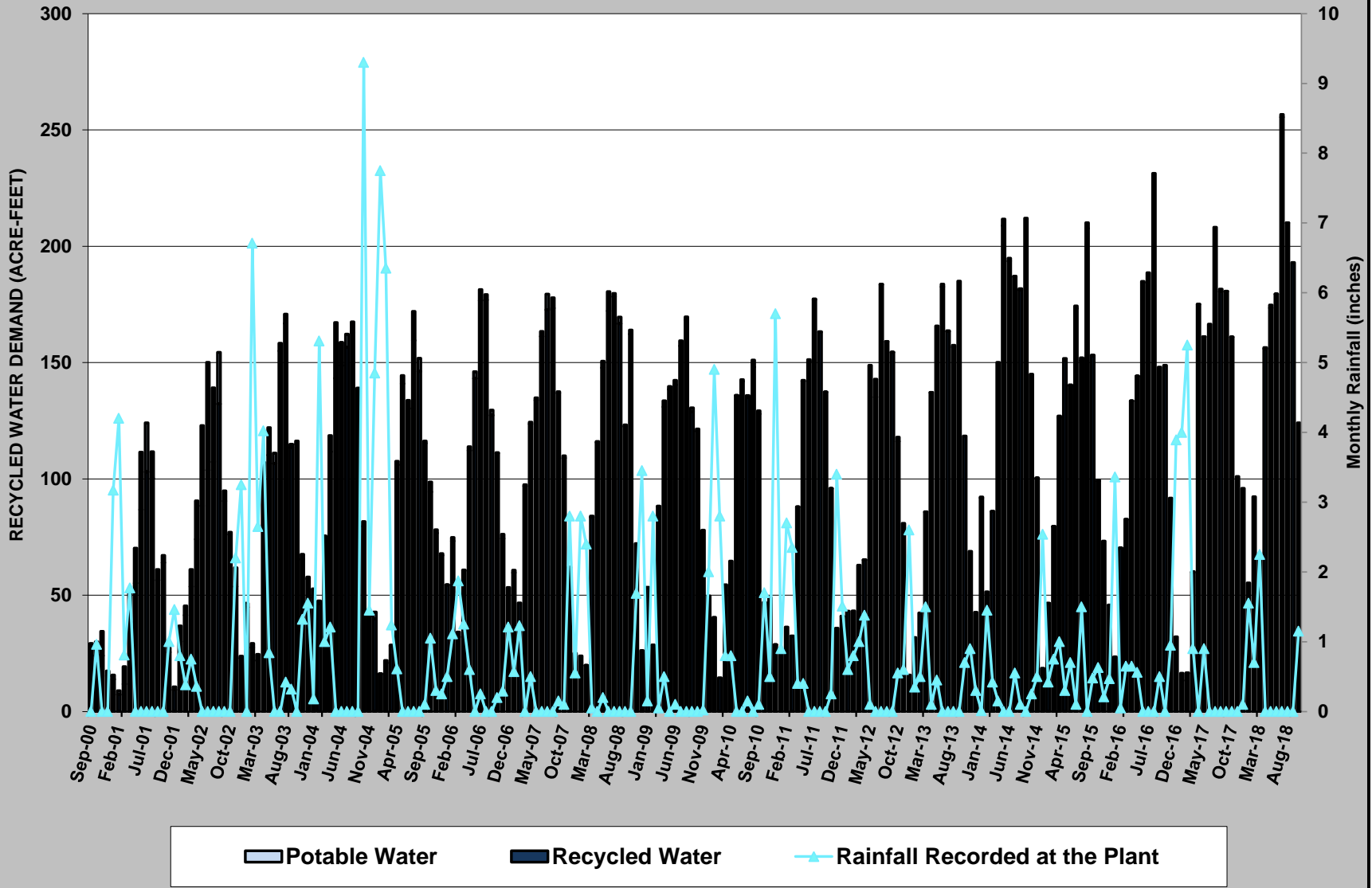


Figure 2 - RECYCLED WATER DEMAND by FISCAL YEAR

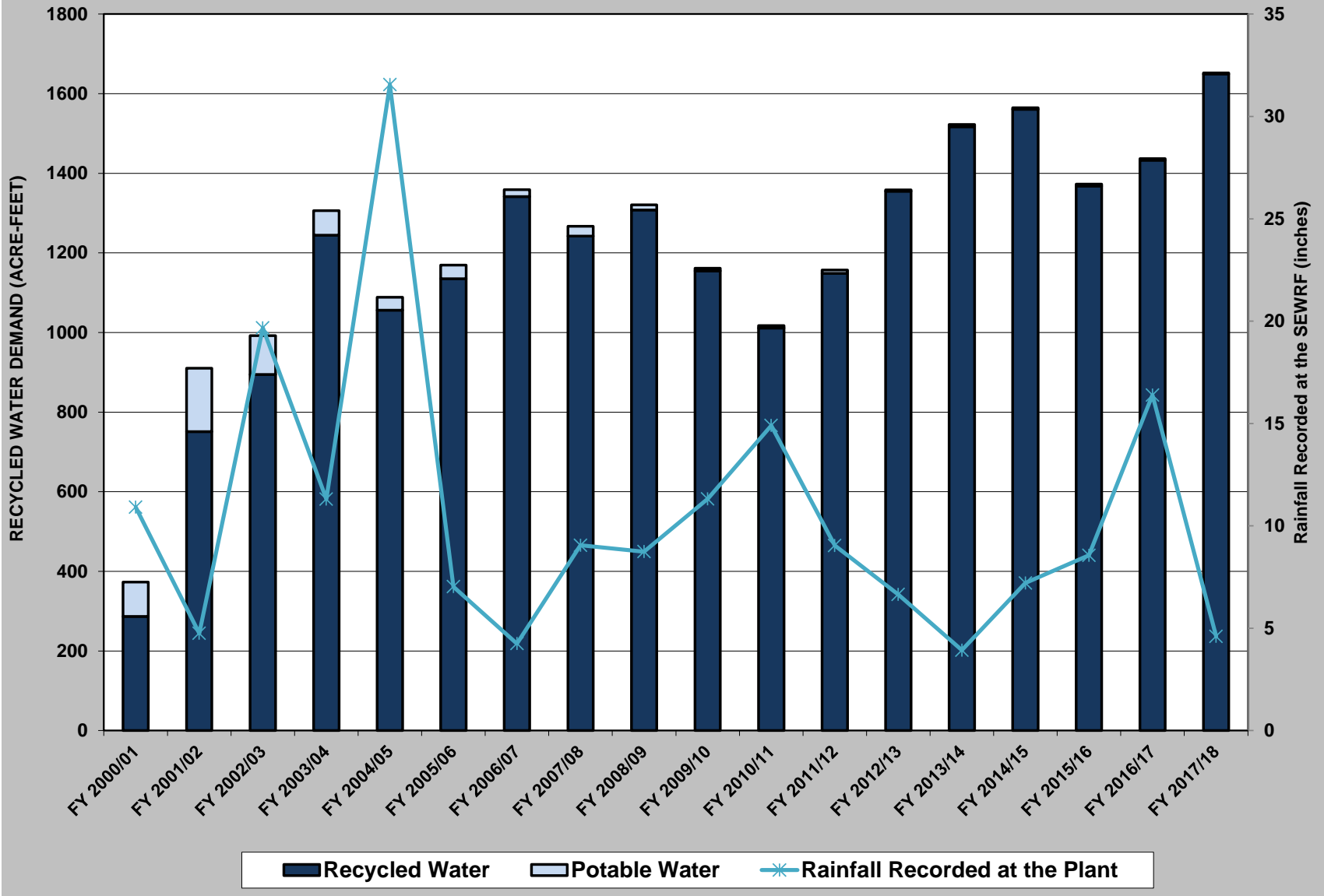


Figure 3 - OCTOBER RECYCLED WATER DEMAND

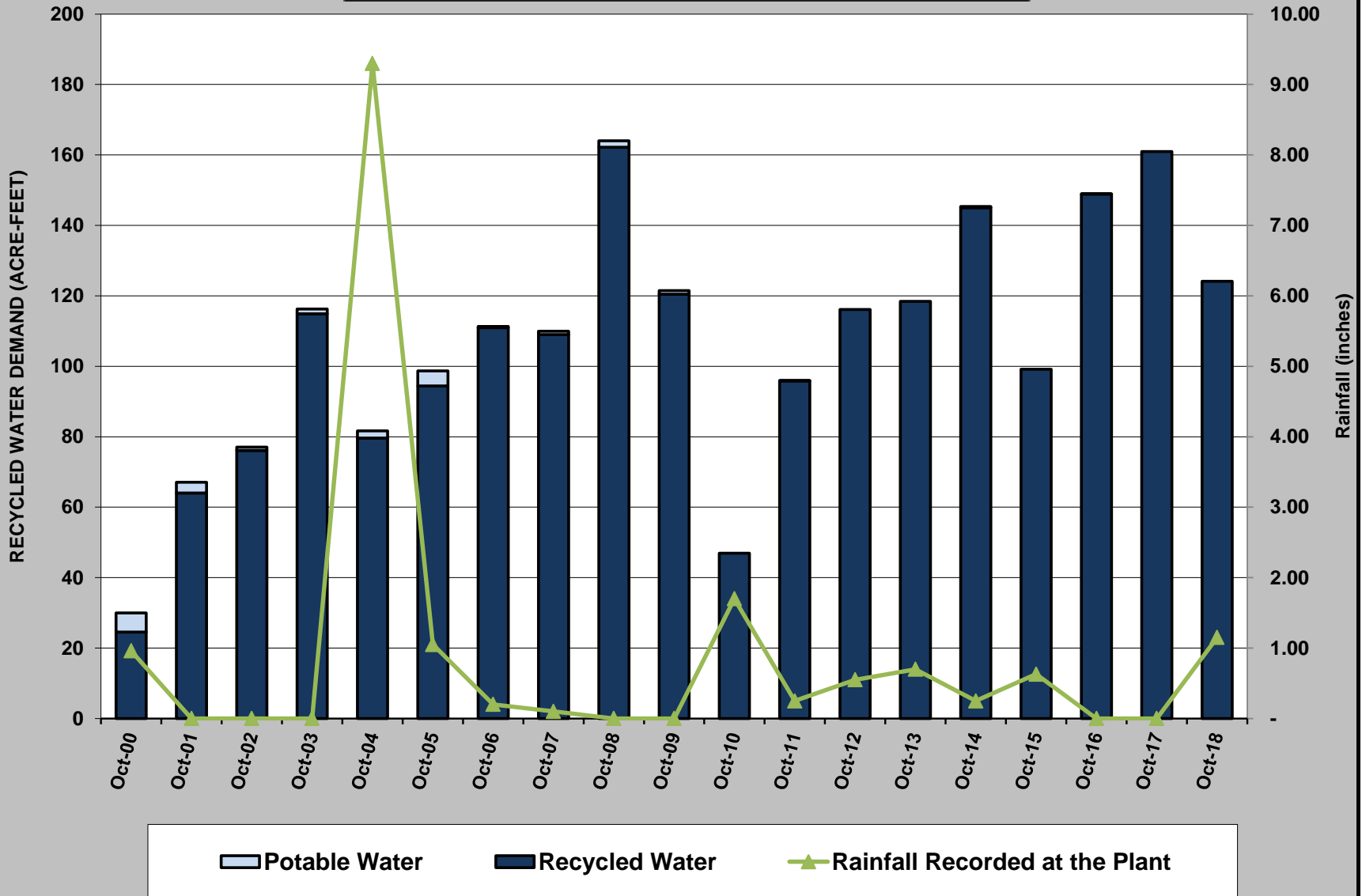
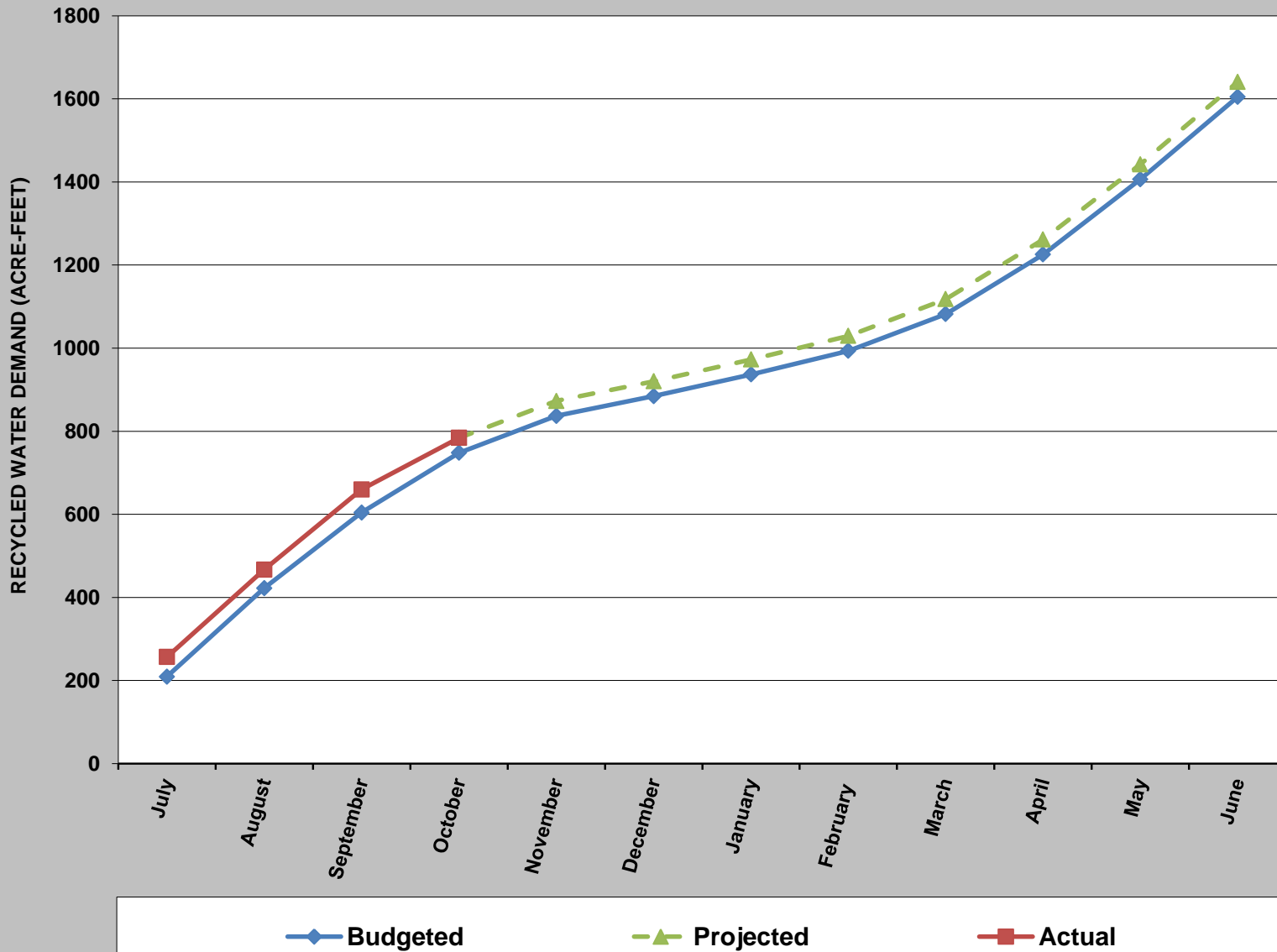


Figure 4 - RECYCLED WATER DEMAND BUDGET vs ACTUAL



SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2018

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: AUTHORIZATION FOR INTENSIVE MONITORING AGREEMENT

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to enter into an agreement with the Southern California Coastal Water Research Project (SCCWRP) for NPDES Permit compliance sampling in an amount of \$62,889; and
2. Discuss and take action as appropriate.

DISCUSSION

The current National Pollutant Discharge Elimination System (NPDES) permit (Order No. R9-2018-0003) held by the San Elijo Water Reclamation Facility and issued by the San Diego Regional Water Quality Control Board (Regional Board) requires that San Elijo Joint Powers Authority (SEJPA) conduct intensive monitoring near the San Elijo Ocean Outfall (SEOO) during the permit period. Intensive monitoring tests the water, fish, and sediment near the outfall to determine compliance with the California Ocean Plan and determines if the outfall discharges are causing negative impacts on ocean water quality and marine life. Historically, SEJPA has been conducting intensive monitoring, approximately once every 5 years, for more than 3 decades near the ocean outfall. The results of this monitoring indicates no discernible impact to ocean water quality, sediment quality or toxicity, benthic species, or marine biota.

Similarly, other ocean dischargers throughout southern California are required to perform intensive ocean monitoring per the terms of their NPDES permits. To improve the usefulness of this collected data, as well as to provide cost efficiencies associated with collecting, compiling, and analyzing data, a regional monitoring plan was developed in 2012. The Framework for Monitoring and Assessment (FMA) in the San Diego Area was prepared in partnership with the SEJPA and other agencies, as well as the regulatory community. The FMA proposes more efficient use of regional monitoring resources through collaborative data sharing and focused monitoring on regional water quality concerns and trends.

Regional Board staff has encouraged regional ocean outfall NPDES permittees and the Southern California Coastal Water Research Project (SCCWRP) to coordinate and implement

regional monitoring plans that are consistent with the FMA. SCCWRP was organized as a joint powers authority and is a leading U.S. environmental research institute that works to develop a scientific foundation for informed water-quality management in Southern California. SCCWRP organizes and/or participates in several collaborative regional monitoring programs for which a variety of stakeholder groups contribute resources to data collection. SCCWRP scientists help to compile the results and participate in regional data analyses. Ongoing regional monitoring efforts focus on the ocean, bays, and estuaries of the Southern California Bight (Bight), as well as wetland and riparian areas, watersheds, and rocky intertidal habitat. The Southern California Bight is a concave bend in the coastline stretching from Point Conception in Santa Barbara County to Punta Colonet in Mexico.

SEJPA and the City of Escondido (Escondido) have coordinated efforts to contract with SCCWRP to perform intensive monitoring within the Bight near the SEOO and at regional reference stations to be selected by SCCWRP. Because of the lack of discharge-related ocean or benthic impacts, the SEOO ocean monitoring program represents an appropriate opportunity to implement the Regional Board's FMA goals of focusing ocean monitoring resources away from discharge-specific monitoring, and toward regional monitoring and assessment. Coordination with SCCWRP allows the SEJPA to utilize research vessels for sampling that are already in the area conducting similar sampling and data collection efforts.



To achieve the Regional Board's FMA objectives, SEJPA and Escondido have proposed to provide monitoring resources to support the SCCWRP Bight research effort. The Regional Board has approved the request (see Attachment 1) and the SCCWRP has provided pricing, based on the SCCWRP public bidding procedures, for completing the work that will be required as part of their larger Bight '18 project.



FINANCIAL IMPACT

The estimated contribution from the San Elijo Ocean Outfall Program to the Bight '18 project for the coordinated sampling effort is \$62,889. The SEJPA budgeted \$100,000 in Fiscal Year FY 2018-19 for intensive monitoring expenses associated with the SEOO NPDES permit requirements. The remaining \$37,111 is anticipated to be required for additional sampling that cannot be completed by SCCWRP, and must be contracted separately. Escondido shares the project cost based on average flows through the outfall, which is about 80 percent.

It is therefore, recommended that the Board of Directors:

1. Authorize the General Manager to enter into an agreement with the Southern California Coastal Water Research Project (SCCWRP) for Intensive Monitoring in an amount of \$62,889; and
2. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachment 1: San Diego Regional Water Quality Control Board, Letter re Resource Exchange for Bight '18 Regional Monitoring Program, dated November 1, 2018

San Diego Regional Water Quality Control Board

November 1, 2018

Sent by Email Only

Christopher McKinney
Director of Utilities
City of Escondido
201 North Broadway
Escondido, CA 92025
cmckinney@escondido.org

In reply refer to:
229727/255265:KYaeger

Michael Thornton
General Manager
San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff by the Sea, CA 92007
thornton@sejpa.org

Subject: Resource Exchange for Bight '18 Regional Monitoring Program; Hale Avenue Resource Recovery Facility and Membrane Filtration/Reverse Osmosis Facility, Order No. R9-2018-0002, NPDES No. CA0107981; San Elijo Water Reclamation Facility, Order No. R9-2018-0003, NPDES No. CA0107999

Mr. McKinney and Mr. Thornton:

The California Regional Water Quality Control Board, San Diego Region (San Diego Water Board), has reviewed the request made on October 31, 2018 by the San Elijo Joint Powers Authority (SEJPA) and the City of Escondido (City) to exchange resources from the receiving water monitoring requirements of Order Nos. R9-2018-0002 and R9-2018-0003 to participate in the Bight '18 Regional Monitoring Program (Bight '18).

The San Diego Water Board finds that the request is consistent with Attachment E section V.B of Order Nos. R9-2018-0002 and R9-2018-0003, which allow SEJPA and the City to reallocate funds from the receiving water monitoring program to participate in the Bight Regional Monitoring Program. The San Diego Water Board approves the following modifications to the receiving water monitoring requirements of Order Nos. R9-2018-0002 and R9-2018-0003:

- SEJPA and the City are not required to conduct benthic monitoring (i.e., sediment chemistry and toxicity, and benthic community condition) at monitoring stations A14S, A4S, A2S, and A2N during the current permit term. SEJPA and the City shall instead collect and analyze four sediment samples for Bight '18.
- SEJPA and the City are not required to conduct demersal fish and macroinvertebrate diver surveys at monitoring station T0.5S, T4S, and T14S during the current permit term. SEJPA and the City shall instead conduct two community trawls at randomly selected monitoring stations for Bight '18 and one community trawl located at monitoring station T0.5S.

- SEJPA and the City are not required to collect and analyze fish tissue samples for bioaccumulation analyses at monitoring stations RF8S, RF, and RF8N during the current permit term. SEJPA and the City shall instead collect and analyze three fish tissue samples for Bight '18.

SEJPA and the City shall incorporate the results of all the Bight '18 monitoring conducted within or adjacent to the San Elijo Ocean Outfall monitoring grid into the Receiving Water Monitoring Report required in Attachment E section IV.E of Order Nos. R9-2018-0002 and R9-2018-0003. If the results to the Bight '18 monitoring are not available, SEJPA and the City shall incorporate the monitoring results of the Bight '13 study.

In the subject line of any response, please include the reference "229727/255265:KYaeger." For questions or concerns regarding this letter, please contact Keith Yaeger by phone at 619-521-5899 or by email at keith.yaeger@waterboards.ca.gov.

Respectfully,



David W. Gibson
Executive Officer
San Diego Water Board

Tech Staff Info & Use	
Order Nos.	R9-2018-0002 and R9-2018-0003
NPDES Nos.	CA0107981 and CA0107999
CW Place IDs	229727 and 255265
CW Party/Organization ID	14960 and 39664
CW Party/Person ID	529503 and 75818
WDIDs	9 000000592 and 9 000000125

*

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2018

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: PURCHASE OF REVERSE OSMOSIS MEMBRANES

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to enter into an agreement with Toray Membrane USA, Inc. in the amount of \$45,944; and
2. Discuss and take action as appropriate.

BACKGROUND

In 2013, the SEJPA completed construction of the Advanced Water Purification facility as part of the recycled water treatment system. This treatment system uses microfiltration (MF) and reverse osmosis (RO) to remove total dissolved solids (TDS) and other unwanted constituents from the recycled water. The RO system uses high pressure pumps to force water through the RO membranes to remove dissolved particulates resulting in high quality recycled water. The typical service life of the RO membranes is approximately 5 to 8 years. The original RO membranes have about 6 years of operational use and are near the end of useful life, which can be measured by an increase in differential pressure across the membrane and by physical inspection.

DISCUSSION

Staff issued a Request for Bids (RFBs) for replacement of the RO membranes and associated equipment (together, "RO Replacement") for the recycled water treatment system. The notice inviting bids was published in a local newspaper on October 25, 2018 and November 1, 2018 in accordance with SEJPA's purchasing policy. The RFB and technical specification was advertised on Planet Bids on October 24, 2018. Three firms submitted bids for RO Replacement by the November 15, 2018 due date; the results are listed in Table 1.

Table 1 - RO Replacement RFB Results

Company	Bid Price
Toray Membrane USA, Inc.	\$ 45,944
Consolidated Water	56,740
Hydranautics, Inc.	60,876

Toray Membrane USA, Inc. provided the lowest cost, responsive and responsible bid in the amount of \$45,944. Toray Membrane is a global company that offers membranes and water treatment products including reverse osmosis, nano-filtration, ultra-filtration, micro-filtration and membrane bioreactors. The Bid from Toray meets the requirements of the technical specification and in addition to a positive reference for installed membranes at the San Diego Pure Water Project and West Basin Municipal Water District.

FINANCIAL IMPACT

Adequate funding is available in the recycled water operating fund for the RO Replacement.

It is recommended that the Board of Directors:

1. Authorize the General Manager to enter into an agreement with Toray Membrane USA, Inc. in the amount of \$45,944; and
2. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2018

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: FISCAL YEAR 2017-18 FINANCIAL AUDIT ACCEPTANCE

RECOMMENDATION

It is recommended that the Board of Directors:

1. Accept and file the Fiscal Year 2017-18 Audited Financial Statements for San Elijo Joint Powers Authority;
2. Accept and file the Fiscal Year 2017-18 SAS 114 Letter; and
3. Discuss and take action as appropriate.

BACKGROUND

San Elijo Joint Powers Authority (SEJPA) is required by California Government Code and Board policy to annually conduct an audit of its financial records. The Pun Group was awarded a professional service agreement over a 3 year period at the March 2016 Board meeting. The agreement provides for an audit of the financial records, to express an opinion on the financial statements, and to attend a Board meeting to present the year end draft audit report to SEJPA's Board of Directors.

DISCUSSION

The financial audit of SEJPA for Fiscal Year 2017-18 has been completed and it is the auditor's opinion that SEJPA's June 30, 2018 financial statements are presented fairly in all material aspects. The audit was performed in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. As part of the audit, The Pun Group is required by professional standards to communicate to the Board of Directors specific information related to the audit. This communication to those charged with governance (auditor's SAS 114 letter) includes information related to accounting practices, audit difficulties, disagreements with management (if any), management representations, corrected and uncorrected misstatements, and other audit findings, issues or matters. Upon completion of the audit, The

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

The audited financial statements include the following sections:

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

Mr. Kenneth Pun, CPA, the managing partner for The Pun Group, will present a summary of audit findings to the Board of Directors and answer questions.

It is therefore recommended that the Board of Directors:

1. Accept and file the Fiscal Year 2017-18 Audited Financial Statements for San Elijo Joint Powers Authority;
2. Accept and file the Fiscal Year 2017-18 SAS 114 Letter; and
3. Discuss and take action as appropriate.

Respectfully submitted,



Paul F. Kinkel
Director of Finance & Administration

Attachment 1: San Elijo Joint Powers Authority, Financial Statements and Independent Auditors' Report for the Year Ended June 30, 2018

Attachment 2: Fiscal Year 2017-18 SAS 114 Letter

San Elijo Joint Powers Authority

Cardiff by the Sea, California

Financial Statements and Independent Auditors' Report

For the Year Ended June 30, 2018

Draft 12/4/18 v3

San Elijo Joint Powers Authority
Financial Statements
For the Year Ended June 30, 2017

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Draft 12/4/18 v3

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FINANCIAL SECTION

Draft 12/4/18 v3

Draft 12/4/18 v3

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the San Elijo Joint Powers Authority ("SEJPA"), which comprise the statement of net position as of June 30, 2018, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Elijo Joint Powers Authority as of June 30, 2018, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion, Analysis, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Plan Contributions, and the Schedule of Changes in Total OPEB Liability and Related Ratios, as identified in the accompanying table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Combining Schedule of Net Position, the Combining Schedule of Revenues, Expenses, and Changes in Net Position, and the Combining Statement of Cash Flows are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses, and Changes in Net Position, and Combining Schedule of Cash Flows are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

San Elijo Joint Powers Authority
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018

Our discussion and analysis of the financial performance of the San Elijo Joint Powers Authority's (SEJPA) provides an overview of the SEJPA's financial activities as of and for the year ended June 30, 2018. Please read it in conjunction with the SEJPA's financial statements which begin on page 12.

Financial Statements

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

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

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

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

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

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

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

- Operations
- Capital and related financing
- Noncapital financing
- Investing

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

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

San Elijo Joint Powers Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

Financial Highlights

The SEJPA's net position increased by \$26,097,119 for the year ended June 30, 2018.

The SEJPA's revenues totaled \$35,472,859 for the year ended June 30, 2018, an increase of \$23,599,651 resulting principally from member agency assessments to account for the 2017 Revenue Bonds.

The SEJPA's expenses totaled \$9,375,740 for the year ended June 30, 2018. The expense increase was \$1,895,981 or 25.3% primarily due to interest expense on the 2017 Revenue Bonds, increase in the pension liability, and depreciation.

Financial Analysis of the SEJPA

Net Position

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

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Assets:				
Current and other assets	\$ 54,855,521	\$ 15,038,645	\$ 39,814,880	264.8%
Capital assets	49,120,888	39,261,847	10,250,241	26.1%
Total Assets	<u>104,155,013</u>	<u>54,300,492</u>	<u>50,065,121</u>	<u>92.2%</u>
Deferred Outflows of Resources	<u>1,037,082</u>	<u>1,194,748</u>	<u>(157,666)</u>	<u>-13.2%</u>
Liabilities:				
Current liabilities	4,470,291	3,160,006	1,310,285	41.5%
Non-current liabilities	32,524,634	9,952,926	22,571,708	226.8%
Total Liabilities	<u>36,994,925</u>	<u>13,112,932</u>	<u>23,881,993</u>	<u>182.1%</u>
Deferred Inflows of Resources	<u>65,966</u>	<u>137,623</u>	<u>(71,657)</u>	<u>-52.1%</u>
Net Position:				
Net investment in capital assets	66,336,897	33,848,762	32,488,135	96.0%
Restricted	630,000	630,000	-	0.0%
Unrestricted	1,374,907	7,765,923	(6,391,016)	-82.3%
Total Net Position	<u>\$ 68,341,804</u>	<u>\$ 42,244,685</u>	<u>\$ 26,097,119</u>	<u>61.8%</u>

Net position increased by 21,703,672 from fiscal year 2017 to 2018. Net investment in capital assets increased \$32,488,135 in fiscal year 2018. This increase is the result of the 2017 Revenue Bond issuance, principal paid on long-term debt, and the investment in capital assets, net of depreciation expense.

San Elijo Joint Powers Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

Financial Analysis of the SEJPA (Continued)

Net Position (Continued)

Restricted net position is unchanged for the year ended June 30, 2018 as funds restricted for bond reserves remain in place.

Unrestricted net position (those that can be used to finance day-to-day operations) decreased \$(6,391,014) primarily due to cash funding for the Land Outfall Replacement Project.

Revenues, Expenses and Changes in Net Position

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

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Revenues				
Operating contributions from members	\$ 3,492,887	\$ 3,379,007	\$ 113,880	3.4%
Charges for services to other government agencies	7,928,115	6,959,676	968,439	13.9%
Other nonoperating revenue	1,303,799	291,804	1,012,795	347.1%
Member agency assessments	22,747,276	915,336	21,831,922	2385.1%
State grants	-	327,385	(327,385)	-100.0%
Total revenues	<u>5,472,859</u>	<u>11,873,208</u>	<u>23,599,651</u>	<u>198.8%</u>
Expenses				
Operating expenses	8,350,733	7,209,365	1,141,368	15.8%
Nonoperating expenses	1,025,007	270,394	754,613	279.1%
Total expenses	<u>9,375,740</u>	<u>7,479,759</u>	<u>1,895,981</u>	<u>25.3%</u>
Increase in net position	<u>\$ 26,097,119</u>	<u>\$ 4,393,449</u>	<u>\$ 21,703,670</u>	<u>494.0%</u>

Capital Assets

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

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Construction in progress	\$ 3,952,385	\$ 2,171,335	\$ 1,781,050	82.0%
Plant equipment	80,678,726	70,265,253	10,413,473	14.8%
Lab equipment	116,325	101,240	15,085	14.9%
Office equipment	70,690	70,690	-	0.0%
Vehicles	289,287	289,287	-	0.0%
Subtotal	<u>85,107,413</u>	<u>72,897,805</u>	<u>12,209,608</u>	<u>16.7%</u>
Less accumulated depreciation	<u>(35,595,325)</u>	<u>(33,635,958)</u>	<u>(1,959,367)</u>	<u>5.8%</u>
Total capital assets, net	<u>\$ 49,512,088</u>	<u>\$ 39,261,847</u>	<u>\$ 10,250,241</u>	<u>26.1%</u>

San Elijo Joint Powers Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

Financial Analysis of the SEJPA (Continued)

Capital Assets (Continued)

The net additions to capital assets for fiscal year 2018 totaled \$12,209,608. Capital asset additions include the Land Outfall Replacement and Turbo Blower projects, as well for as several smaller projects.

Long-Term Debt

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

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
2011 Refunding Revenue Bonds	\$ 1,789,732	\$ 3,234,580	(1,444,848)	-44.7%
2017 Revenue Bonds	24,151,495	-	24,151,495	100.0%
State loan payable	2,383,853	3,140,127	(756,174)	-24.1%
Private placement loan payable	1,519,551	1,602,066	(82,515)	-5.2%
SFID Reimbursement Agreement payable	429,329	438,339	(9,010)	-2.1%
SDG&E loan	480,495	-	480,495	100%
Total long-term debt	<u>\$ 30,754,455</u>	<u>\$ 8,415,012</u>	<u>\$ 22,339,443</u>	<u>265.5%</u>

The total long term debt increased by \$22,339,443 due to the issuance of the 2017 Revenue Bonds and the agreement with San Diego Gas & Electric (SDG&E).

Economic Factors

Consistent with the prior year, SEJPA's fiscal year 2018-19 sanitary fund operations and maintenance budget is \$4,934,386. The water reclamation budget is \$1,502,260. Sales of reclaimed water are budgeted to be approximately 1,605 acre feet in the upcoming year.

Contingency funding for each program area has been reviewed and budgeted on the basis of the potential for unforeseen events within each activity area. For all programs, the amount in contingency funding is \$160,400 and is \$14,900 higher than last year's budget levels.

The capital project program will have a budget of \$2,295,000 during the upcoming year. This is primarily for improvements to the wastewater, ocean outfall, and reclamation programs.

Costs of sanitary services are allocated on the basis of percentage of use, as indicated by measured flows, or level of effort, as appropriate. On the basis of connected equivalent dwelling units (EDU's) for wastewater treatment provided to the member agencies, the budgeted cost is approximately \$156 per EDU per year for 2018-19. This represents a 2% decrease from 2017-18. The Encinitas Ranch Golf Course pays a set annual price for interruptible water service. For the remaining water agencies, recycled water sales are based on individual contracts which may include minimum annual purchase volumes and negotiated water rate prices. These revenues are supplemented by incentives from the Metropolitan Water District and the San Diego County Water Authority.

San Elajo Joint Powers Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2018

Economic Factors (Continued)

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

Contacting the Authority's Financial Manager

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

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FINANCIAL STATEMENTS

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San Elijo Joint Powers Authority
Statement of Net Position
June 30, 2018

ASSETS

Current assets:

Cash and investments	\$ 29,345,869
Due from other governmental agencies	708,248
Accrued interest receivable	369,551
Prepaid items	25,738
Current portion of loans receivable	1,415,000
Total current assets	31,864,406

Non-current assets:

Restricted cash and cash equivalents	630,196
Loans receivable - net of current portion	22,350,000
Other assets	8,923
Capital assets:	
Nondepreciable	3,952,385
Depreciable, net of accumulated depreciation	45,559,703
Total capital assets	49,512,088
Total non-current assets	72,501,207
Total assets	104,365,613

DEFERRED OUTFLOWS OF RESOURCES

Deferred amount on refunding	72,250
Deferred outflows of resources related to pensions	964,832
Total deferred outflows of resources	1,037,082

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San Elijo Joint Powers Authority
Statement of Net Position (Continued)
June 30, 2018

LIABILITIES

Current liabilities:

Accounts payable	\$	1,059,140
Accrued liabilities		137,160
Accrued interest payable		379,350
Retention payable		510,626
Unearned revenue		22,573
Revenue refunding bonds - due within one year		1,415,000
State loan payable - due within one year		775,079
Private placement loan payable - due within one year		85,975
SDG&E loan - due within one year		53,388
Compensated absences - due within one year		32,000
Total current liabilities		4,470,291

Non-current liabilities:

Due to member agencies payable from restricted assets		196
Revenue refunding bonds - due in more than one year		374,732
Revenue bonds - due in more than one year		24,151,495
State loan payable - due in more than one year		1,608,774
Private placement loan payable - due in more than one year		1,433,576
SFID reimbursement agreement payable		429,329
SDG&E loan - due in more than one year		427,107
Net pension liability		3,227,017
Total OPEB liability		433,020
Compensated absences - due in more than one year		439,388
Total non-current liabilities		32,524,634
Total liabilities		36,994,925

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions		58,017
Deferred inflows of resources related to OPEB		7,949
Total deferred inflows of resources		65,966

Net Position:

Net investment in capital assets		66,336,897
Restricted		630,000
Unrestricted		1,374,907
Total Net Position	\$	68,341,804

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San Elijo Joint Powers Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

Operating revenues:

Charges for services to other government agencies	\$ 7,928,115
Contributions from the City of Encinitas	1,945,860
Contributions from the City of Solana Beach	<u>1,547,027</u>
Total operating revenues	<u><u>11,421,002</u></u>

Operating expenses:

Personnel costs	3,304,919
Depreciation and amortization	2,294,704
Utilities	835,882
Contracted services	840,288
Supplies	327,850
Disposal services	225,119
Miscellaneous	84,164
Rent	140,929
Repair parts expense	140,510
Permit/purveyor fees	101,573
Insurance	<u>54,795</u>
Total operating expenses	<u><u>8,350,733</u></u>

Operating income

3,070,269

Non-operating revenues (expenses):

Investment income	1,275,656
Rental income	27,417
Loss on disposal of assets	(11,481)
Interest expense	(1,013,526)
Other	<u>1,526</u>
Total non-operating revenues, net	<u><u>279,592</u></u>

Net income before capital contributions

3,349,861

Capital contributions:

Assessments from City of Encinitas	11,545,954
Assessments from City of Solana Beach	<u>11,201,304</u>
Total capital contributions	<u><u>22,747,258</u></u>

Change in net position

26,097,119

Net position:

Beginning of year	<u>42,244,685</u>
End of year	<u><u>\$ 68,341,804</u></u>

San Elijo Joint Powers Authority
Statement of Cash Flows
For the Year Ended June 30, 2018

Cash flows from operating activities:	
Cash receipts from customers	\$ 11,118,271
Cash payments to vendors and suppliers for materials and services	(1,564,905)
Cash payments to employees for services	(3,095,551)
Net cash provided by operating activities	6,457,815
 Cash flows from non-capital financing activities:	
Rental and other nonoperating income	28,943
Net cash provided by non-capital financing activities	28,943
 Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(12,241,911)
Proceeds from issuance of long-term debt	24,755,602
Payment of bond issuance costs	(309,420)
Principal paid on long-term debt	(2,416,159)
Interest paid on long-term debt	(706,343)
Capital contributions	-
Net cash (used in) capital and related financing activities	9,081,769
 Cash flows from investing activities:	
Proceeds from loans receivable	1,997,258
Investment earnings	965,700
Net cash provided by investing activities	2,962,958
Net increase in cash and cash equivalents	18,531,485
 Cash and cash equivalents:	
Beginning of year	11,444,580
End of year	\$ 29,976,065
 Cash and cash equivalents:	
Cash and cash equivalents	\$ 29,345,869
Restricted cash and cash equivalents	630,196
Total cash and cash equivalents	\$ 29,976,065

See accompanying Notes to the Financial Statements.

San Elijo Joint Powers Authority
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2018

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

Operating income	\$ 3,070,269
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Adjustments to reconcile operating income to net cash provided by operating activities:

Depreciation and amortization	2,294,704
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Change in assets, liabilities, deferred outflows of resources, and deferred inflows of resources:

Due from other governmental agencies	(231,852)
Prepaid items	3,265
Deferred outflows related to pensions	116,385
Accounts payable	685,474
Accrued liabilities	(185,786)
Retentions payable	497,466
Unearned revenue	(70,879)
Net pension liability	302,023
Net OPEB liability	10,000
Compensated absences	38,403
Deferred inflows related to pensions	(79,606)
Deferred inflows related to OPEB	7,949

Total adjustments	3,387,546
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Net cash provided by operating activities	\$ 6,457,815
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Non-cash items:

Amortization of other assets	\$ 5,098
Amortization of deferred amount on refunding	41,287

Total non-cash items	\$ 46,385
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NOTES TO THE FINANCIAL STATEMENTS

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San Elijo Joint Powers Authority
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 1 – Reporting Entity

The San Elijo Joint Powers Authority (SEJPA), a Joint Powers Authority authorized by California Government Code Section 6500, was established on June 17, 1987 with the power to own, operate, maintain and upgrade the San Elijo Water Reclamation Facility (WRF) through an agreement between the Cardiff Sanitation District (Cardiff) and the Solana Beach Sanitation District (Solana Beach) (collectively, the “member agencies”). The SEJPA which is governed by a board consisting of four members, two from each member agency; serves as a wastewater treatment facility for the member agencies as well as portions of Rancho Santa Fe Community Services District, Improvement Areas 2 and 3, and portions of the City of San Diego. On July 1, 1990, the City of Solana Beach succeeded to the powers and responsibilities of the Solana Beach Sanitation District; and on October 18, 2001, the City of Encinitas succeeded to the powers and responsibilities of the Cardiff Sanitation District.

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

The SEJPA and the City of Escondido are joint owners and users, 21% and 7% respectively, of the San Elijo Ocean Outfall which is generally comprised of a regulator station and piping extending from an on-shore location out into the ocean.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Method of Accounting

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

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

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Method of Accounting (Continued)

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

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

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

Estimates

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

Revenue Recognition

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

Cash and Cash Equivalents

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

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

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

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

Investments

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

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all amounts due from other government agencies, loans receivable and the retrofit loans receivable were fully collectible; therefore no allowance for doubtful accounts was recorded at June 30, 2018.

Capital Assets

Capital assets consist of construction in progress, plant equipment, lab equipment, office equipment, and vehicles. Capital assets purchased or acquired with a cost exceeding \$2,000 and an estimated useful life of more than one year are reported at historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is calculated on the straight-line method over the following estimated useful lives:

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

Capitalized Interest

The SEJPA incurred interest charges on long-term debt. No interest was capitalized as a cost of construction for the year ended June 30, 2018.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Amortization

2011 Refunding Bonds

Bond insurance costs are being amortized on the straight-line method over periods not to exceed the debt maturities. Amortization expense totaled \$5,098 for the year ended June 30, 2018.

The original issue premium is being amortized on the straight-line method over the remaining life of the related debt. Amortization of the original issue premium totaled \$79,848 for the year ended June 30, 2018 and is included in interest expense.

The deferred amount on refunding is being amortized over the remaining life of the refunded debt. Amortization expense totaled \$41,287 for the year ended June 30, 2018, and is included in interest expense.

2017 Revenue Bonds

The original issue premium is being amortized on the straight-line method over 30 years. Amortization of the original issue premium totaled \$70,224 for the year ended June 30, 2018 and is included in interest expense.

Classification of Liabilities

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

Compensated Absences

Employees are entitled to accrue vacation leave up to a maximum amount equal to twice the employees' annual accrual rate, after which accrual ceases until the balance of maximum accrued falls below the maximum accumulation (208 – 368 hours, depending on length of service). Upon separation of employment, accrued vacation benefits that have not been used are paid to the employee. Sick leave benefits may be accrued up to a maximum of 1,000 hours after which accrual ceases. Employees who are not terminated for cause and have given the SEJPA 14 calendar days written notice are paid for 50% of their sick leave balance upon separation. Accumulated and unpaid vacation and sick-leave totaling \$471,388 is accrued when incurred and included in noncurrent liabilities at June 30, 2018.

Risk Management

The SEJPA is a member of the California Sanitation Risk Management Authority (CSRMA). CSRMA is a risk-pooling self-insurance authority created under provisions of California Government Code Sections 6500 et. seq. The purpose of CSRMA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Each insured agency pays for its proportionate share of its individually contracted insurance coverage and consulting services. At June 30, 2018, the SEJPA participated in the programs of CSRMA as follows:

- **General Liability including Bodily Injury, Property Damage, Public Entity Errors and Omissions, Employment Practices Liability and Automobile Liability**

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

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Risk Management (Continued)

- **Property Damage**

\$61,118,112 in scheduled values is covered through the APIP Property Program with a \$1,000,000,000 shared loss limit per occurrence with a \$5,000 deductible. Coverage includes: all risk property coverage, mobile equipment, auto physical damage and boiler and machinery. The SEJPA has a \$5,000 to \$350,000 deductible for boiler and machinery coverage depending on the size of the machinery.

- **Faithful Performance/Employee Dishonesty Bond**

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

- **Workers' Compensation**

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

The SEJPA pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. The SEJPA's insurance expense totaled \$54,795 for the year ended June 30, 2018. There were no instances in the past three years where a settlement exceeded the SEJPA's coverage.

Pensions

For purposes of measuring the net pension liability at June 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 11). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation date	June 30, 2016
Measurement date	June 30, 2017
Measurement period	July 1, 2016 to June 30, 2017

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expenses for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and/or deferred inflows of resources related to pensions and are recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5-year. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefits

For purposes of measuring the Total OPEB liability at June 30, 2018, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 12). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for OPEB reporting:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Measurement period	July 1, 2017 to June 30, 2018

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

Net Position

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

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

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

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

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

Economic Dependency

The SEJPA received approximately 30.58% of its operating revenues from its member agencies for the year ended June 30, 2018.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 3 – Cash and Cash Equivalents

At June 30, 2018, cash and investments are reported at fair value based on quoted market prices. The following table presents the fair value measurements of investments recognized in the accompanying statement of net position measured at fair value on a recurring basis and the level within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2018:

	Amount Invested	Percentage of Portfolio	Measurement Input
Petty cash	\$ 174	0.00%	N/A
Deposits held with financial institutions	1,963,871	6.55%	N/A
Local Agency Investment Fund (LAIF)	28,012,020	93.45%	Uncategorized
Total cash and investments	\$ 29,976,065	100.00%	

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

Cash and investments	\$ 29,345,879
Restricted cash and cash equivalents	630,196
Total cash, investments, and cash equivalents	\$ 29,976,065

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Minimum Rating
Local agency bonds	5 years	None	None
U.S. Treasury obligations	5 years	None	None
State obligations	5 years	None	None
CA local agency obligations	5 years	None	None
U.S. agency securities	5 years	None	None
Bankers' acceptances	180 days	40%	None
Commercial paper	270 days	25%	A1
Negotiable certificates of deposit	5 years	30%	None
Repurchase agreements	1 year	None	None
Reverse repurchase agreements	92 days	20%	None
Medium-term notes	5 years	30%	A
Mutual funds	n/a	20%	Multiple
Money market mutual funds	n/a	20%	Multiple
Collateralized bank deposits	5 years	None	None
Mortgage pass-through securities	5 years	20%	AA
Time deposits	5 years	None	None
California Local Agency Investment Fund (LAIF)	n/a	None	None
County pooled investments	n/a	None	None

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 3 – Cash and Cash Equivalents (Continued)

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

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the SEJPA's investments (including investments held by the bond trustee) to market interest rate fluctuations is shown via the distribution of the SEJPA's investments by maturity at June 30, 2018 as follows:

<u>Description</u>	<u>Balance</u>	<u>Maturity</u> <u>12 Months or</u> <u>Less</u>
Cash on hand	174	\$ 174
Deposits held with financial institutions	1,963,871	1,963,871
California Local Agency Investment Fund (LAIF)	28,012,020	28,012,020
Total cash and cash equivalents	<u>\$ 29,976,065</u>	<u>\$ 29,976,065</u>

Disclosures Relating to Credit Risk

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

Credit ratings as of June 30, 2018 were as follows:

<u>Description</u>	<u>Minimum</u> <u>Legal Rating</u>	<u>Standards &</u> <u>Poor's Rating at</u> <u>June 30, 2018</u>
Local Agency Investment Fund (LAIF)	N/A	Not Rated
Open ended money market mutual funds	N/A	Not Rated

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 3 – Cash and Cash Equivalents (Continued)

Disclosures Relating to Concentration of Credit Risk

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

The investment policy of the SEJPA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The SEJPA holds no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the SEJPA's total investments at June 30, 2018.

Disclosures Relating to Custodial Credit Risk

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

At June 30, 2018, none of the SEJPA's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. At June 30, 2018, no SEJPA investments were held by the same broker-dealer (counterparty) that was used by the SEJPA to buy the securities.

Investment in State of California Local Agency Investment Fund

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

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

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

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 3 – Cash and Cash Equivalents (Continued)

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

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

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

As of June 30, 2018, SEJPA had \$28,012,020 invested in LAIF, which had invested 2.67% of the pool investment funds in structured notes and asset-backed securities. The LAIF fair value factor of 0.923126869 was used to calculate the fair value of the investment in LAIF.

Note 4 – Due From Other Government Agencies

The SEJPA provides reclaimed water and wastewater treatment to a variety of governmental agencies within San Diego County. The following is a detail of amounts owed to/from the SEJPA by these agencies at June 30, 2018:

<u>Description</u>	<u>Balance</u>
San Dieguito Water District	\$ 68,329
San Diego County Water Authority	58,500
Rancho Santa Fe CSD 2 & 3	29,558
City of Encinitas	87,879
City of Solana Beach	140,278
Santa Fe Irrigation District	91,938
City of Del Mar	178,552
Oliverain Municipal Water District	40,286
Other	12,928
Total due from other governmental agencies	<u>\$ 708,248</u>

Note 5 – Restricted Assets

Restricted assets were provided by and are to be used for the following at June 30, 2018:

<u>Funding Source</u>	<u>Use</u>	<u>Amount</u>
Receipts from customers	State loan reserve requirement	\$ 630,000
Debt proceeds and interest earned	Debt service - Solana Beach	54
Debt proceeds and interest earned	Debt service - Encinitas	142
		<u>\$ 630,196</u>

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 6 – Loans Receivable

The City of Encinitas and the City of Solana Beach have entered into the fourth amendment and restated loan agreements with the SEJPA. The loans bear interest from 2% to 4%. Principal and interest are payable semi-annually four days prior to each September 1 and March 1 of each year, in order to provide the SEJPA with sufficient funds to service the debt on the 2011 Refunding Revenue Bonds and 2017 Revenue Bonds (See Note 8). Loans receivable consist of the following at June 30, 2018:

City of Solana Beach	\$	11,926,155
City of Encinitas		11,838,845
Subtotal		23,765,000
Less: current portion		(1,415,000)
Total	\$	22,350,000

Note 7 – Capital Assets

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

Description	Balance July 1, 2017	Addition	Deletions	Transfers	Balance June 30, 2018
Non-depreciable assets:					
Construction in progress	\$ 2,171,335	\$ 12,049,587	\$ -	\$ (10,268,537)	\$ 3,952,385
Total non-depreciable assets	2,171,335	12,049,587	-	(10,268,537)	3,952,385
Depreciable assets:					
Plant equipment	70,665,253	172,748	(27,812)	10,268,537	80,678,726
Lab equipment	16,724	19,576	(4,491)	-	116,325
Office equipment	70,690	-	-	-	70,690
Vehicles	289,287	-	-	-	289,287
Total depreciable assets	70,726,470	192,324	(32,303)	10,268,537	81,155,028
Accumulated depreciation:					
Plant equipment	(33,222,490)	(1,959,169)	16,331	-	(35,165,328)
Lab equipment	(75,690)	(3,591)	4,491	-	(74,790)
Office equipment	(66,644)	(4,223)	-	-	(70,867)
Vehicles	(271,134)	(13,206)	-	-	(284,340)
Total accumulated depreciation	(33,635,958)	(1,980,189)	20,822	-	(35,595,325)
Total depreciable assets, net	37,090,512	(1,787,865)	(11,481)	10,268,537	45,559,703
Total capital assets, net	\$ 39,261,847	\$ 10,261,722	\$ (11,481)	\$ -	\$ 49,512,088

Depreciation totaled \$1,980,189 for the year ended June 30, 2018. Depreciation plus amortization of other assets of \$314,515, as reported in the Statement of Revenues, Expenses, and Changes in Net Position, totaled \$2,294,704 for the year ended June 30, 2018.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 8 – Noncurrent Liabilities

A summary of changes in noncurrent liabilities for the year ended June 30, 2018 is as follows:

	Balance			Balance July 1, 2018	Classification	
	July 1, 2017	Additions	Deletions		Due Within One Year	Due in More Than One Year
Payable from Restricted Assets:						
Due to member agencies payable from restricted assets	\$ 247	\$ -	\$ (51)	\$ 196	\$ -	\$ 196
Total payable from restricted assets	247	-	(51)	196	-	196
Long-Term Debt:						
2011 Refunding Revenue Bonds	3,015,000	-	(1,365,000)	1,650,000	1,415,000	235,000
add: original issue premium	219,580	-	(79,848)	139,732	-	139,732
2017 Revenue Bonds	-	22,115,000	-	22,115,000	-	22,115,000
add: original issue premium	-	2,106,719	(70,224)	2,036,495	-	2,036,495
State loan payable	3,140,027	-	(756,174)	2,383,853	775,079	1,608,774
Private placement loan payable	1,602,066	-	(1,251,511)	1,519,551	85,975	1,433,576
SFID Reimbursement Agreement payable	438,339	-	(9,110)	429,329	-	429,329
SDG&E financing	-	533,883	(53,388)	480,495	53,388	427,107
Total long-term debt	8,415,012	24,755,602	(2,416,159)	30,754,455	2,329,442	28,425,013
Other Noncurrent Liabilities:						
Compensated absences	432,985	19,291	(154,888)	471,388	32,000	439,388
Total OPEB liability	423,020	10,000	-	433,020	-	433,020
Net pension liability	2,924,994	3,022	-	3,227,017	-	3,227,017
Total other noncurrent liabilities	3,780,999	22,313	(154,888)	4,131,425	32,000	4,099,425
Total long-term obligations	\$ 12,196,258	\$ 25,260,916	\$ (2,571,098)	\$ 34,886,076	\$ 2,361,442	\$ 32,524,634

2011 Refunding Revenue Bonds

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

Although the refunding resulted in a deferred amount on refunding of \$340,611, the SEJPA in effect reduced the aggregate debt service payments by approximately \$222,000 each year over the next six years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of \$1,251,450. The deferred amount on refunding totaled \$72,250 at June 30, 2018.

The 2011 Refunding Revenue Bonds are payable in annual principal installments ranging from \$50,000 to \$1,415,000 through March 1, 2021. Interest payments are due semiannually on September 1, and March 1. Interest rates on the bonds range from 2% to 4%. The 2011 Refunding Revenue Bonds outstanding total \$1,650,000 at June 30, 2018. Accrued interest totaled \$21,023 at June 30, 2018. The member agencies have covenanted to make payments of loan installments in each year from net revenues derived from the operation of each Agency's respective wastewater collection system.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 8 – Noncurrent Liabilities (Continued)

2011 Refunding Revenue Bonds (Continued)

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

Year Ending June 30	Principal	Interest	Total
2019	\$ 1,415,000	\$ 63,068	\$ 1,478,068
2020	115,000	6,468	121,468
2021	120,000	3,420	123,420
Total	<u>\$ 1,650,000</u>	<u>\$ 72,956</u>	<u>\$ 1,722,956</u>

State Loan Payable

In March 1998, the SEJPA entered into an agreement with the State Water Resources Control Board for funding of the San Elijo Water Reclamation System. The loan was funded through the State Revolving Fund loan program administered by the State of California in the amount of \$12,633,322. The State Revolving Fund loan program provides funding for water reclamation projects at a reduced interest rate of 2.5%. The state loan payable outstanding totaled \$2,383,853 at June 30, 2018. Accrued interest totaled \$52,147 at June 30, 2018. The San Elijo Water Reclamation Project represented the construction of tertiary treatment, operational storage facilities, effluent pump stations and a reclaimed water distribution system. Annual loan payments are made by the SEJPA in the amount of \$834,675 and continue through August 2020. The SEJPA has agreed to maintain a dedicated source of revenue sufficient to provide reasonable assurance of repayment of the loan.

The terms of the state loan payable require the SEJPA to place \$63,000 into a reserve fund each year for ten (10) years, beginning with the issuance of the loan. The reserve fund balance was \$630,000 at June 30, 2018 (See Note 4).

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

Year Ending June 30	Principal	Interest	Total
2019	\$ 775,079	\$ 59,596	\$ 834,675
2020	794,456	40,219	834,675
2021	814,318	20,358	834,675
Total	<u>\$ 2,383,853</u>	<u>\$ 120,173</u>	<u>\$ 2,504,025</u>

Private Placement Loan Payable

In November 2011, the SEJPA entered into a private placement loan payable with Municipal Finance Corporation in the amount of \$2,000,000 to fund advanced water treatment improvements (Advanced Water Treatment Project) at the San Elijo Water Reclamation Facility. Interest accrues at 4.15% on the unpaid principal balance and is payable in forty (40) semi-annual payments of \$74,077 including principal and interest and continue through December 2031. The private placement loan payable outstanding totaled \$1,519,551 at June 30, 2018. Accrued interest totaled \$5,255 at June 30, 2018. The SEJPA's obligation to pay the loan repayments is a special obligation limited solely to the net revenues as defined in the loan agreement. The SEJPA has covenanted that it will fix, prescribe and collect rates, fees and charges sufficient to generate net revenues at least equal to 115% of the amount of the maximum annual debt service.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 8 – Noncurrent Liabilities (Continued)

Private Placement Loan Payable (Continued)

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

Year Ending June 30	Principal	Interest	Total
2019	\$ 85,975	\$ 62,179	\$ 148,154
2020	89,580	58,574	148,154
2021	93,336	54,817	148,153
2022	97,249	50,904	148,153
2023	101,327	46,826	148,153
2024-2028	574,042	166,723	740,765
2029-2032	478,042	40,492	518,534
Total	<u>\$ 1,519,551</u>	<u>\$ 480,515</u>	<u>\$ 2,000,066</u>

SFID Reimbursement Agreement Payable

The Santa Fe Irrigation District (SFID) constructed a reclaimed water distribution pipeline extension of 3,400 linear feet to the SEJPA’s reclaimed water distribution system in order to extend SEJPA’s existing recycled water distribution system and enable the SFID to serve new reclaimed water customers. SEJPA agreed to reimburse SFID for the cost of design and construction of the extension in the amount of \$526,149 and the SFID agreed to convey ownership of the extension to SEJPA. Under the terms of the agreement, the reimbursement amount shall be increased each July 1st by adding interest at the rate equivalent to the average LAIF rate for the past four quarters, but not less than 1% nor greater than 2.5% calculated on the unpaid monthly balance. SEJPA shall reimburse the SFID at a monthly rate of \$450 per acre foot of recycled water delivered through the extension including water delivered to purveyors other than SFID. In addition, SEJPA made an initial down payment of \$50,000. SEJPA will further make a lump sum payment of all remaining principal and interest due after completion of the 20th year of this agreement if the average annual delivery volume of the extension from year 13 through year 15 exceeds 50 acre feet annually. Future payments on the SFID reimbursement agreement payable are contingent upon future reclaimed water sales, therefore future maturities have not been estimated and the agreement is considered noncurrent. The SFID reimbursement agreement payable totaled \$429,379 at June 30, 2018.

2017 Revenue Bonds

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

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 8 – Noncurrent Liabilities (Continued)

2017 Revenue Bonds (Continued)

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

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

Year Ending June 30	Principal	Interest	Total
2019	\$ -	\$ 902,775	\$ 902,775
2020	435,000	902,775	1,337,775
2021	450,000	889,725	1,339,725
2022	460,000	876,225	1,336,225
2023	475,000	862,425	1,337,425
2024-2028	2,685,000	4,004,475	6,689,475
2029-2033	3,415,000	3,268,875	6,683,875
2034-2038	4,250,000	2,410,800	6,690,800
2039-2043	5,090,000	1,590,313	6,680,313
2044-2047	4,855,000	1,480,000	5,349,800
Total	<u>\$ 22,115,000</u>	<u>\$ 16,233,188</u>	<u>\$ 38,348,188</u>

San Diego Gas & Electric Loan:

On July 3, 2017, the SEJPA entered into a non-bill financing loan agreement with San Diego Gas & Electric (SDG&E) in the amount of \$533,883 in order to retrofit certain electrical equipment. The SEJPA will pay an additional \$4,449 on their monthly SDG&E bills. This retrofitting is expected to save the SEJPA \$68,120 per year and be paid off in under eight years.

Note 9 – Postemployment Benefits

Plan Description

The SEJPA provides medical insurance benefits to eligible retirees in accordance with various labor agreements subject to the SEJPA's vesting schedule. Medical benefits are typically available at age 55 and are only available to those retirees that select CalPERS medical upon the date of retirement. The current maximum contribution by the SEJPA to the retiree is \$128 per month, which is set by CalPERS.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 9 – Postemployment Benefits (Continued)

Eligibility

Employees of the SEJPA are eligible for retiree health benefits if they retire within 120 days of their separation date. Membership in the plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Active plan members	20
Retirees	4
	4
Total	24

Contributions

The obligation of the SEJPA to contribute to the plan is established and may be amended by the Board of Directors. The Board of Directors has established a policy of funding the actuarially determined contribution (ADC) on a pay as you go basis. For the fiscal year ended June 30, 2018, the SEJPA's average contribution rate was 0.33 % of covered-employee payroll. Employees are not required to contribute to the plan.

Total OPEB Liability

The SEJPA's total OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total OPEB liability at June 30, 2018 was:

Total OPEB liability	\$ 433,020
Total OPEB liability	\$ 433,020

Actuarial Assumptions

The total OPEB liability at the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:

Discount Rate	3.50%
Inflation	2.75%
Aggregate payroll increases	3.00%
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	CalPERS 1997-2011
Mortality Improvement Scale	Modified MP-2014, which converge to ultimate mortality improvement rates in 2022.
Pre-retirement turnover	Ranging from 0.01% to 17.42% based on termination rates under the CalPERS pension plan.
Healthcare Trend Rate	An annual healthcare cost trend rate of 6.5% initially reduced by decrements to an ultimate of 5.0% therefore.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 9 – Postemployment Benefits (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2018.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50% percent. This discount rate is the mid-point, rounded to five basis points, of the range of 3-20 year municipal bond rate indices; S&P Municipal bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$ 423,020
Changes Recognized for the Measurement Period:	
Service cost	18,879
Interest on the total OPEB liability	14,566
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	(9,275)
Contributions from the employer	-
Net investment income	-
Administrative expense	-
Benefit payments	(14,170)
Net Changes during July 1, 2017 to June 30, 2018	10,000
Balance at June 30, 2018 (Measurement Date)	\$ 433,020

Change in the Total OPEB Liability (Continued)

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

The following presents the total OPEB liability of the SEJPA, as well as what the SEJPA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.35 percent) or 1-percentage-point higher (4.35 percent) than the current discount rate:

Plan's Total OPEB Liability/(Asset)		
Discount Rate - 1%	Current Discount	Discount Rate + 1%
(2.50%)	Rate (3.50%)	(4.35%)
\$ 501,041	\$ 433,020	\$ 378,196

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 9 – 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 the SEJPA, as well as what the SEJPA’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

Plan's Total OPEB Liability		
Discount Rate - 1% (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	Discount Rate + 1% (7.5% decreasing to 5.0%)
\$ 368,668	\$ 433,020	\$ 514,459

OPEB Expense

For the fiscal year ended June 30, 2018, the SEJPA recognized OPEB expense of \$32,120.

Deferred outflows or deferred inflows of resources associated with OPEB at June 30, 2018 were the following:

	Deferred outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	(7,949)
Net difference between projected and actual earning on OPEB plan investments	-	-
Total	\$ -	\$ (7,949)

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
2019	\$ (1,325)
2020	(1,325)
2021	(1,325)
2022	(1,325)
2023	(1,325)
Thereafter	(1,324)
	\$ (7,949)

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 10 – Defined Benefit Pension Plan

Plan Descriptions

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

Benefits Provided

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

The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

Hire Date	Miscellaneous		
	Prior to July 1, 2012	On or After July 1, 2012	
		Second Tier	PEPRA
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.25%
Required employer contribution rates	10.110%	7.200%	6.533%

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 10 – Defined Benefit Pension Plan (Continued)

Benefits Provided (Continued)

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

Employees Covered by the Benefit Terms

For the year ended June 30, 2018, the SEJPA's plan's proportionate share of aggregate employer contributions made for the plan was as follows:

	Miscellaneous
Contributions - employer	\$ 367,677

At June 30, 2016, the following employees were covered by the benefit terms for the miscellaneous plan:

	Miscellaneous
Active employees	20
Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to, but not yet receiving benefits	15
Total	49

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

As of June 30, 2018, the SEJPA reported net pension liabilities for its proportionate shares of the net pension liability of the plan as follows:

	Miscellaneous
Proportionate share of net pension liability	\$ 3,227,017

The SEJPA's net pension liability for the plan is measured as the proportionate share of the net pension liability. The net pension liability of the plan is measured as of June 30, 2017, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The SEJPA's proportion of the net pension liability was based on a projection of the SEJPA's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 10 – Defined Benefit Pension Plan (Continued)

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

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

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2016). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2017). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2017 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2016-17).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

The SEJPA’s proportionate share of the net pension liability for the plan as of June 30, 2017 was as follows:

	Miscellaneous
Proportion June 30, 2016	0.079200%
Proportion June 30, 2017	0.080480%
Change - increase (decrease)	0.001280%

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 10 – Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2018, the SEJPA recognized pension expense of \$581,700. At June 30, 2018, the SEJPA reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 302,451	\$ -
Difference between expected and actual experience	-	(58,017)
Changes of assumptions	498,962	-
Net difference between projected and actual earnings on pension plan investments	122,159	-
Employer contributions in excess/(under) proportionate share of contributions	35,221	-
Adjustments due to difference in proportions	6,039	-
Total	\$ 964,832	\$ (58,017)

The \$302,451 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources
2019	\$ 184,784
2020	295,794
2021	196,316
2022	(72,530)
2023	-
Thereafter	-
Total	\$ 604,364

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 10 – Defined Benefit Pension Plan (Continued)

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability determined in the June 30, 2016 actuarial accounting valuation. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

The underlying mortality assumption and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2014. Further details for the Experience Study can be found on the CalPERS website under "Forms and Publications."

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

Change of Assumption

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of the June 30, 2016 measurement date to correct the adjustment, which previously reduced the discount rate for administrative expense. The discount rate was changed from 7.65 percent as of the June 30, 2016 measurement date to 7.15% as of the June 30, 2017 measurement date.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 10 – Defined Benefit Pension Plan (Continued)

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

Discount Rate

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

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

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

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

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 10 – Defined Benefit Pension Plan (Continued)

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

Discount Rate (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11 + ²
Global equity	47.00%	4.90%	5.38%
Global fixed income	19.00%	0.80%	2.27%
Inflation sensitive assets	6.00%	2.60%	1.39%
Private equity	12.00%	6.30%	6.63%
Real estate	11.00%	2.80%	5.21%
Infrastructure and forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

¹ An expected inflation of 2.5% was used for this period.

² An expected inflation of 3.0% was used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the plan, as of the measurement date calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Plan's Net Pension Liability/(Asset)		
Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
\$ 2,007,502	\$ 3,227,017	\$ 1,752,386

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

Payable to the Pension Plan

At June 30, 2018, the SEJPA reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 11 – Net Position

At June 30, 2018, net investment in capital assets consisted of the following:

<u>Description</u>	<u>Balance</u>
Net investment in capital assets:	
Capital assets – not being depreciated	\$ 3,952,385
Capital assets, net – being depreciated	45,559,703
Loans receivable - capital	23,765,000
Deferred amount on refunding	72,250
Accrued interest payable	(379,350)
Retention payable	(510,626)
2011 Refunding Revenue Bonds	(78,732)
State loan payable	(2,383,853)
Private placement loan	(1,519,551)
SFID loan payable	(429,329)
Total net investment in capital assets	<u>66,336,897</u>

Note 12 – Commitments and Contingencies

Contracts

The SEJPA has entered into various contracts for the purchase of material and construction of capital assets. The amounts contracted are based on the contractor's estimated cost of construction. At June 30, 2018, the total unpaid amount on these contracts is approximately \$2,965,266.

Litigation

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

Operating Leases

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

In January 2007, the SEJPA entered into a Communications Site License Agreement as lessor with Omnipoint Communications, Inc. which was subsequently conveyed to T-Mobile West, LLC. The initial term of the agreement, which calls for an annual payment of \$20,400 and increasing 3% annually, is for 5 years commencing the earlier of the date the licensees intend to commence construction or October 1, 2007. This lease agreement may be extended automatically for five additional five-year terms on the same terms and conditions at the election of Omnipoint. The lease ended October 1, 2017. The SEJPA recognized rental income in the amount of \$27,417 for the year ended June 30, 2018.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

Note 13 – New and Upcoming Governmental Accounting Standards Implementation

Upcoming Governmental Accounting Standards Implementation

GASB Statement No. 83

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (ARO). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2019.

GASB Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2020.

GASB Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2020.

GASB Statement No. 88

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement also defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

San Elijo Joint Powers Authority
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2018

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

GASB Statement No. 88 (Continued)

In addition the statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2020.

GASB Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2021.

GASB Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2020.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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San Elijo Joint Powers Authority
Required Supplementary Information (Unaudited)
Schedules of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios
Last Ten Fiscal Years*
Miscellaneous Plan
As of June 30, 2018

	6/30/2017 ¹	6/30/2016 ¹	6/30/2015 ¹	6/30/2014 ¹
Plan's proportion of the net pension liability	0.081861%	0.079200%	0.089800%	0.031140%
Plan's proportionate share of the net pension liability	\$ 3,227,017	\$ 2,924,994	\$ 2,463,640	\$ 1,937,636
Plan's covered payroll ²	\$ 1,930,102	\$ 1,916,333	\$ 1,718,001	\$ 1,707,696
Plan's proportionate share of the net pension liability as a percentage of covered payroll	167.19%	152.63%	143.40%	113.46%
Plan's fiduciary net position	\$ 9,717,557	\$ 8,477,710	\$ 8,203,952	\$ 7,976,883
Plan's fiduciary net position as a percentage of the total pension liability	75.07%	74.35%	76.91%	80.46%
Plan's proportionate share of aggregate employer contributions ^{3,4}	\$ 367,677	\$ 315,703	\$ 308,067	\$ 215,709

Notes to Schedule:

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

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

* - Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

¹ Ten year historical information is not available.

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

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

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

San Elijo Joint Powers Authority
Required Supplementary Information (Unaudited)
Schedule of Contributions
Last Ten Fiscal Years*
Miscellaneous Plan
As of June 30, 2018

	2017-18 ¹	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Contractually determined contribution (actuarially determined)	\$ 302,451	\$ 302,683	\$ 286,852	\$ 267,504	\$ 256,232
Contributions in relation to the actuarially determined contributions ²	(302,451)	(437,683)	(411,852)	(267,504)	(256,232)
Contribution deficiency (excess)	\$ -	\$ (135,000)	\$ (125,000)	\$ -	\$ -
Covered payroll ^{3,4}	\$ 1,930,102	\$ 1,916,333	\$ 1,829,430	\$ 1,832,405	\$ 1,707,696
Contributions as a percentage of covered payroll ³	15.67%	22.84%	22.51%	14.60%	15.00%

¹ Ten year historical information is not available.

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

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

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

Notes to Schedule

Valuation date: 6/30/2016

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were from the June 30, 2015 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2015 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* - Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

San Elijo Joint Powers Authority
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years ¹
For the Year Ended June 30, 2017

Measurement period, year ending:	6/30/2018 ¹	6/30/2017 ¹
Total OPEB liability		
Service cost	\$ 18,879	\$ 18,267
Interest	14,565	13,926
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(9,274)	-
Benefit payments, including refunds of member contributions	(14,170)	(13,242)
Net change in total OPEB liability	10,000	18,951
Total OPEB liability - beginning	423,020	404,069
Total OPEB liability - ending (a)	433,020	\$ 423,020
OPEB fiduciary net position		
Contributions - employer	\$ 14,170	\$ 13,242
Net investment income	-	-
Benefit payments, including refunds of member contributions	(14,170)	(13,242)
Administrative expense	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	-	-
Plan net OPEB liability - ending (a) - (b)	\$ 433,020	\$ 423,020
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered-employee payroll	N/A	\$ 1,856,890
Plan net OPEB liability as a percentage of covered-employee payroll	N/A	22.78%

¹ Ten year historical information is not available.

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SUPPLEMENTARY INFORMATION

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San Elijo Joint Powers Authority
Combining Statement of Net Position
June 30, 2018

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 28,211,238	\$ 1,134,631	\$ 29,345,869
Due from other governmental agencies	405,427	302,821	708,248
Accrued interest receivable	364,674	4,877	369,551
Prepaid items	20,643	5,095	25,738
Current portion of loans receivable	1,415,000	-	1,415,000
Total current assets	<u>30,416,982</u>	<u>1,447,424</u>	<u>31,864,406</u>
Non-current assets:			
Restricted cash and cash equivalents	196	630,000	630,196
Loans receivable - net of current portion	22,350,000	-	22,350,000
Other assets	8,923	-	8,923
Capital assets:			
Nondepreciable	3,195,116	757,269	3,952,385
Depreciable, net of accumulated depreciation	29,457,980	16,101,723	45,559,703
Total capital assets	<u>32,653,096</u>	<u>16,858,992</u>	<u>49,512,088</u>
Total non-current assets	<u>25,012,215</u>	<u>17,488,992</u>	<u>42,501,207</u>
Total assets	<u>55,429,197</u>	<u>18,936,416</u>	<u>74,365,613</u>
Deferred outflows of resources:			
Deferred amount on refunding	72,250	-	72,250
Deferred outflows related to pensions	800,810	164,022	964,832
Total deferred outflows of resources	<u>873,060</u>	<u>164,022</u>	<u>1,037,082</u>

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San Elijo Joint Powers Authority
Combining Statement of Net Position (Continued)
June 30, 2018

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 912,974	\$ 146,166	\$ 1,059,140
Accrued liabilities	113,591	23,569	137,160
Accrued interest payable	321,948	57,402	379,350
Retention payable	510,626	-	510,626
Unearned revenue	22,573	-	22,573
Revenue refunding bonds - due within one year	1,415,000	-	1,415,000
State loan payable - due within one year	-	775,079	775,079
Private placement loan payable - due within one year	-	85,975	85,975
SDG&E loan - due within one year	53,388	-	53,388
Compensated absences - due within one year	27,262	4,738	32,000
Total current liabilities	<u>3,377,362</u>	<u>1,092,929</u>	<u>4,470,291</u>
Non-current liabilities:			
Due to member agencies payable from restricted assets	196	-	196
Revenue refunding bonds - due in more than one year	374,732	-	374,732
Revenue bonds - due in more than one year	24,151,495	-	24,151,495
State loan payable - due in more than one year	-	1,608,774	1,608,774
Private placement loan payable - due in more than one year	-	1,433,576	1,433,576
SFID reimbursement agreement payable	-	429,329	429,329
SDG&E loan - due in more than one year	427,107	-	427,107
Net pension liability	2,678,424	548,593	3,227,017
Total OPEB liability	359,407	73,613	433,020
Compensated absences - due in more than one year	374,332	65,056	439,388
Total non-current liabilities	<u>28,365,693</u>	<u>4,158,941</u>	<u>32,524,634</u>
Total liabilities	<u>31,743,055</u>	<u>5,251,870</u>	<u>36,994,925</u>
Deferred inflows of resources			
Deferred inflows related to pensions	48,154	9,863	58,017
Deferred inflows related to OPEB	6,598	1,351	7,949
Total deferred inflows of resources	<u>54,752</u>	<u>11,214</u>	<u>65,966</u>
Net position:			
Net investment in capital assets	53,868,040	12,468,857	66,336,897
Restricted	-	630,000	630,000
Unrestricted	636,410	738,497	1,374,907
Total net position	<u>\$ 54,504,450</u>	<u>\$ 13,837,354</u>	<u>\$ 68,341,804</u>

San Elijo Joint Powers Authority
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

Operating revenues:	Wastewater	Recycled	Total
Charges for services to other government agencies	\$ 5,070,062	\$ 2,858,053	\$ 7,928,115
Contributions from the City of Encinitas	1,945,860	-	1,945,860
Contributions from the City of Solana Beach	1,547,027	-	1,547,027
Total operating revenues	8,562,949	2,858,053	11,421,002
Operating expenses:			
Personnel costs	2,625,757	679,162	3,304,919
Depreciation and amortization	1,659,012	635,692	2,294,704
Utilities	500,639	335,243	835,882
Contracted services	612,594	227,694	840,288
Supplies	216,440	111,410	327,850
Disposal services	225,119	-	225,119
Miscellaneous	71,299	12,865	84,164
Rent	49,727	91,202	140,929
Repair parts expense	97,276	43,234	140,510
Permit/purveyor fees	77,888	23,685	101,573
Insurance	38,356	16,439	54,795
Total operating expenses	7,174,107	2,176,626	8,350,733
Operating income	2,388,842	681,427	3,070,269
Non-operating revenues (expenses):			
Investment income	1,260,865	14,791	1,275,656
Rental income	27,417	-	27,417
Loss on disposal of assets	(11,481)	-	(11,481)
Interest expense	(880,919)	(132,607)	(1,013,526)
Other	1,526	-	1,526
Total non-operating revenues (expenses), net	397,408	(117,816)	279,592
Net income before capital contributions	2,786,250	563,611	3,349,861
Capital contributions:			
Assessments from City of Encinitas	11,545,954	-	11,545,954
Assessments from City of Solana Beach	11,201,304	-	11,201,304
Total capital contributions	22,747,258	-	22,747,258
Change in net position	25,533,508	563,611	26,097,119
Net position:			
Beginning of year	28,970,942	13,273,743	42,244,685
End of year	<u>\$ 54,504,450</u>	<u>\$ 13,837,354</u>	<u>\$ 68,341,804</u>

San Elijo Joint Powers Authority
Combining Statement of Cash Flows
For the Year Ended June 30, 2018

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
Cash flows from operating activities:			
Cash receipts from customers	\$ 8,234,761	\$ 2,883,510	\$ 11,118,271
Cash payments to vendors and suppliers for materials and services	(782,484)	(782,421)	(1,564,905)
Cash payments to employees for services	(2,481,951)	(613,600)	(3,095,551)
Net cash provided by operating activities	<u>4,970,326</u>	<u>1,487,489</u>	<u>6,457,815</u>
Cash flows from non-capital financing activities:			
Rental and other nonoperating income	28,943	-	28,943
Net cash provided by non-capital financing activities	<u>28,943</u>	<u>-</u>	<u>28,943</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(12,012,804)	(229,107)	(12,241,911)
Proceeds from issuance of long-term debt	24,755,602	-	24,755,602
Payment of bond issuance costs	(309,420)	-	(309,420)
Principal paid on long-term debt	(1,568,459)	(847,700)	(2,416,159)
Interest paid on long-term debt	(556,906)	(149,437)	(706,343)
Net cash provided by (used in) capital and related financing activities	<u>10,008,013</u>	<u>(1,226,244)</u>	<u>9,081,769</u>
Cash flows from investing activities:			
Proceeds from loans receivable	1,997,258	-	1,997,258
Investment earnings	952,601	13,099	965,700
Net cash provided by investing activities	<u>2,949,859</u>	<u>13,099</u>	<u>2,962,958</u>
Net increase in cash and cash equivalents	18,257,141	274,344	18,531,485
Cash and cash equivalents:			
Beginning of year	9,954,293	1,490,287	11,444,580
End of year	<u>\$ 28,211,434</u>	<u>\$ 1,764,631</u>	<u>\$ 29,976,065</u>
Cash and cash equivalents	\$ 28,211,238	\$ 1,134,631	\$ 29,345,869
Restricted cash and cash equivalents	196	630,000	630,196
Total cash and cash equivalents	<u>\$ 28,211,434</u>	<u>\$ 1,764,631</u>	<u>\$ 29,976,065</u>

San Elijo Joint Powers Authority
Combining Statement of Cash Flows (Continued)
For the Year Ended June 30, 2018

	<u>Wastewater</u>	<u>Recycled</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 2,388,842	\$ 681,427	\$ 3,070,269
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,659,012	635,692	2,294,704
Change in assets, liabilities, deferred outflows of resources, and deferred inflows of resources:			
Due from other governmental agencies	(257,309)	25,457	(231,852)
Prepaid items	3,609	(344)	3,265
Deferred outflows related to pensions	112,948	3,437	116,385
Accounts payable	605,779	79,695	685,474
Accrued liabilities	(114,879)	(70,907)	(185,786)
Retentions payable	497,466	-	497,466
Unearned revenue	(70,879)	-	(70,879)
Net pension liability	183,952	118,031	302,023
Total OPEB liability	8,448	1,552	10,000
Compensated absences	25,632	8,771	38,403
Deferred inflows related to pensions	(87,933)	3,327	(79,606)
Deferred inflows related to OPEB	6,598	1,351	7,949
Total adjustments	<u>2,581,484</u>	<u>806,062</u>	<u>3,387,546</u>
Net cash provided by operating activities	<u>\$ 4,970,326</u>	<u>\$ 1,487,489</u>	<u>\$ 6,457,815</u>
Non-cash items:			
Amortization of other assets	\$ 5,098	\$ -	\$ 5,098
Amortization of deferred amount on refunding	41,287	-	41,287
Total non-cash items	<u>\$ 46,385</u>	<u>\$ -</u>	<u>\$ 46,385</u>

San Elijo Joint Powers Authority
Operating Budget Comparison Schedule - Wastewater
For the Year Ended June 30, 2018
(Unaudited)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues:			
Charges for services to other government agencies	\$ 1,639,418	\$ 5,070,062	\$ 3,430,644
Contributions from the City of Encinitas	1,857,984	1,945,860	87,876
Contributions from the City of Solana Beach	1,406,746	1,547,027	140,281
Total operating revenues	<u>4,904,148</u>	<u>8,562,949</u>	<u>3,658,801</u>
Operating expenses:			
Personnel costs	2,453,973	2,625,757	(171,784)
Utilities	651,863	500,639	151,224
Contracted services	566,254	612,594	(46,340)
Supplies	232,010	216,440	15,570
Disposal services	224,000	225,119	(1,119)
Miscellaneous	80,297	71,299	8,998
Rent	7,388	49,727	(42,339)
Repair parts expense	137,799	97,276	40,523
Permit/purveyor fees	61,774	77,888	(16,114)
Insurance	48,011	38,356	9,655
Capital expense	43,500	-	43,500
Contingency	145,500	-	145,500
Total operating expenses	<u>4,652,369</u>	<u>4,515,095</u>	<u>137,274</u>
Operating income (loss)	<u>\$ 251,779</u>	<u>\$ 4,047,854</u>	<u>\$ 3,796,075</u>

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San Elijo Joint Powers Authority
Operating Budget Comparison Schedule - Recycled
For the Year Ended June 30, 2018
(Unaudited)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues:			
Charges for services to other government agencies	\$ 2,712,190	\$ 2,858,053	\$ 145,863
Contributions from the City of Encinitas	-	-	-
Contributions from the City of Solana Beach	-	-	-
Total operating revenues	<u>2,712,190</u>	<u>2,858,053</u>	<u>145,863</u>
Operating expenses:			
Personnel costs	524,694	679,162	(154,468)
Utilities	388,199	335,243	52,956
Contracted services	275,093	227,694	47,399
Supplies	116,233	111,410	4,823
Miscellaneous	19,470	12,865	6,605
Rent	73,150	91,202	(18,052)
Repair parts expense	43,697	43,234	463
Permit/purveyor fees	29,174	23,685	5,489
Capital expense	5,000	-	5,000
Insurance	20,194	16,439	3,755
Total operating expenses	<u>1,479,904</u>	<u>1,540,934</u>	<u>(46,030)</u>
Operating income (loss)	<u>\$ 1,217,286</u>	<u>\$ 1,317,119</u>	<u>\$ 99,833</u>

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ATTACHMENT 2

December XX, 2018

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

We have audited the financial statements of the San Elijo Joint Powers Authority (SEJPA) for the year ended June 30, 2018, and have issued our report thereon dated December XX, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the scope and timing of our audit. We have communicated such information in our letter to you dated December 3, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

New Accounting Standards

GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, the Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interest. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2018.

GASB issued Statement No. 85, *Omnibus 2017*. This statement addresses practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of areas including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2018.

GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Application of this statement is effective for the SEJPA's fiscal year ending June 30, 2018.

No other new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the SEJPA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December XX, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the SEJPA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios, Schedules of Contributions for Pension and OPEB, and the Schedule of Changes in Net OPEB Liability and Related Ratios, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, Combining Statement of Cash Flows, Operating Budget Comparison Schedule – Wastewater, and Operating Budget Comparison Schedule – Reclamation which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

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

Very truly yours,

San Diego, California

DRAFT 12.04.2018

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2018

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance and Administration

SUBJECT: SAN ELIJO JOINT POWERS AUTHORITY END OF YEAR REVIEW OF THE
FISCAL YEAR 2017-18 OPERATING AND DEBT SERVICE EXPENSES

RECOMMENDATION

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

BACKGROUND

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

Programs operated by SEJPA include:

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

In providing these services, SEJPA seeks to accomplish its mission in an environmentally, socially, and fiscally responsible manner. Each of the above programs is funded by the customer base that is served and cost allocations are applied based on actual flows treated or level of effort provided. Operational funding collected but not spent is returned to the contributing agencies. The total operating budget for the Fiscal Year (FY 2017-18) was \$6,142,079.

DISCUSSION

SEJPA manages and operates ten programs of which nine of these programs were active the entire year, and one was only partially active. All of the programs completed the year at or under budget. The City of Del Mar (21st Street Pump Station) was not as active as anticipated due to maintenance work sharing with Del Mar.

The following information is the actual expense for FY 2017-18, which ended June 30, 2018. The final expense for FY 2017-18 includes a \$50,000 investment contribution to the recently established PARS trust, which is intended to assist with funding future CalPERS pension obligations. Although each program's costs and total costs were at or below budget, cost sharing was greater than expected for the Cities of Encinitas, Solana Beach, and Rancho Santa Fe CSD's as a result of the City of Del Mar's collection system repairs that delayed Del Mar's conveyance of wastewater to SEJPA until the fourth quarter of FY 2017-18. Below is a table depicting wastewater treatment and disposal revenues for the member and other government agencies:

Wastewater Treatment & Disposal Revenues by Member & Other Government Agencies

<u>Agency</u>	<u>Final FY 2017-18</u>	<u>Budget FY 2017-18</u>	<u>Over/(Under) Budget</u>	<u>% Budget Received</u>
City of Encinitas	1,945,860	1,857,984	87,876	104.7%
City of Solana Beach	1,547,027	1,406,746	140,281	110.0%
City of Escondido	461,973	484,547	(22,573)	95.3%
Rancho Santa Fe CSD's	292,217	262,659	29,558	111.3%
City of Del Mar	140,460	572,549	(432,089)	24.5%
	<u>4,387,538</u>	<u>4,584,485</u>	<u>(196,947)</u>	<u>95.7%</u>

Below is a table of expense and budget variance for FY 2017-18 by each of the SEJPA Programs:

Summary by Program

Program	Final FY 2017-18	Budget FY 2017-18	Over/(Under) Budget	% Budget Spent
Wastewater Treatment	2,764,781	2,787,364	(22,583)	99.2%
Laboratory	472,390	471,669	721	100.2%
Ocean Outfall	531,138	562,121	(30,983)	94.5%
Cardiff Sanitary Division Pump Stations	218,365	242,831	(24,466)	89.9%
Encinitas Sanitary Division Pump Station	113,257	153,136	(39,879)	74.0%
City of Encinitas Urban & Storm Water	26,915	31,013	(4,098)	86.8%
City of Solana Beach Pump Stations	304,096	318,388	(14,292)	95.5%
City of Solana Beach Generator Services	9,688	9,755	(67)	99.3%
City of Del Mar Pump Station	17,527	75,897	(58,369)	23.1%
Programs before Recycled Water	4,458,158	4,652,174	(194,016)	95.8%
Recycled Water	1,433,442	1,489,905	(56,463)	96.2%
Total All SEJPA Programs	5,891,601	6,142,079	(250,479)	95.9%

Overall, as an agency, SEJPA was 4.1% under the budget or \$250,479. Recycled Water was \$56,463 or 3.8% under budget, and Wastewater Treatment and Disposal, which includes pump stations and other services was \$194,016 or 4.2% under budget.

Wastewater Treatment

<i>Expense Category</i>	Final FY 2017-18	Budget FY 2017-18	Over/(Under) Budget	% Budget Spent
Personnel	1,334,967	1,287,305	47,662	103.7%
Supplies & Services	1,343,160	1,404,859	(61,700)	95.6%
Capital Outlay	86,654	25,000	61,654	346.6%
Contingency	-	70,200	(70,200)	
Total JPA Wastewater Treatment	2,764,781	2,787,364	(22,583)	99.2%

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

Wastewater Treatment is under budget by \$22,583 or 0.8%. Personnel expense exceeded budget due to higher than anticipated labor as a result of labor associated with repair of the sludge collection equipment and SEJPA Board's action to invest in the PARS trust to proactively manage the pension costs. Capital Outlay was also higher than budget due to unplanned replacement of sludge collection system components including pumps, skimmers, gears and chains. The Personnel expense and Capital Outlay were offset by unspent budgeted amounts in Supplies & Services and Contingency.

Laboratory

<i>Expense Category</i>	Final FY 2017-18	Budget FY 2017-18	Over/(Under) Budget	% Budget Spent
Personnel	391,597	402,911	(11,314)	97.2%
Supplies & Services	65,410	58,858	6,552	111.1%
Capital Outlay	15,384	5,800	9,584	265.2%
Contingency	-	4,100	(4,100)	
Total JPA Laboratory	472,390	471,669	721	100.2%

The laboratory located at the San Elijo Water Reclamation Facility provides analytical laboratory services for SEJPA's wastewater and recycled water programs as well as to other entities through contract agreements. For the Fiscal Year 2017-18, contract agreements include the Fairbanks Ranch Community Services District, the Rancho Santa Fe Community Services District, the Santa Fe Valley Community Services District, and the Whispering Palms Community Services District. Supplies & Services was greater than budget due to additional outside lab testing required for compliance. The cost overrun in Capital Outlay was due to unplanned HVAC repairs, and a new spectrophotometer used for water analysis. Overall, the Laboratory program completed the year about at budget.

Ocean Outfall

<i>Expense Category</i>	Final FY 2017-18	Budget FY 2017-18	Over/(Under) Budget	% Budget Spent
Personnel	298,651	284,344	14,307	105.0%
Supplies & Services	221,583	247,878	(26,294)	89.4%
Capital Outlay	10,904	12,500	(1,596)	87.2%
Contingency	-	17,400	(17,400)	
Total JPA Ocean Outfall	531,138	562,121	(30,983)	94.5%

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

Ocean Outfall was under budget by \$30,983. Personnel expense is greater than budget as a result of additional labor to support the Regional Water Quality Control Board NPDES permit renewal. Lower than planned engineering and contractor services, utilities, and Contingency provided unspent amounts resulting in the program ending the year 5.5% under plan.

Cardiff Sanitary Division Pump Stations

<i>Expense Category</i>	Final FY 2017-18	Budget FY 2017-18	Over/(Under) Budget	% Budget Spent
Personnel	131,548	149,754	(18,206)	87.8%
Supplies & Services	71,959	77,576	(5,617)	92.8%
Capital Outlay	14,857	-	14,857	
Contingency	-	15,500	(15,500)	
Total Cardiff Sanitary Division	218,365	242,831	(24,466)	89.9%

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

This program was under budget by \$24,466 primarily due to lower than anticipated Personnel expense. Capital Outlay was higher than budget due to the installation of valve actuators for remote operation at the Olivenhain Pump Station and pump repairs at the Cardiff Pump Station, which was funded by Contingency.

Encinitas Sanitary Division Pump Station

<i>Expense Category</i>	Final FY 2017-18	Budget FY 2017-18	Over/(Under) Budget	% Budget Spent
Personnel	55,306	66,227	(10,921)	83.5%
Supplies & Services	57,951	72,409	(14,458)	80.0%
Capital Outlay	-	-	-	
Contingency	-	14,500	(14,500)	
Total Encinitas Sanitary Division	113,257	153,136	(39,879)	74.0%

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

The program is under budget by \$39,879 or 26.0%. Personnel costs and unspent Capital Outlay contributed to the savings as well as lower than planned utilities. Pump station costs fluctuate year to year dependent on equipment failures and required maintenance.

City of Encinitas Urban & Storm Water

<i>Expense Category</i>	Final FY 2017-18	Budget FY 2017-18	Over/(Under) Budget	% Budget Spent
Personnel	20,292	22,342	(2,050)	90.8%
Supplies & Services	6,623	8,671	(2,048)	76.4%
Capital Outlay	-	-	-	
Contingency	-	-	-	
Total City of Encinitas	26,915	31,013	(4,098)	86.8%

SEJPA provides maintenance and operation services to the City of Encinitas that includes the Urban Runoff Treatment Facility, the Phoebe Storm Water Pump Station, and the Storm Drain Sediment Drying and Disposal program. The actual costs incurred are paid for by the City of Encinitas. This program was \$4,098 or 13.2% under budget.

City of Solana Beach Pump Stations

<i>Expense Category</i>	Final FY 2017-18	Budget FY 2017-18	Over/(Under) Budget	% Budget Spent
Personnel	148,005	173,142	(25,137)	85.5%
Supplies & Services	127,685	124,646	3,039	102.4%
Capital Outlay	28,406	-	28,406	
Contingency	-	20,600	(20,600)	
Total City of Solana Beach	304,096	318,388	(14,292)	95.5%

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

This program is under budget due to lower than planned Personnel expense. The Capital Outlay expense included purchasing a new pump at the Eden Gardens pump station which was paid for through the use of Contingency funding.

City of Solana Beach Services Generator Services

<i>Expense Category</i>	Final FY 2017-18	Budget FY 2017-18	Over/(Under) Budget	% Budget Spent
Personnel	5,516	5,899	(382)	93.5%
Supplies & Services	4,172	3,857	316	108.2%
Capital Outlay	-	-	-	
Contingency	-	-	-	
Total City of Solana Beach Services	9,688	9,755	(67)	99.3%

This program provides generator services to the Solana Beach City Hall and the Lomas Santa Fe Fire Station. The program was about at budget.

Del Mar Services Pump Station

<i>Expense Category</i>	Final FY 2017-18	Budget FY 2017-18	Over/(Under) Budget	% Budget Spent
Personnel	10,821	62,050	(51,229)	17.4%
Supplies & Services	6,706	10,646	(3,940)	63.0%
Contingency	-	3,200	(3,200)	
Total City of Del Mar	17,527	75,897	(58,369)	23.1%

Under this program, SEJPA provides pump station operation and maintenance services to the City of Del Mar in conjunction with treating Del Mar's wastewater. The FY 2017-18 costs incurred were for evaluation and start-up costs associated with the conveyance of Del Mar's wastewater to SEJPA which was successfully completed in the 4th quarter of FY 2017-18.

Recycled Water

SEJPA owns and operates a recycled water utility which wholesales recycled water to the Santa Fe Irrigation District, the San Dieguito Water District, the City of Del Mar, and the Olivenhain Municipal Water District, as well as provides direct water sales to the Encinitas Ranch Golf Authority (ERGA). SEJPA's recycled water program typically delivers between 1,400 and 1,600 acre-feet per year (AFY) of recycled water to its retail partners. For FY 2017-18, SEJPA budgeted 1,510 acre feet (AF); the program sold 1,577 AF or 4.4% more than budget. This

increase is a result of the additional customers with the Cities of Solana Beach and Encinitas, and through partnerships with Olivenhain Municipal Water District, San Dieguito Water District, and Santa Fe Irrigation District. Local customers that use the recycled water for landscape irrigation include the Solana Beach Coastal Rail Trail, Encinitas Ranch Golf Course, Lomas Santa Fe Executive and Country Club Golf Courses, Ecker YMCA, Encinitas Community Park, Del Mar Fairgrounds, local schools, parks, businesses, and street/freeway landscape.

Summary of Recycled Water Expenses:

<i>Expense Category</i>	Final FY 2017-18	Budget FY 2017-18	Over/(Under) Budget	% Budget Spent
Personnel	551,470	524,695	26,776	105.1%
Supplies & Services	859,581	960,210	(100,630)	89.5%
Capital Outlay	22,391	5,000	17,391	447.8%
Total Recycled Water	1,433,442	1,489,905	(56,463)	96.2%

The total expense for Recycled Water was \$56,463 or 3.8% less than budgeted expense. Personnel expense was over budget by 5.1% in part due planning and design of Capital projects that will result in increased water sales in future years. Capital Outlay exceeded budget due to the replacement of a forklift.

Debt Service

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

<i>Long Term Debt</i>	Original Balance	Paid in Prior Years	Paid in FY 2017-18	FY 2017-18 Balance
2011 Refunding Bonds	24,465,000	21,450,000	1,365,000	1,650,000
2017 Revenue Bonds (Clean Water)	22,115,000	-	-	22,115,000
State Revolving Loan (SRF)	12,633,522	9,493,494	756,174	2,383,854
Private Placement Loan (AWP)	2,000,000	397,933	82,515	1,519,552
Santa Fe Irrigation Loan (SFID)	526,149	87,810	9,010	429,329
SDG&E On Bill Financing	533,883	-	53,388	480,495
Total Long Term Debt Outstanding	62,273,554	31,429,237	2,266,087	28,578,230

All of SEJPA's loans and bonds were paid timely and in accordance with the agreement provisions. SEJPA's credit rating was increased from AA to AA+ by S&P during FY 2017-18.

Overall Summary

Overall, SEJPA was below budget by \$250,479 or 4.1%. The pump stations, wastewater treatment, ocean outfall and other service programs were under budget by \$194,016 or 4.2%. Recycled Water expenditures were \$56,463 or 3.8% under budget. All debt service payments were paid according to the loan agreements. The City of Del Mar did not begin sending wastewater to SEJPA until the fourth quarter of FY 2017-18; as a result, the member agencies wastewater revenue demands exceeded budget due to higher flow percentages. SEJPA accrued \$50,000 for the PARS Section 115 Trust for the exclusive use to fund the CalPERS retirement plan unfunded actuarial liability or pension expense.

Respectfully submitted,



Paul Kinkel, Director of Finance and Administration

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

December 10, 2018

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: BUILDING & SITE IMPROVEMENT PROJECT – APPROVAL OF
PROFESSIONAL SERVICE AND CALTRANS CONSTRUCTION
CONTRIBUTION AGREEMENTS

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to execute a professional service agreement with PCL Construction, Inc. for an amount not to exceed \$138,972;
2. Authorize the General Manager to amend professional service agreement with Kennedy/Jenks Consultants as the Owner's Representative for an amount not to exceed \$69,900; and
3. Approve Caltrans Construction Contribution Agreement for \$4.2 million for Bike/Pedestrian Trail; and
4. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) is developing architectural and engineering designs for building and site improvements at the San Elijo Water Reclamation Facility. This project will include updating and modernizing the water campus including replacing aging administration, operations, and maintenance buildings, upgrading physical and cyber security measures, improving the potable water and fire-fighting systems, and adding new public parking. In addition, solar power, energy efficiency, automation and electrical system upgrades, EV charging stations, and other Climate Action Plan measures will be incorporated into the project design. Transportation improvements include a regional bicycle/pedestrian path connecting Birmingham Drive to Manchester Avenue through the SEJPA property and road crossing enhancements at Manchester Avenue. The bike path, building, and site improvements are planned to be integrated into a single project (Building and Site Improvement Project), which is expected to enter into construction in 2019.

DISCUSSION

In June 2018, staff and Caltrans reached agreement for cost sharing for engineering and environmental services for the design and permitting activities for the proposed bike and pedestrian path through SEJPA property. In October 2018, staff and Caltrans reached agreement for construction cost contribution for funding by Caltrans of up to \$4.2 million (see Attachment 1).

In June 2018, the SEJPA Board authorized staff to pursue the development of the Building and Site Improvement Project using the delivery method of Construction Manager at Risk (CMAR) coupled with a financial structure of a lease-purchase agreement. Staff advertised the project in August 2018 and pre-qualified three firms based on construction expertise, qualifications, and experience with similar projects. Next, staff advertised a request for proposal (RFP) for pre-qualified firms and two of the three qualified firms proposed. Staff reviewed and scored the proposals and then interviewed both firms. The proposal submitted by PCL Construction, Inc. was selected based on their proposed approach, project team, and overall value. The development of the project is anticipated to be completed in two stages:

Stage 1 “Design Services” includes CMAR constructability and value engineering input to SEJPA design concepts, including development of pricing and schedule information in preparation of a Guaranteed Maximum Price (“GMP”). During this stage, the design will be refined based on CMAR price estimates in order to maintain project budgets. It is anticipated that the GMP will be presented to the Board for approval in the first quarter of 2019.

Stage 2 “Construction Services” includes the construction of the project based on the agreed upon scope, schedule, and GMP. This stage also includes collaboration and problem solving during construction, start-up and commissioning.

Included with this staff report (Attachment 2) is the proposed Lease-Purchase agreement between the SEJPA and PCL for the project. The agreement provides terms and conditions that outline the delivery and payment for both stages of the project, however, it will be amended once the specifics of Stage 2 have been developed.

Kennedy/Jenks was retained by the SEJPA to serve as the owner’s advisor for the project development. The Board approved an agreement for \$77,235 in June 2018 to prepare the request for qualifications, the request for proposals, and lease purchase agreement, as well as to assist with the selection review process. Staff is requesting Kennedy/Jenks to serve as the owner’s advisor for Stage 1, which includes serving as the Owner’s Representative for GMP negotiations, design refinement, value engineering assistance, and construction contract development. Working with Kennedy/Jenks, a scope of work has been prepared for a fee not to exceed \$69,900 (Attachment 3).

FINANCIAL IMPACT

Staff is recommending the selection of PCL Construction, Inc. for the delivery of the Building and Site Improvement Project through a lease-purchase agreement. The first stage (Stage 1) of the Lease-Purchase agreement is for an amount of \$138,972. In addition, Kennedy/Jenks fee for Stage 1 support is for an amount of \$69,900. Therefore, the total funding request is for an amount of \$208,872.

The net anticipated cost to the SEJPA is \$13.43 million, which includes contributions from Caltrans, grants, and others totaling \$5.3 million.

Construction	Original	New	Funding Source
Building Program:	\$7,690,000		2017 Bonds
Site Improvements:	3,050,000		2017 Bonds
Solar (PPA):	200,000		2017 Bonds
Caltrans/Misc. Improvements:		5,300,000	Caltrans/Grant/Other
Total Construction:	\$10,940,000	\$16,240,000	
Construction Support			
<i>Permitting & Bio Reporting</i>		\$180,000	Bonds/Caltrans
<i>Owners Rep GMP</i>		70,000	Bonds/Caltrans
<i>CM & Inspection</i>		870,000	Bonds/Caltrans
Building Commissioning		40,000	Bonds
Arch/Engineer		320,000	Bonds/Caltrans
Total Support:		\$1,480,000	
Contingency (5%)		\$880,000	Bonds/Caltrans
Total (Construction/Support/Contingency):		\$18,600,000	
Less: Caltrans, Grants and Other		(5,170,000)	
SEJPA Commitment		13,430,000	

The 2017 Revenue Bond Fund balance available for this project is \$14.7 million.

It is recommended that the Board of Directors:

1. Authorize the General Manager to execute a professional service agreement with PCL Construction, Inc. for an amount not to exceed \$138,972;
2. Authorize the General Manager to amend professional service agreement with Kennedy/Jenks Consultants as the Owner's Representative for an amount not to exceed \$69,900; and
3. Approve Caltrans Construction Contribution Agreement for \$4.2 million for Bike/Pedestrian Trail; and
4. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachment 1: San Elijo Joint Powers Authority Building and Site Improvements Project Lease/Purchase Agreement [Draft]

Attachment 2: Kennedy/Jenks Proposal – Building and Site Improvements Project – Owner’s
Advisor Stage 1 Services

Attachment 3: Cooperative Agreement State Funds Contribution between Caltrans and San
Eliso Joint Powers Authority

**SAN ELIJO JOINT POWERS AUTHORITY
BUILDING AND SITE IMPROVEMENTS PROJECT
LEASE/PURCHASE AGREEMENT [DRAFT]**

This Public Capital Improvement Lease/Purchase Agreement (“Lease”) is hereby made and entered into on _____, 2018 by and between the San Elijo Joint Powers Authority (“Lessor”) and PCL Construction, Inc. (“Lessee”), pursuant to the Marks-Roos Local Bond Pooling Act of 1985, including but not limited to Government Code section 6588, subdivisions (c),(f),(g), (n) and (y). Lessor and Lessee are collectively referred to herein as “Parties” or individually as “Party”.

**Article 1
Agreement**

1.1 In order to finance the construction of public capital improvements with proceeds from the \$22,115,000 San Elijo Joint Powers Authority 2017 Revenue Bonds (Clean Water Projects) (the “Series 2017 Bonds”), the Parties hereby agree that Lessor will lease certain real property to Lessee for Lessee’s use in constructing certain public capital improvements which will be paid for by the Lessor from installment payments determined in accordance with the provisions of this Lease, and once all installment payments have been made, title to those capital improvements shall vest in the Lessor and this Lease shall terminate.

**Article 2
Term & Validation**

2.1 Term. The term of this Lease shall be from _____, 2018 (the “Effective Date”) until the earlier of the delivery of all Capital Improvement Installment Payments described in Article 4.3, or until terminated as provided for herein (the “Lease Term”). The Lease Term may be extended by mutual written agreement of the Parties. Lessee must request any extension of the Lease Term in writing within five (5) working days of the occurrence of the event giving rise to the request.

2.2 Validation Action. The Parties understand that Lessor may elect to bring an action under Code of Civil Procedure section 860 et seq. within 60 days of authorization of this Lease by Lessor’s governing body, or may wait 60 days after such authorization before issuing a Notice to Proceed, in order to confirm the validity of this Lease. In such case, the Effective Date of the Lease shall be continued for 60 days following its approval by Lessor’s governing body by resolution. In the event Lessor or any other person initiates any such validation action, the Parties’ obligations under this Lease will be temporarily suspended until the validation action is disposed of by final judgement or otherwise. If this Lease is not validated as a result of any such action, this Lease shall immediately terminate without cost or penalty to either Party. Lessee shall cooperate with the Lessor in any such validation action.

Article 3 Lease of Project Site

3.1 Lease. Lessor will lease to lessee certain real property owned by Lessor and located within the San Elijo Water Reclamation Facility at 2695 Manchester Ave, Cardiff, California 92007, more specifically shown in Attachment A (the "Project Site"). The Project Site lease shall convey to Lessee the non-exclusive right to use and possession of the Project Site, and any buildings located thereon, only for the purposes described herein, and shall include the rights to ingress and egress in the time and manner prescribed by Lessor.

3.2 Project Site Lease Payments. As consideration for its lease of the Project Site, Lessee shall pay to Lessor one dollar (\$1.00) per year for the duration of this Lease ("Project Site Lease Payments"). Such Project Site Lease Payments shall be due on the Effective Date of this Lease and annually thereafter until this Lease terminates. Lessee shall pay Lessor a charge on any Project Site Lease Payment not paid on the date such payment is due at a rate of seven percent (7%) per month or the maximum rate permitted by California law, whichever is less, from such date until paid.

Article 4 Project Delivery Services

4.1 Project Delivery Services. Lessee shall provide the following two stages of services for the construction of certain public capital improvements on the Project Site ("Capital Improvements"): (1) Stage 1 Design Services, and (2) Stage 2 Construction Services, (collectively referred to herein as the "Services"). Stage 1 Design Services are inclusive of the Lessee providing constructability and value engineering input to design concepts developed and presented by the Lessor and its Designers-of-Record, including constructing pricing and schedule information in preparation of a Guaranteed Maximum Price ("GMP"). Following agreement on the project scope, schedule and GMP, the Lessee will receive a Notice to Proceed from the Lessor to commence with Stage 2 Construction Services. Stage 2 Construction Services are inclusive of collaboration with the Lessor and its Designers-of-Record through final design, and providing construction, start-up and commissioning services. Lessee shall perform the Services at its own proper cost and expense, and shall furnish all the materials necessary to construct and complete the Services in a good, workmanlike manner and to the satisfaction of Lessor.

4.1.1 Stage 1 Design Services shall be provided in accordance with the Stage 1 Scope of Services summarized in Attachment B.1, the Stage 1 Schedule Summarized in Attachment C.1, and the Installment Payments summarized in Attachment D.1, all of which are attached hereto and hereby incorporated by reference.

4.1.2 Stage 2 Construction Services shall be provided in accordance with the Stage 2 Scope of Services summarized in Attachment A.2, the Stage 2 Mark-up Percentages, B.2, the Stage 2 Schedule Summarized in Attachment C.2, and the Installment Payments summarized in Attachment D.2. Attachment A.2 is included.

Attachments B.2, C.2 and D.2, which are hereby incorporated by reference, shall be furnished with the execution of an amendment to this Agreement prior to issuance of the Notice to Proceed with Stage 2 Construction Services.

4.2 Guaranteed Maximum Price. Lessee shall construct the Capital Improvements for the GMP provided in Attachment D.2, as amended. The Parties agree this amount was reached through arm's length negotiations and will fully compensate Lessee for the fair market value of the Capital Improvements. Any costs, fees or other expenses incurred by Lessee in the construction of the Capital Improvements, however unforeseen, that are in excess of the GMP shall be borne exclusively by Lessee and Lessor shall have no liability whatsoever for any such additional amounts.

4.3 Capital Improvement Installment Payments. As the sole and exclusive consideration for the Services, Lessor shall pay to Lessee the amounts agreed to in Attachments D.1 and D.2, from Series 2017 Bonds funds, on the dates and in such amounts as provided therein (the "Capital Improvement Installment Payments"), as amended during the term of the Lease as described herein. Subject to the attached schedule, Lessor's obligation to make Capital Improvement Installment Payments is absolute and unconditional and shall not be affected by any circumstances whatsoever, including any right to setoff, counterclaim, recoupment, deduction, defense or other right which Lessor may have against Lessee, or anyone else, for any reason whatsoever. Lessor shall pay Lessee a charge on any undisputed Capital Improvement Lease Payment not paid on the date such payment is due at a rate of seven percent (7%) per month or the maximum rate permitted by California law, whichever is less, from such date until paid. While funding may not be required of Lessee if the construction cost estimate evolves into a GMP that aligns with SEJPA's budget, PCL is willing to consider short-term financing based on market rates, subject to mutually agreeable terms and conditions, as agreed to by PCL and SEJPA.

4.4 Nature of Capital Improvement Installment Payments. Lessor and Lessee understand and intend that the obligation of Lessor to pay Capital Improvement Installment Payments under this Lease shall constitute a current expense of Lessor and shall not in any way be construed to be a debt of Lessor in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or monies of Lessor. Lessor shall have no immediate or accelerated indebtedness for the GMP. Capital Improvement Installment Payments shall become due only upon satisfactory completion of those Services as provided in Attachments D.1 and D.2. Lessor shall have sole discretion, in consultation with Lessor's designee, to determine whether work is satisfactorily completed. Lessee shall not be entitled to any partial payments except as expressly allowed herein.

Article 5 Purchase Option

5.1 Purchase Option. Lessor shall have the option to purchase Lessee's interest in the Capital Improvements upon completion of the Capital Improvements, including

acceptance of the work by Lessor, or upon cessation of Services for a continuous period of 60 days, payment of the GMP, or upon an Event of Default. The Purchase Price shall be one dollar (\$1.00).

Article 6 Title

6.1 Title. Title to the Project Site shall remain with the Lessor at all times. Following Lessor's exercise of the Purchase Option as set forth in Article 5, title to the Capital Improvements shall automatically transfer to the Lessor without the necessity of any bill of sale, certificate of title or other instrument of conveyance, or any additional payment. Lessee shall, nevertheless, execute and deliver any such instruments as Lessor may request to evidence such transfer. Lessee shall ensure, at its own cost and expense, that title to the Capital Improvements, and all materials and equipment included therein, shall pass to Lessor free and clear of all liens, claims, security interests and encumbrances.

Article 7 Representations and Covenants of Lessor

7.1 Representations and Covenants of Lessor. Lessor represents, covenants and warrants for the benefit of Lessee as of the date of this Lease as follows:

7.1.1 Lessor is a joint powers authority organized and existing under and pursuant to the Joint Exercise of Powers Act (Gov. Code § 6500 et seq.) of the State of California (the "State") with full power and authority under the constitution and laws of the State to enter into this Lease and the transactions contemplated hereby and to perform all of its obligations hereunder.

7.1.2 Lessor has duly authorized the execution and delivery of this Lease by proper action of its governing body at a meeting duly called and held in accordance with State law, or by other appropriate official approval, and all requirements have been met and procedures have occurred to ensure the validity and enforceability of this Lease.

7.1.3 The Series 2017 Bonds were issued, in part, to fund the Capital Improvements, the construction of which will result in significant public benefits.

7.1.4 Lessor has an immediate need for and expects to make immediate use of the Capital Improvements in order to operate out of adequate and accessible facilities and within the permissible scope of Lessor's authority.

7.1.5 Lessor shall assume the responsibility, between the parties to the Lease, for the timely removal, relocation, or protection of existing main or trunkline utility facilities located on the Project Site, if such utilities are not identified by the plans and specifications attached hereto as Attachment B.2, subject to Government Code section 4215. Lessor shall compensate Lessee for the costs of locating, repairing damage not due to the failure of Lessee to exercise reasonable care, and removing or relocating

such utility facilities not indicated in the plans and specifications with reasonable accuracy, and for equipment on the Project Site necessarily idled during such work.

Article 8 Representations and Covenants of Lessee

8.1 General Representations and Covenants of Lessee. Lessee represents, covenants and warrants for the benefit of Lessor as of the date of this Lease as follows:

8.1.1 Permits/Licenses. Lessee shall maintain in good standing for the Lease Term all licenses, permits, qualifications and approvals required to perform the Services except as otherwise provided. Lessee possesses a valid California Contractor's License of the required class at the time of signing this Lease, and shall maintain such license during the term of this Lease. Lessee shall affirm its license number, classification and expiration date upon signing this Lease. The following statement is included in accordance with Section 7030 of the California Business and Professions Code:

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

8.1.2 Competence. Lessee possesses the necessary skills and qualifications to perform the Services. Lessee has familiarized itself with the nature and extent of the Services, the Capital Improvements, conditions relating to the site and locality, and laws and regulations that in any manner may affect Lessee's progress, performance or furnishing of the Services, by reviewing information and drawings provided by Lessor and/or the Designers-of-Record, including but not limited to information contained in the attachments hereto, and by conducting any additional investigation outlined below or as Lessee otherwise deems necessary and Lessee accepts any relevant limitations contained therein.

8.1.2.1 Lessee has obtained and carefully studied (or assumes responsibility for obtaining and carefully studying) all such examinations, investigations, explorations, tests, reports and studies (in addition to or to supplement those referred to above which pertain to the subsurface or physical conditions at or contiguous to the site or otherwise may affect the cost, progress, performance or furnishing of the Services as the Lessee considers necessary for the performance or furnishing of the Services at the GMP, within the Lease Term and in accordance with the other terms and conditions of

the technical specifications for the Services; and no additional examinations, investigations, explorations, tests, reports, studies or similar information or data are or will be required by the Lessee for such purposes.

8.1.2.2 Lessee has reviewed and checked all information and data with respect to existing facilities, existing utilities, existing underground or concealed utilities and existing underground facilities at or contiguous to the Project Site and accepts the limitations set forth in the technical specifications for the Services as to the extent to which the Lessee may rely on such information or on other information provided by the Lessor or its representatives. No additional examinations, investigations, explorations, tests, reports, studies or similar information or data in respect to said existing facilities, existing utilities, existing underground or concealed utilities and underground facilities are or will be required by the Lessee in order to perform and furnish the Services at the GMP, within the Lease Term and in accordance with the other terms and conditions of the technical specifications for the Services.

8.1.2.3 Lessee has correlated the results of all such observations, examinations, investigations, explorations, tests, reports and studies with the terms and conditions of the technical specifications for the Services.

8.1.2.4 Lessee has given the Lessor written notice of all conflicts, errors or discrepancies that he has discovered in of the technical specifications for the Services and the written resolution therefor by the Lessor is acceptable to the Lessee.

8.1.2.5 Lessee shall renew these representations and covenants upon approval of Attachment A.2, B.2 and C.2 and prior to beginning Stage 2 Construction Services. Lessee shall conduct and/or review any additional examinations, investigations, explorations, tests, reports, studies or similar information or data as necessary to affect these renewed representations and covenants at Lessee's own expense, except as may be otherwise agreed to by the parties.

8.1.3 Use of Project Site. Lessee will use the Project Site solely and exclusively for the purpose of performing essential governmental or proprietary functions on behalf and for the sole benefit of Lessor and consistent with the permissible scope of Lessor's authority.

8.1.4 Prohibited Employment Discrimination: Lessee shall not discriminate in the employment of persons upon public works provided for under this Lease on any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government code. Lessee will be subject to all the penalties imposed for any such violation of Chapter 1, Part 7, Division 2 of the Labor Code.

8.1.5 Sufficient Funds. The GMP includes sufficient funds to allow Lessee to comply with all applicable local, state, and federal laws or regulations governing the labor or services to be provided under the Lease. Furthermore, Lessee hereby agrees to indemnify Lessor, its member cities and agencies, and the officers, directors and

employees of any of them, from and against any losses, liabilities, costs, damages and penalties, including without limitation attorney's fees, arising out of any violations of Labor Code section 2810.

8.1.6 Immigration Reform and Control Act Compliance. Lessee is aware of the requirements of the Immigration Reform and Control Act of 1986 (8 USC Secs. 1101- 1525) and will comply with these requirements, including but not limited to verifying the eligibility for employment of all agents, employees, subcontractors and consultants that perform Services under this Lease. Within the past three (3) years, Lessee has not been fined or otherwise penalized for failing to obtain and/or maintain valid I-9 forms for its employees.

8.1.7 Workers' Compensation. In accordance with the provisions of Article 5, Chapter 1, Part 7, Division 2 (commencing with Section 1860) and Chapter 4, Part 1, Division 4 (commencing with Section 3700) of the California Labor Code, the Lessee shall secure the payment of compensation to his employees and shall for that purpose obtain and keep in effect adequate Workers' Compensation Insurance. Lessee is aware of the provisions of Section 3700 of the Labor Code, which requires every employer to be insured against liability for Workers' Compensation claims or to undertake self-insurance in accordance with the provisions of that Code, and will comply with such provisions before commencing the performance of the Services. Lessee certifies compliance with Labor Code section 3700 as set forth on the certificate included as Attachment E.

8.1.8 Work During Disputes. In the event of a dispute between the Parties as to the performance of the Services, the interpretation of this Lease, or payment or nonpayment for work performed, the parties shall attempt to resolve the dispute. If the dispute is not resolved, Lessee agrees to continue the work diligently to completion and will neither rescind this Lease nor stop the progress of the work, but may submit such controversy for determination in accordance with applicable law, including but not limited to Section 9204 of the Public Contract Code, to the extent applicable. In the event any litigation is commenced with respect to this Lease, such litigation shall not serve to suspend Lessee's obligation to continue performance of the Services hereunder.

8.1.9 Assignment of Anti-Trust Claims. Lessee and any of its subcontractors shall assign to Lessor all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services, or materials pursuant to the Lease. This assignment shall be made and become effective at the time Lessor tenders final payment to Lessee, without further acknowledgment by the Parties.

8.1.10 Protection of Existing Improvements. Lessee shall be responsible for the protection of existing improvements and utilities within and adjacent to the Job Site and shall exercise due caution to avoid damage to such improvements. Unless otherwise provided, Lessee shall repair or replace all existing improvements and Public

Utilities damaged or removed as a result of its operation after making any necessary arrangements or obtaining any necessary approvals from the owner of the existing improvements and/or Public Utilities. Repairs and replacements shall be at least equal to existing improvements and shall match them in finish and dimension. All costs for protecting, removing, restoring and replacing existing improvements shall be borne solely by Lessee except as otherwise provided herein.

8.2 Prevailing Wage Requirements. Lessee further represents, covenants and warrants for the benefit of Lessor as of the date of this Lease as follows:

8.2.1 Prevailing Wage Laws. Lessee agrees to comply with and require its subcontractors to comply with the requirements of California Labor Code sections 1720 et seq. and 1770 et seq., and California Code of Regulations, title 8, section 16000 et seq. (collectively, "Prevailing Wage Laws") in performing services pursuant to this Lease, and to comply with any additional applicable California Labor Code provisions related to such work including without limitation payroll recordkeeping requirements.

8.2.2 DIR Registration. Lessee must be, and must require its subcontractors to, be registered with the California Department of Industrial Relations ("DIR") pursuant to Labor Code section 1725.5. No contractor or subcontractor may be awarded a contract for public work on a public works project, unless it registers with and pays an annual fee to the DIR. Lessee shall submit proof of current registration, and shall require subcontractors to submit proof of current registration, to Lessor prior to commencing work on the project.

8.2.3 Prevailing Wage. Lessee and its subcontractors shall pay not less than the prevailing rate of per diem wages as determined by the Director of the DIR for all services described in this Lease and as required by law. The general prevailing wage determinations can be found on the DIR website at: <http://www.dir.ca.gov>. Lessee shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the services pursuant to this Lease available to interested parties upon request, and shall post and maintain copies at Lessee's principal place of business and at the Project Site. Penalties for violation of Prevailing Wage Laws may be assessed in accordance with such laws. For example, Lessee shall forfeit, as a penalty to Lessor, Two Hundred Dollars (\$200) for each calendar day, or portion thereof, for each workman paid less than stipulated prevailing rates for services performed under this Lease by him, or any subcontractor under him, in violation of Prevailing Wage Laws. Lessee shall defend, indemnify and hold Lessor, 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 free and harmless from any claims, liabilities, costs, penalties or interest arising out of the failure or alleged failure of Lessee or its subcontractors to comply with Prevailing Wage Laws.

8.2.4 Payroll Records. Lessee and each of its subcontractors shall keep accurate payroll records showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker or other employee

employed by Lessee or subcontractor in connection with the services performed pursuant to this Lease. Each payroll shall be certified, available for inspection, and electronic copies thereof furnished directly to the Labor Commissioner (also known as the Division of Labor Standards Enforcement) (A) at least monthly or more frequently or (B) in a format prescribed by the Labor Commissioner, as prescribed in California Labor Code section 1776, including any required redactions. Lessee shall keep Lessor informed as to the location of the records and shall be responsible for the compliance with these requirements by all subcontractors. Lessee shall inform Lessor of the location of the payroll records, including the street address, city and county and shall, within five (5) working days, provide a notice of any change of location and address. Penalties for noncompliance include a forfeiture of One Hundred Dollars (\$100) per calendar day, or portion thereof, for each worker until strict compliance is effectuated.

8.2.5 Workday.

8.2.5.1 Eight (8) hours of work shall constitute a legal day's work. Lessee and any subcontractors shall forfeit, as a penalty to Lessor, Twenty-Five Dollars (\$25) for each worker employed in the execution of services pursuant to this Lease by Lessee or any of its subcontractors for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and forty (40) hours in any calendar week in violation of the provisions of the California Labor Code, in particular, sections 1810 to 1815, thereof, inclusive, except services performed by employees of Lessee and its subcontractors in excess of eight (8) hours per day at not less than one and one-half (1 ½) times the basic rate of pay, as provided in California Labor Code section 1815.

8.2.5.2 All on site work is to be performed Monday through Friday between the hours of 7:00 a.m. and 4:30 p.m. In the event these working hours conflict with an ordinance of the City of Cardiff, Lessee shall perform site work in compliance with such ordinance. At the start of each workday Lessee will register all contract personnel on site for/or during that workday at the Operations Building. Lessee will also notify Lessor's designated Project Manager or the Project Manager's assigned alternate of their daily schedule. Any change in the defined working times must have prior written approval from Lessor's General Manager or his designated representative.

8.2.6 Apprentices. Lessee's attention is directed to the provisions of California Labor Code sections 1777.5, 1777.6 and 1777.7 concerning employment of apprentices by Lessee or any of its subcontractors. If applicable to the services to be performed under this Lease, Lessee shall comply with such apprenticeship requirements and submit apprentice information to Lessor. Information relative to apprenticeship standards, wage schedules and other requirements may be obtained from the DIR or from the Division of Apprenticeship Standards. Knowing violations of section 1777.5 will result in forfeiture not to exceed One Hundred Dollars (\$100) for each calendar day of non-compliance pursuant to section 1777.7.

Article 9 Warranty

9.1 Warranty. Lessee guarantees all work pursuant to this Lease, including those Services described in Article 4.1 and the attachments hereto, against defective materials or workmanship for period of one (1) year from the date of substantial completion of all work, except where longer warranty periods are specifically stated. Any defective material or workmanship which may be discovered before substantial completion all work or within one (1) year thereafter shall be corrected immediately by Lessee at its own expense notwithstanding that it may have been overlooked in previous inspections and estimates. Any work to correct a defect in workmanship and/or replacement materials shall additionally be guaranteed by Lessee for a period of one (1) year from the date of completion of such corrective work or replacement of materials.

9.1.1 Failure to inspect the work at any stage shall not relieve Lessee from any obligation to perform sound and reliable work as herein described. It is Lessee's ultimate responsibility to complete all work as required by this Lease.

9.1.2 During the one (1) year warranty period, should Lessee fail to remedy defective material and/or workmanship, or to make replacements within five (5) days after written notice by Lessor, it is agreed that Lessor may make such repairs and replacements and the actual cost of the required labor or materials shall be chargeable to and payable by Lessee.

9.1.3 In the event it is necessary for Lessor to file suit to enforce any liability of Lessee pursuant to this Article, Lessor shall be entitled to recover from Lessee, in addition to all other amounts found due and owing, costs of suit and reasonable expenses and fees, including reasonable attorneys' fees, incurred by Lessor in successfully enforcing Lessee's obligations, all to be taxed as costs and included in any judgment rendered.

9.1.4 The warranty provided herein shall not be in lieu of, but shall be in addition to, any warranties or other obligations otherwise imposed by this Lease or by law. The remedies provided herein shall not be exclusive and Lessor shall be entitled to any and all remedies provided by law.

Article 10 Non-Appropriation

10.1 Non-Appropriation. Lessor is obligated only to pay such Capital Improvement Installment Payments under this Lease as may lawfully be made from available funds appropriated for that purpose. Should Lessor fail to have appropriated available funds to pay Capital Improvement Installment Payments under this Lease during the Lease Term, this Lease shall be deemed terminated. Lessor agrees to deliver one hundred and eighty days' notice to Lessee of such termination, but failure to give such notice shall not extend the Term. For the purposes of this section, "funds appropriated" shall mean Lessor's available funds authorized within its annual budget for capital improvements.

Article 11 Independent Contractor

11.1 Independent Contractor. Lessor and Lessee are engaged in an independent contractor relationship; nothing in this Lease shall be construed to create a partnership, joint venture, or agency relationship between the Parties. Nothing in this Lease shall be interpreted or construed as creating or establishing the relationship of employer and employee between Lessor and Lessee or any employee, agent or subcontractor of Lessee. Lessee will supervise the work and control the means for accomplishment of the services and work to be performed hereunder. Lessee will employ only competent workers for the execution of this Lease. No permitted or required approval by Lessor of personnel, costs, schedules, documents or services of Lessee shall be construed as making Lessor responsible for the manner in which Lessee performs its services. Such approvals are intended only to give Lessor the right to satisfy itself with the quality of work performed by Lessee.

Article 12 Safety

12.1 Safety. Lessee shall comply with all applicable state, federal and other laws relating to safety, including Lessor's applicable safety practices, while in possession of the Project Site. Lessee will share this information with all subcontractors and other people brought onto the Project Site under Lessee's authority and Lessee will be responsible for the compliance of all subcontractors and other people brought onto the Project Site under Lessee's authority. Lessee will be responsible for providing required and necessary protective gear and safety equipment for its personnel, including any subcontractor personnel, while on the Project Site. Lessee agrees to hold harmless Lessor, its employees or agents for any injury or damage resulting from non-compliance with Lessor, State or Federal safety requirements.

12.2 Certifications. Lessee has received, read, and understands Lessor's Contractor Safety Policy and Procedures. Within the past three (3) years, Lessee has not been fined or otherwise penalized by Cal/OSHA.

Article 13 Subcontractors

13.1 Lessee Responsibility for Subcontractors. If the Lessee subcontracts any of the services to be performed under this Lease, Lessee shall be as fully responsible to Lessor for the acts and omissions of Lessee's subcontractors and of the persons either directly or indirectly employed by the subcontractor, as Lessee is for the acts and omissions of persons directly employed by Lessee. Nothing contained in the Lease shall create any contractual relations between Lessor and any subcontractor of Lessee. The Lessee shall bind every subcontractor by the terms of the Lease unless specifically noted to the contrary in the subcontract in question and approved in writing by Lessor.

13.2 Competitive Bidding of Subcontracted Work. Lessee shall comply with the following requirements for any subcontracted work constituting construction of a public work performed under this Lease in an amount in excess of (0.5%) of the GMP or ten thousand dollars (\$10,000), whichever is greater:

13.2.1 Bidding Procedure. Lessee may self-perform Stage 2 Construction Services consistent with the labor rates, equipment rates, mark-ups and profit included herein as Attachment D, in an amount up to 10 percent of the GMP. Stage 2 Construction Services in excess of 10 percent of the GMP (“Balance of Construction Services”) shall be procured through a competitive bidding process whereby the Lessee facilitates a prequalification process to determine subcontractors to perform discrete portions of the Stage 2 Construction Services, and the Lessee then solicits and receives bids from those prequalified subcontractors. Prequalified subcontractors shall be agreed to by the Lessee and Lessor prior to soliciting bids. Lessee shall solicit and receive at least three independent bids for any subcontracted work; provided, however, Lessee may proceed with fewer than three bids if three bids were not reasonably available at the time of the bid. Bids shall be submitted to Lessee either via hard copy or email. Lessee shall submit to Lessor written evidence of its competitive bidding procedures set forth herein, listing all responsive bids and their amounts and the name or names of the subcontractor or subcontractors to whom Lessee proposes to award such subcontracts for construction. A tabulation of all bids shall be maintained by Lessee and provided to Lessor upon written request. The Lessee may furnish any portions of the Balance of Construction Services in excess of the 10 percent self-performance amount, provided that the Lessee: (1) identifies to the Lessor those portions of the Balance of Construction Services it desires to self-perform, (2) facilitates a prequalification process to determine at least 2 subcontractors qualified to perform the work, (3) Lessee and qualified subcontractors each submit sealed bids, for a total of three (3) bids, to Lessor at a predetermined bid date and time, and (4) the Lessee furnishes the lowest bid price. The lowest bid price for any Balance of Construction Services work shall be determined in comparison to the Lessee’s submitted bid price to the subcontractor’s submitted bid price, inclusive of the Lessee’s subcontractor mark-up percentage in accordance with Attachment D.

13.2.2 Designation of Subcontractors. Lessee will list each subcontractor who will perform Services under this Lease in excess of (0.5%) of the GMP on the Designation of Subcontractors, included herewith as Attachment F, and shall also list the portion of the Services which will be done by each such subcontractor. No changes or substitutions will be allowed except as approved in writing by Lessor.

13.2.3 Prevailing Wage. Lessee requires, and the specifications and bid and subcontract documents shall require all subcontractors engaging to perform Services to pay prevailing wages to otherwise comply with applicable provisions of the California Labor Code, California Government Code and the California Public Contracts Code.

13.2.4 Security. Each subcontractor engaged to perform Services shall be required to furnish labor and material payment bonds and contract performance bonds, each in an amount equal to 100% of the subcontract price naming Lessee and Lessor

as obliges and issued by insurance or surety companies approved by Lessor. All such bonds shall be in a form approved by Lessor, which approval shall not be unreasonably withheld. Rather than requiring its subcontractors to provide such bonds, Lessee may elect to provide the same for the benefit of its subcontractors.

13.2.5 Insurance. Each subcontractor engaged to perform Services shall be required to provide proof of insurance conforming to the requirements of Article 18 of this Lease throughout the term of construction, except to the extent Lessee elects to include all subcontractors as additional insureds under Lessee's policies as part of a consolidated insurance program or "wrap up".

13.2.6 Compliance. Each subcontractor shall be required to perform Services in conformance with applicable federal, state and local laws and the policies and procedures of Lessor, as they may be amended from time to time

13.2.7 Verification. Lessee shall provide proof to Lessor, at such intervals and in such form as Lessor may require, that the foregoing requirements have been satisfied as to all Services.

Article 14 Work by Others

14.1 Work by Others. Lessor may perform additional work related to the Capital Improvements or have additional work performed by utility service companies, or let other direct contracts therefor which shall contain conditions similar to these. Lessee shall afford the utility service companies and the other contractors who are parties to such direct contracts (or Lessor, if Lessor is performing the additional work with Lessor's employees) reasonable opportunity for the introduction and storage of materials and equipment and the execution of work, and shall properly connect and coordinate its Services with theirs.

14.2 Duty to Inspect. If any part of Lessee's work depends for proper execution or results upon the work of any such other contractor or utility service company (or Lessor), Lessee shall inspect and promptly report to Lessor in writing any patent or apparent defects or deficiencies in such work that render it unsuitable for such proper execution and results. Lessee's failure to so report shall constitute an acceptance of the other work as fit and proper for integration with Lessee's Services except for latent defects and deficiencies in the other work.

14.3 Alterations. Lessee shall do all cutting, fitting and patching of its Services that may be required to make its several parts come together properly and integrate with such other work. Lessee shall not endanger any work of others by cutting, excavating or otherwise altering their work and will only cut or alter their work with the written consent of Lessor and the others whose work will be affected.

14.4 Notice. If the performance of additional work by other contractors or utility service companies or Lessor was not noted in the specifications, written notice thereof shall be given to Lessee prior to starting any such additional work. If Lessee believes

that the performance of such additional work by Lessor or others involves additional expense or requires an extension of the Lease Term, Lessee may make a claim for such increased compensation or extension of time to the extent such claim is not otherwise barred and consistent with the terms of this Lease.

Article 15 Suspension of Services

15.1 Lessor may, at any time and without cause, suspend the Services or any portion thereof for a period of not more than ninety (90) days by notice in writing to Lessee which shall fix the date on which Services shall be resumed. Lessee shall resume the Services on the date so fixed. Lessee will be allowed an increase in the GMP or an extension of the Lease Term, or both, directly attributable to any suspension if Lessee submits a claim therefore in writing to Lessor within five (5) working days of resuming work.

Article 16 Liens, Taxes, Other Governmental Obligations

16.1 Liens and Encumbrances. Lessee shall keep the Capital Improvements and Project Site free of all levies, liens and encumbrances and shall be solely responsible for any such levy, lien or encumbrance relating to Lessee's performance under this Lease. Although the Parties anticipate that the Capital Improvements and Project Site will be exempt from all property taxes, Lessor shall pay when due any such taxes lawfully assessed or levied against or with respect to such Capital Improvements and Project Site in connection with this Lease.

16.2 Taxes. Each Party shall be solely responsible for paying all federal and state employment and income taxes and maintaining required insurance, including but not limited to workers' compensation insurance, for their respective employees.

16.3 Indemnity. Each Party agrees to hold harmless, indemnify and defend the other Party from any and all liability, damages or losses (including attorneys' fees, costs, penalties and fines) the other Party suffers as a result of such Party's failure to meet its obligations this Section.

Article 17 Security

17.1 Security for Performance. Lessee shall deliver to Lessor and maintain during the Lease Term, the following security for the faithful performance of Lessee's obligations under the Lease:

17.1.1 The amount of the performance security shall be 100% of the total amount payable by the terms of this Lease. Following determination of the GMP, the amount of the performance security shall be adjusted to reflect any change in the total amount payable under this Lease.

17.1.2 The form of the security shall be:

17.1.2.1 Cash;

17.1.2.2 Cashier's check made payable to Lessor;

17.1.2.3 A certified check made payable to Lessor;

17.1.2.4 A bond, executed by an approved surety insurer using the Performance Bond form included herewith as Attachment G or a substitute form acceptable to and approved by Lessor, made payable to Lessor; or

17.2 Security for Payment. Lessee shall deliver to Lessor and maintain during the Lease Term, the following security for the faithful payment of Lessee's obligations under the Lease: a payment bond in the form included herewith as Attachment H, or a substitute form acceptable to and approved by the Lessor, in the amount of 100% of the total amount payable by the terms of this Lease pursuant to Civil Code § 9550. Following determination of the GMP, the amount of the payment shall be adjusted to reflect any change in the total amount payable under this Lease.

17.3 Bond Requirements. Any bonds provided under this Article shall meet the following criteria: be executed by an admitted surety approved to conduct business in the State of California, pursuant to Code of Civil Procedure section 995.120; comply with California Code of Civil Procedure section 995.630, and be accompanied by a certified copy of the authority to act; and be secured from a surety company satisfactory to Lessor. Lessor shall be supplied either with: (1) proof of a minimum rating of A, according to the current edition of Best's Key Rating Guide for the coverage being offered; or (2) the information described in Code of Civil Procedure section 995.660(a)(1) through (4). If the surety on any bond furnished by Lessee is declared as bankrupt or becomes insolvent or its right to do business is terminated in any state where any part of Capital Improvements are located or it ceases to meet the requirements of the Lease, Contractor shall within five (5) working days thereafter substitute another bond and surety, both of which shall be acceptable to Lessor.

Article 18 Insurance Requirements

18.1 General. Lessee shall obtain insurance coverage of the types and amounts required herein and shall maintain such insurance policies in force until all Services are completed and the Capital Improvements have been accepted by Lessor, or until the Lease terminates, whichever is earlier, except as otherwise provided herein.

18.2 Types of Insurance, Limits. The types of insurance to be obtained by Lessee and the minimum limits for each policy shall be as follows. The required limits may be satisfied through a combination of Lessee's primary and excess (umbrella) insurance policies.

General Liability

Comprehensive Form
 Premises – Operations
 Explosion & Collapse Hazard
 Bodily Injury & Property Damage
 Underground Hazard Combined
 Products/Completed Operations
 Hazard
 Contractual Insurance
 Broad Form Property Damage
 Independent Contractors
 Personal Injury

Coverage Limits

\$1,000,000 each occurrence
 \$2,000,000 per project aggregate
 \$2,000,000 completed operations
 aggregate

Automobile Liability

Comprehensive Form
 Owner
 Hired
 Non-Owner
 Bodily Injury & Property Damage
 Combined

Coverage Limits

\$2,000,000 combined single limit

Excess Liability

Umbrella Form providing coverages in excess of the General Liability, Auto Liability and Employer’s Liability

Coverage Limits

\$10,000,000 each occurrence and in the aggregate

Builder’s All Risk

Construction Activities Only
 Including:
 1. Fire
 2. Extended Coverage
 3. Vandalism & Malicious Mischief
 4. Theft
 5. Collapse
 6. Flood

Coverage Limits

N/A

Workers’ Compensation

Including occupational disease provisions

Coverage Limits

As required by law

Employer’s Liability

Comprehensive Form

Coverage Limits

\$1,000,000 each occurrence and in the aggregate

18.3 Requirements for Insurers. All insurers must be authorized to do business and have an agent for service of process in California and have an “A” policyholder’s rating and a financial rating of at least Class XI in accordance with the most current Best’s Rating.

18.4 Additional Insureds. Lessor, its member agencies the City of Encinitas and the City of Solana Beach, and their respective directors, officials, officers, employees, representatives, consultants and agents (“Indemnitees”) shall be included as additional insureds under all policies, except Workers’ Compensation.

18.5 Proof of Insurance. Before commencement of the Services, Lessee shall provide Lessor with evidence of all insurance required to be purchased by Lessee pursuant to the Lease in the form of a certified copy of each policy, a certificate of insurance related to each policy and any additional insured endorsements. The policies of insurance and all related certificates must be acceptable to Lessor. Each certificate of insurance shall include the job site and Project number.

18.6 No Limitation on Liability. Nothing contained in the insurance requirements of this Lease shall be construed as limiting the liability of Lessee or the Lessee’s Sureties.

18.7 Deductibles. Any and all deductibles in the insurance policies purchased by the Lessee shall be assumed by and be for the account of, and at the sole risk of the Lessee.

18.8 Notice. Lessee shall provide Lessor with at least thirty (30) days advance written notice of any intended termination, cancellation, or reduction in coverage of any policy. If a policy does expire during the Lease Term, Lessee must provide Lessor with written proof of the renewal of the required coverage not less than five (5) working days before the expiration date.

18.9 Lessee’s Insurance Primary. Lessee’s General, Automobile, and Excess Liability insurance policies shall be primary over any insurance available to Lessor and as to any claims arising out of or relating to this Lease, it being the intention of the Parties that the Lessor’s insurance policies shall protect both Parties and be primary coverage for any and all losses covered by the described insurance.

18.10 Waiver of Subrogation. All policies of insurance herein required, except Workers’ Compensation shall be endorsed to include a waiver by the insurer of all rights of subrogation against the Indemnitees.

18.11 Completed Operations Coverage. The general liability insurance shall include completed operations coverage and shall include Lessor, Architect, and their agents, directors, officials, officers and employees as additional insured using an endorsement that provides coverage at least as broad as ISO form CG 20 10 11 85. Lessee shall maintain such completed operations insurance for at least two years after final payment.

18.12 Lessor’s Liability Insurance. Lessor shall be responsible for purchasing and maintaining its own liability insurance, or self-insurance, and, at Lessor’s option, may purchase and maintain such insurance as will protect Lessor against claims which may arise from this Lease.

18.13 Property Insurance. The property insurance described above shall be subject to the following requirements in addition to any other requirement stated herein:

18.13.1 The property insurance shall cover the Services at the Project Site to the full insurable value thereof. This insurance shall include the interests of the Lessor, Lessee, and subcontractors; shall insure against the perils of fire and extended coverage; shall include "all risk" insurance for physical loss and damage including theft, vandalism and malicious mischief, collapse and water damage, and such other perils as may be specified; and shall include damages, losses and expenses arising out of or resulting from any insured loss or incurred in the repair or replacement of any insured property (including fees and charges of engineers, architects, attorneys and other professionals).

18.13.2 The policy of property insurance shall provide that all insurance proceeds are to be paid to Lessor "as Trustee" in accordance with Article 18.13.6 Receipt and Application of Proceeds.

18.13.3 If not covered under the "all risk" insurance or otherwise provided herein, Contractor shall purchase and maintain similar property insurance on portions of the Capital Improvements stored on or off the Project Site or in transit when such portions of the Capital Improvements are consideration for the Capital Improvement Installment Payments. All such insurance required herein shall remain in effect until the Services are Substantially Completed.

18.13.4 Lessor and Lessee waive all rights against each other and the subcontractors and Architect, and their agents and employees, for damages caused by fire or other perils to the extent covered, and paid, by the property insurance provided herein, or any other property insurance applicable to the Services, except such rights as they may have to the proceeds of such insurance held by Lessor as trustee. Lessor or Lessee, as appropriate, shall require similar waivers in writing by the Architect and from each subcontractor; each such waiver will be in favor of all other parties enumerated herein.

18.13.5 If Lessor finds it necessary to occupy or use a portion or portions of the Project Site prior to substantial completion of the Services, no such use or occupancy shall commence before the insurers providing the property insurance have acknowledged notice thereof and in writing effected the changes in coverage necessitated thereby. The insurers providing the property insurance shall consent by endorsement on the policy or policies, but the property insurance shall not be canceled or lapse on account of any such partial use or occupancy.

18.13.6 Receipt and Application of Proceeds

18.13.6.1 Any insured loss under the policies of property insurance required herein shall be adjusted with Lessor and made payable to Lessor as trustee for the insured(s), as their interests may appear, subject to the requirements of any applicable mortgage clause and of the following paragraph. Lessor shall deposit in a separate account any money so received, and shall distribute it in accordance with such agreement as the parties in interest may reach. If no other special agreement is reached, the damaged property shall be repaired or replaced, the moneys so received

applied on account thereof and the Services and the cost thereof covered by an appropriate amendment to the Lease.

18.13.6.2 Lessor as trustee shall have power to adjust and settle any loss with the insurers unless one of the parties in interest shall object in writing within fifteen (15) days after the occurrence of loss to Lessor's exercise of this power. If such objection is made, Lessor as trustee shall make settlement with the insurers in accordance with such agreement as the parties in interest may reach.

Article 19 Indemnification

19.1 To the fullest extent permitted by law, Lessee shall indemnify, defend and hold harmless Lessor, its member agencies the City of Encinitas and the City of Solana Beach, the Architect, and the directors, officers, officials, employees and agents of each of them ("Indemnitees") from and against all claims, liabilities, damages, losses and expenses including, but not limited to attorneys' fees and costs of suit ("Claims") arising out of or resulting from the performance of the Services, provided that any such claim, damage, loss or expense (1) is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the Services themselves) including the loss of use resulting therefrom, and (2) is caused in whole or in part by either (a) any act, omission or negligence (active or passive) of Lessee, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, regardless of whether the Claim is caused in part by a party indemnified hereunder, or (b) arises out of operation of law as a consequence of any act or omission of Lessee, any subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, regardless of whether any of them has been negligent. Lessee shall pay all the costs incident to such defense, including, but not limited to, attorneys' fees, costs of suit, and amounts paid in satisfaction of judgments. Any and all lawsuits or administrative actions brought or threatened on any theory of relief available at law, in equity, or under the rules of any administrative agency, shall be covered by this Article including but not limited to those alleging the violation of any federal, state or local statute or ordinance. Lessor shall have the full right to select competent counsel (subject to the approval of Lessee which may not be unreasonably withheld) to defend Lessor pursuant to this Article. Nothing in this paragraph shall impose on Lessee, or relieve Lessor from, liability for the active negligence of Lessor.

19.2 In any and all claims against any of the Indemnitees by any employee of Lessee, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the indemnification obligation under this Article shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for Lessee or any subcontractor under worker's compensation acts, disability benefit acts or other employee benefit acts.

Article 20
Damage, Destruction or Condemnation

20.1 Risk of Loss or Damage. Lessee shall bear the entire risk of loss, damage, or destruction of the Capital Improvements or to the Project Site from any cause whatsoever during the Lease Term. If any loss, damage or destruction occurs, Lessor may require Lessee to repair or replace the affected property at Lessee's sole expense.

20.2 Application of Funds. If (a) the Capital Improvements, Project Site or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Capital Improvements, Project Site or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, Lessee and Lessor will cause the Net Proceeds to be applied first to (a) the outstanding amount of the Lease Payments, then to (b) the prompt replacement, repair, restoration, modification or improvement of the Equipment to substantially the same condition as existed prior to the event causing such damage, destruction, or condemnation, unless Lessor shall have exercised its option to purchase the Equipment. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee.

20.3 Definitions. For purposes of this Section, the term "Net Proceeds" shall mean (a) the amount of insurance proceeds received by Lessee for replacing, repairing, restoring, modifying, or improving damaged or destroyed Capital Improvements or Project Site, or (b) the amount remaining from the gross proceeds of any condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys' fees, incurred in the collection thereof. If the Net Proceeds are insufficient to pay in full the cost of the Lease Payments and any replacement, repair, restoration, modification or improvement referred to herein, Lessee shall complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds. The amount of the Net Proceeds, if any, remaining after completing such replacement, repair, restoration, modification or improvement shall be retained by Lessee.

Article 21
Default and Remedies

21.1 Events of Default. Any of the following events shall constitute an "Event of Default" under this Lease:

21.1.1 Failure by Lessor to timely pay any Capital Improvement Installment Payment or other payment required to be paid under this Lease;

21.1.2 Failure by Lessee to timely pay any Project Site Lease Payment or other payment required to be paid under this Lease;

21.1.3 Failure to obtain, maintain and comply with all of the insurance coverages required under this Lease;

21.1.4 Any transfer or encumbrance, or the existence of any lien, that is prohibited by this Lease;

21.1.5 A payment or other default by Lessee under any loan, lease, guaranty or other financial obligation to Lessor which default entitles the other party to such obligation to exercise remedies;

21.1.6 A payment or other default by Lessee under any material loan, lease, guaranty or other material financial obligation to any third party which default has been declared;

21.1.7 Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, including failure to satisfactorily complete the Services within the times specified on the attachments hereto;

21.1.8 Any statement, representation or warranty made by Lessee in or pursuant to this Lease shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;

21.1.9 Lessee institutes any proceedings under any bankruptcy, insolvency, reorganization or similar law or a receiver or similar official is appointed for Lessee or any of its property.

21.2 Remedies in Event of Default. The Parties shall have the following remedies in an Event of Default:

21.2.1 In the Event of Default by Lessee, Lessor shall have the right, after providing a minimum of thirty (30) days written notice and opportunity to cure to Lessee, to terminate the Lease, retake possession of the Project Site and any Capital Improvements thereon, exercise the Purchase Option and recover any liquidated and special damages expressly provided for herein. Upon retaking possession, Lessor shall immediately pay any Capital Improvement Installment Payments that are due at that time and may call upon any relevant security provided by Lessee pursuant to Article 17.

21.2.2 In the Event of Default by Lessor, and subject to the claims procedure in Article 22 below, Lessee shall have the right to terminate the Lease, to collect any Capital Improvement Installment Payments that are due at that time, and to recover damages suffered as a result of Lessor's unreasonable delay not within the contemplation of the parties.

21.3 Liquidated Damages. The Parties recognize that time is of the essence of this Agreement and that Lessor will suffer financial loss if the Services are not completed within the times specified in the schedule(s) attached hereto, plus any extensions therein allowed. They also recognize the delays, expense and difficulties involved in proving in a legal action or arbitration proceeding the actual loss suffered by Lessor if the Services are not completed on time. Accordingly, instead of requiring any such proof, the Parties agree that as liquidated damages for delay (but not as a penalty) Lessee shall pay Lessor One Thousand Five Hundred Dollars (\$1,500.00) for each day

that expires after the time specified for completion of Services in the schedule(s) contained in the attachments hereto until the Services are fully complete and Lessor issues a Notice of Final Completion. Lessee shall not be assessed liquidated damages for delay in completion of the Capital Improvements, when such delay was caused by the failure of the Lessor or the owner of a utility to provide for removal or relocation of such utility facilities.

21.4 Special Damages. In addition to the amount provided for liquidated damages, Lessee shall pay Lessor the actual costs reasonably incurred by Lessor for engineering and inspection forces employed on the Services for each day that expires after the time specified for Substantial Completion, including any extensions thereof, until the Services are substantially complete. ~~Additionally, Lessee shall pay Lessor the actual costs reasonably incurred by Lessor for engineering and inspection forces employed on the Services that are required as a result of mid-project delays, exceptional or unforeseen circumstances which cause the Lessee to work extended (i.e., more than 10-hour) work days, unexpected weekends, or on an expedited schedule.~~

21.421.5 Waiver of Consequential Damages. ~~Notwithstanding any provision to the contrary in this Agreement, the Contractor and Owner waive claims against each other for consequential damages arising out of or relating to this Agreement. This mutual waiver includes, but is not limited to: (i) damages incurred by the Owner (which for purposes of this waiver includes any related or affiliated person or entity) for rental expenses, for losses of use, for loss of income, revenue or profit, for financing costs or loss of financing, for impact to business and reputation, for additional taxes, interest, penalties and insurance, for diminution in value of property, for loss of management or employee productivity or of the services of such persons, and for any third party claims involving damages incurred by any third party which would be considered consequential damages hereunder or liquidated damages arising from or in connection with any agreements or contracts the Owner has with such third parties; and (ii) damages incurred by the Contractor for losses of financing, business and reputation, and for loss of profit except anticipated profit arising directly from the services provided pursuant to this Agreement. This mutual waiver is applicable, without limitation, to all consequential damages regardless of cause and applies to any claim regardless of whether arising in tort, contract, default, warranty, indemnity or otherwise, or due to termination of this Agreement.~~

21.521.6 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Parties is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease now or hereafter existing at law or in equity.

21.621.7 Ongoing Responsibility. In an Event of Default, Lessor shall not be relieved of any responsibility under the Lease for Services performed before the termination of the Lease. Furthermore, termination of the Lease shall in no way relieve Lessor and/or surety from any of its covenants, undertakings, duties and obligations under this Lease nor limit the rights and remedies of Lessor then existing or which may

thereafter accrue hereunder in any manner whatsoever. Any retention or payment of moneys due Lessee by Lessor will not release Lessee from liability.

Article 22 Claims

22.1 Notwithstanding any other law, including Public Contract Code sections 10240 and 20104, the Parties to this Lease are subject to the provisions of Section 9204 of the Public Contract Code, which requires compliance with the procedures set forth in this section to resolve any Claim by Lessee arising under the Lease. Lessor shall have full authority to compromise or otherwise settle any claim not covered by this Article. Lessor will timely notify Lessee of the receipt of any third-party claim, relating to the Lease.

22.2 For purposes of this section only: "Claim" means a separate demand by Lessee sent by registered mail or certified mail with return receipt requested, for one or more of the following:

22.2.1 A time extension, including, without limitation, for relief from damages or penalties for delay assessed by Lessor under the Lease.

22.2.2 Payment by Lessor of money or damages arising from work done by, or on behalf of, the Lessee pursuant to the Lease and payment for which is not otherwise expressly provided or to which the claimant is not otherwise entitled.

22.2.3 Payment of an amount that is disputed by Lessor.

22.3 For the purposes of this Article only: "subcontractor" means any type of contractor within the meaning of Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code who either is in direct contract with Lessee or is a lower tier subcontractor.

22.4 Upon receipt of a Claim pursuant to this section, Lessor shall conduct a reasonable review of the Claim and, within a period not to exceed 45 days, shall provide the claimant a written statement identifying what portion of the Claim is disputed and what portion is undisputed. Upon receipt of a Claim, Lessor and Lessee may, by mutual agreement, extend the time period provided in this subdivision.

22.5 The claimant shall furnish reasonable documentation to support the Claim.

22.6 If Lessor needs approval from its governing body to provide the claimant a written statement identifying the disputed portion and the undisputed portion of the Claim, and the governing body does not meet within the 45 days or within the mutually agreed to extension of time following receipt of a Claim sent by registered mail or certified mail, return receipt requested, Lessor shall have up to three (3) days following the next duly publicly noticed meeting of the governing body after the 45-day period, or extension, expires to provide the claimant a written statement identifying the disputed portion and the undisputed portion.

22.7 Any payment due on an undisputed portion of the Claim shall be processed and made within 60 days after Lessor issues its written statement. If Lessor fails to issue a written statement, Article 22.12 shall apply.

22.8 If the claimant disputes Lessor's written response, or if Lessor fails to respond to a Claim issued pursuant to this section within the time prescribed, the claimant may demand in writing an informal conference to meet and confer for settlement of the issues in dispute. Upon receipt of a demand in writing sent by registered mail or certified mail, return receipt requested, Lessor shall schedule a meet and confer conference within 30 days for settlement of the dispute.

22.9 Within 10 business days following the conclusion of the meet and confer conference, if the Claim or any portion of the Claim remains in dispute, Lessor shall provide the claimant a written statement identifying the portion of the Claim that remains in dispute and the portion that is undisputed. Any payment due on an undisputed portion of the Claim shall be processed and made within 60 days after Lessor issues its written statement. Any disputed portion of the Claim, as identified by the Lessee in writing, shall be submitted to nonbinding mediation, with Lessor and the claimant sharing the associated costs equally. Lessor and claimant shall mutually agree to a mediator within 10 business days after the disputed portion of the Claim has been identified in writing. If the Parties cannot agree upon a mediator, each party shall select a mediator and those mediators shall select a qualified neutral third party to mediate with regard to the disputed portion of the Claim. Each Party shall bear the fees and costs charged by its respective mediator in connection with the selection of the neutral mediator. If mediation is unsuccessful, the parts of the Claim remaining in dispute shall be subject to applicable procedures outside this section.

22.10 For purposes of this section, mediation includes any nonbinding process, including, but not limited to, neutral evaluation or a dispute review board, in which an independent third party or board assists the parties in dispute resolution through negotiation or by issuance of an evaluation. Any mediation utilized shall conform to the timeframes in this section.

22.11 Unless otherwise agreed to by Lessor and the Lessee in writing, the mediation conducted pursuant to this section shall excuse any further obligation under Public Contract Code section 20104.4 to mediate after litigation has been commenced.

22.12 Failure by Lessor to respond to a Claim from Lessee within the time periods described in this subdivision or to otherwise meet the time requirements of this section shall result in the Claim being deemed rejected in its entirety. A Claim that is denied by reason of Lessor's failure to have responded to a Claim, or its failure to otherwise meet the time requirements of this section, shall not constitute an adverse finding with regard to the merits of the Claim or the responsibility or qualifications of the claimant.

22.13 Amounts not paid in a timely manner as required by this section shall bear interest at seven (7) percent per annum.

22.14 If a subcontractor or a lower tier subcontractor lacks legal standing to assert a Claim against Lessor because privity of contract does not exist, Lessee may present to Lessor a Claim on behalf of a subcontractor or lower tier subcontractor. A subcontractor may request in writing, either on his or her own behalf or on behalf of a lower tier subcontractor, that Lessee present a Claim for work which was performed by the subcontractor or by a lower tier subcontractor on behalf of the subcontractor. The subcontractor requesting that the Claim be presented to Lessor shall furnish reasonable documentation to support the Claim. Within 45 days of receipt of this written request, Lessee shall notify the subcontractor in writing as to whether Lessee presented the Claim to Lessor and, if Lessee did not present the Claim, provide the subcontractor with a statement of the reasons for not having done so.

Article 23 General Provisions

23.1 Amendment/Modification. No amendment or modification of the terms or conditions of this Lease shall be valid unless made in writing and signed by the Parties expressing their mutual intent to be bound thereby. General Conditions to this agreement will be developed/negotiated during Stage 1 services including, but not limited to, language addressing differing site conditions, pre-existing hazardous materials, designation of Owner as generator of all pre-existing hazardous materials, schedule delay, definition of project substantial and final completion, termination for convenience of Owner.

23.2 Entire Lease. This Lease, including all attachments which are hereby incorporated by reference, reflect the only, sole, and entire agreement between the Parties relating in any way to the subject matter hereof. No statement, promise, or oral representations have been made which in any way form a part of or modify this Lease. This Lease is intended to replace and supersede any and all other agreements between the Parties, whether oral or in writing, relating to the subject matter of this Lease.

23.3 Assignment. Neither Party may assign any right or obligation under this Lease, including any monies due thereunder, without prior written consent of the other Party.

23.4 Binding on Successors/Assigns. This Lease shall inure to the benefit of and shall be binding upon the Parties' respective successors and assigns.

23.5 Compliance with Laws/Rules. In performing the work specified in this Lease, Lessee agrees to comply with all laws, rules, regulations, ordinances, directives and orders, whether federal, state or local, and any and all of Lessor's policies and procedures, departmental rules and other directives applicable to the Services. Any changes to Lessor's policies and procedures that relate to Lessee will be provided to Lessee in writing. Lessee agrees to review such policies, procedures, rules and directives the contents of which Lessee will be deemed to have knowledge.

23.6 Audit. This Lease is subject to examination and audit of the State Auditor, at the request of Lessor or as a part of any audit of Lessor, for a period of three (3) years after

final payment under the Lease. Lessee shall cooperate with Lessor regarding any such audit at no extra cost to Lessor.

23.7 Governing Law; Venue. This Lease shall be construed and enforced under and in accordance with the laws of the State of California. Venue to any action or proceeding arising out of this Lease shall be in San Diego County, California.

23.8 Severability. Each term, condition, covenant, or provision of this Lease shall be viewed as separate and distinct, and in the event that any term, covenant, or provision be held by a court of competent jurisdiction to be invalid, the remaining provisions shall continue in full force and effect.

23.9 Headings. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

23.10 Legal Requirements. Each and every provision of law and clause required to by law to be inserted in this Lease shall be deemed to be inserted herein, and the Lease shall be read and enforced as though they were included herein. If through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either Party, the Lease shall forthwith be physically amended to make such insertion.

23.11 False Claims. In performing this Lease, and requesting and receiving payment, Lessee certifies it has not and will not submit false claims pursuant to California Government Code Section 12650 et seq.

23.12 Waiver. A waiver by either party of a breach of any provision of this Lease shall not constitute a general waiver or prejudice the other party's right otherwise to demand strict compliance with that provision or any other provisions in this Lease.

23.13 Notices. Notices required or given in connection with this Lease shall be made in writing and effective the same day when delivered by hand, or effective the day after being sent via overnight mail, to the Parties at the addresses below:

To Lessee: <u>Jeff Newman</u> _____	To Lessor: c/o Michael
T. Thornton	
<u>Area Manager</u> _____	General Manager
<u>3750 Schaufele Ave, Suite 270</u> _____	2695
Manchester Avenue	
<u>Long Beach, CA 90818</u> _____	Cardiff by the Sea,
CA 92007	

23.14 Authority. Each individual signing below on behalf of an entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of that entity.

23.15 Counterparts. This Lease may be executed in counterparts and such counterpart shall have the force and effect of an original. A facsimile, scanned, and/or photographic signature shall have the same force and effect as an original signature.

IN WITNESS HEREOF, BY SIGNING BELOW THE PARTIES HERETO 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

Date: _____

By: _____
Michael T. Thornton, P.E.
General Manager

|
Date: _____

~~[[INSERT LESSEE NAME]PCL~~
CONSTRUCTION, INC.

By: _____ (Sign)

|
Name: _____

Name: Mike McKinney
____ (Print)

|
Title: _____

Title: President

|
License No: _____

License No: 913592

|
License Classification: _____

License Classification: A

|
License Expiration: _____

License Expiration: 04/30/2020

ATTACHMENT A Project Site Map



RNT 10-25-18

ATTACHMENT A.2
Stage 2 Mark-up Percentages

- Overhead = 3.50%
- Profit = 3.50%
- Subcontractor Mark-up = 5.00%

ATTACHMENT B.1
Stage 1 Scope of Work

- Task 1.1 – Background Documents Review and Validation = \$10,594
- Task 1.2 – 60% Design Development = \$21,189
- Task 1.3 – Cost Estimates = \$29,954
- Task 1.4 – Project Construction Schedule = \$5,425
- Task 1.5 – Project Management and Coordination = \$63,659
- Task 1.6 – Health and Safety Plan = \$8,150

Total Stage 1 = \$138,972

(note: the sum of the individual tasks add to \$138,971, likely rounding error)

ATTACHMENT B.2
Stage 2 Construction Services Scope of Work

ATTACHMENT C.1
Schedule for Stage 1 Design Services

ATTACHMENT C.2
Schedule for Stage 2 Construction Services

ATTACHMENT D.1
Schedule of Installment Payments for State 1 Design Services

Payment Date	Lease Amount
December 30, 2018	\$23,162
January 30, 2019	\$23,162
February 28, 2019	\$23,162
March 30, 2019	\$23,162
April 30, 2019	\$23,162
May 30, 2019	\$23,162

ATTACHMENT D.2
Schedule of Installment Payments for Stage 2 Construction Services and GMP

ATTACHMENT E
Workers' Compensation Insurance Certificate

Sections 1860 and 1861 of the California Labor Code require every contractor to whom a public works contract is awarded to sign and file with the awarding body the following statement:

“I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with provisions of that Code, and I will comply with such provisions before commencing the performance of the Work of this Contract.”

Dated: _____

By: _____

Title: _____

[End of Workers' Compensation Insurance Certificate]

ATTACHMENT F
Designation of Subcontractors

ATTACHMENT G
Performance Bond

BOND NO. _____

PERFORMANCE BOND

KNOW ALL PERSONS BY THESE PRESENTS: That

WHEREAS, the _____
(hereinafter designated as OWNER) on _____ 20____
awarded to _____
(hereinafter designated as the PRINCIPAL) a contract for the work described as follows: _____

WHEREAS, said Principal is required under the terms of said contract to furnish a bond for the faithful performance of said contract; _____

NOW THEREFORE, We, the Principal and _____

as Surety, are held and firmly bound unto the OWNER in the penal sum of _____

Dollars (\$_____) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT if the above bounden Principal, his or its hers, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and agreements, in the said contract and any alteration thereof made as therein provided, on his or their part, to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the OWNER, its officers and agents, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and virtue and Principal and Surety, in the event suit is brought on this bond, will pay to OWNER such reasonable attorneys' fees and costs as shall be fixed by the court.

As a condition precedent to the satisfactory completion of the Contract, the above obligation in the said amount shall remain in effect for a period of one (1) year after the date of final payment by the OWNER of the Work undertaken pursuant to the Contract, during which time if the above bounden Principal, his or its heirs, executors, administrators, successors, or assigns shall fail to make full, complete, and satisfactory repair and replacements or totally protect the OWNER from loss of damage made evident during said period of one year from the date of acceptance of the Work, and resulting from or caused by defective materials and/or faulty workmanship in the prosecution of the work done, the above obligation in the said amount shall

remain in full force and effect. However, notwithstanding anything in this paragraph to the contrary, the obligation of the Surety hereunder shall continue in effect so long as any obligation of the Principal remains.

And the said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to the Work to be performed thereunder or the specifications accompany the same shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or additions to the terms of the contract or to the Work or to the specifications. The Surety hereby waives the provisions of Sections 2819 and 2845 of the Civil Code of the State of California.

As a part of the obligation secured hereby and in addition to the amount specified therefor, Surety shall pay all costs and reasonable expenses and fees, including reasonable attorneys' fees and court costs, incurred by OWNER in successfully enforcing any and all obligations, hereunder all to be taxed as costs and included in any judgment rendered.

IN WITNESS WHEREOF, _____ identical counterparts of this instrument, each of which shall for all purposes be deemed an original thereof, have been duly executed by the Principal and Surety above named, on the _____ day of _____ A.D. 20_____.

(Seal)	<hr/> Principal <hr/> Signature for Principal Title
(Seal)	<hr/> Surety <hr/> Signature for Surety Title

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

NOTE:

- (a) Signature of those executing for Surety must be properly acknowledged.
- (b) The Attorney-in-fact must attach a certified copy of the Power of Attorney.

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

NOTE:

- (a) Signature of those executing for Surety must be properly acknowledged.
- (b) The Attorney-in-fact must attach a certified copy of the Power of Attorney.

[End of Performance Bond]

**ATTACHMENT H
Payment Bond**

BOND NO. _____

PAYMENT BOND

KNOW ALL MEN BY THESE PRESENTS: That

WHEREAS, the _____
(hereinafter designated as OWNER) on _____ 20____
awarded to _____
(hereinafter designated as the PRINCIPAL) a contract for the work described as follows: _____

WHEREAS, said Principal is required by California Civil Code section 9550 to furnish a bond in connection with said contract;

NOW THEREFORE, We, the Principal and _____

_____ as Surety, are held and firmly bound unto the OWNER in the penal sum of _____ Dollars (\$_____) lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT if said principal, hers/his/its subcontractors, heirs, executors, administrators, successors, or assigns, shall fail to pay any of the persons named in Section 9554 of the California Civil Code, or amounts due under the Unemployment Insurance Code with respect to work or labor performed under the contract, or for any amounts required to be deducted, withheld, and paid over to the Employment Development Department from the wages of employees of the contractor and subcontractors pursuant to Section 13020 of the Unemployment Insurance Code with respect to the work and labor, the surety or sureties will pay for the same in an amount not exceeding the sum hereinabove specified, and also, in case suit is brought upon this bond, a reasonable attorney's fee, to be fixed by the court.

This Bond shall inure to the benefit of any of the persons named in Section 9554 of the California Civil Code, so as to give a right of action to such persons or their assigns in any suit brought upon this bond.

It is further stipulated and agreed that the Surety on this bond shall not be exonerated or released from the obligation of this bond by any change, extension of time for performance, addition, alteration or modification in, to, or of any contract, Plans, specifications, or agreement pertaining or relating to any scheme or work of improvement hereinabove described or pertaining or relating to the furnishing of labor, materials, or equipment therefor, nor by any

change or modification of any terms of payment or extension of the time for any payment pertaining or relating to any scheme or work of improvement hereinabove described, nor by any rescission or attempted rescission of the contract, agreement or bond, nor by any conditions precedent or subsequent in the bond attempting to limit the right of recovery of claimants otherwise entitled to recover under any such contract or agreement or under the bond, nor by any fraud practiced by any person other than the claimant seeking to recover on the bond and that his bond be construed most strongly against the surety and in favor of all persons for whose benefit such bond is given, by reason of any breach of contract between the OWNER and CONTRACTOR or on the part of any obligee named in such bond, but the sole conditions of recovery shall be that claimant is a person described in Section 9554 of the California Civil Code, and has not been paid the full amount of his claim and that Surety does hereby waive notice of any such change, extension of time, addition, alteration or modification herein mentioned. The Surety hereby waives the provisions of Sections 2819 and 2845 of the Civil Code of the State of California.

This bond shall remain in full force and effect for one year after the date of final payment under the Contract, unless otherwise provided by law.

IN WITNESS WHEREOF this instrument has been duly executed by the Principal and Surety above named, on the _____ day of _____, 20_____

(Seal)	<hr/> Principal <hr/> Signature for Principal Title
(Seal)	<hr/> Surety <hr/> Signature for Surety Title

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

[End of Payment Bond]

ATTACHMENT 2

Kennedy/Jenks Consultants
Engineers & Scientists

9665 Granite Ridge Drive, Suite 210
San Diego, California 92123
858-676-3620
FAX: 858-292-1694

December 3, 2018

Mr. Michael T. Thornton, P.E.
General Manager
San Elijo Joint Powers Authority
2695 Manchester Avenue
Cardiff by the Sea, California 92007-1077

Subject: Building and Site Improvements Project – Owner’s Advisor Stage 1 Services

Dear Mr. Thornton:

Kennedy/Jenks Consultants (Kennedy/Jenks) is pleased to submit this proposal to San Elijo Joint Powers Authority (SEJPA) for Stage 1 support services related to the Construction Manager at Risk (CMAR) project delivery for the Building and Site Improvements Project.

Our scope of services includes the following:

SCOPE OF SERVICES

Task 1 – Project Management and Administrative Support Services

Task 1.1 – Project Administration

Kennedy/Jenks will provide project administration services, which includes supervision of Kennedy/Jenks in-house staff, planning and monitoring contract budget and schedule, reviewing and submitting invoices, and communicating with SEJPA. The estimated level of effort assumes a six (6) month contract period.

Task 2 – Preconstruction Phase (Stage 1) Support Services

This task involves providing support services during the preconstruction phase (Stage 1), including schedule and budget management, agency and permitting support, cost validation, participation in progress meetings and GMP review and negotiation support.

Task 2.1 – Schedule and Budget Management

Kennedy/Jenks will monitor the progress of the project, identifying and communicating critical path items, and track schedule and budget impacts based on design decisions made throughout the preconstruction phase. It is assumed that the CMAR will maintain and update the master schedule and cost model for the project. Our level of effort is assumed to be 36 hours for this task.

Mr. Michael T. Thornton, P.E.
San Elijo Joint Powers Authority
3 December 2018
Page 2

Task 2.2 – Agency and Permitting Support

Kennedy/Jenks will assist the SEJPA in making sure all required permits are obtained prior to the start of construction. These agencies are assumed to be California Coastal Commission, US Army Corps of Engineers (USACE), California Regional Water Quality Control Board (RWQCB), California Department of Fish and Wildlife (CDFW) and the City of Encinitas. It is assumed that the preparation of all permit applications and responding to permit agency questions/comments will be done by others. All permit fees are assumed to be paid by the SEJPA.

In addition, Kennedy/Jenks will support the SEJPA in coordinating with Caltrans for work related to the Bike and Pedestrian Path (Caltrans funded work).

Our level of effort is assumed to be 30 hours for this task.

Task 2.3 – Cost Validation

Kennedy/Jenks and SEJPA's CMAR Contractor (PCL) will support SEJPA and its design team in validating cost estimates through constructability reviews, price quotes and value engineering. Our level of effort is assumed to be 48 hours for this task.

Task 2.4 – Progress Meetings

Kennedy/Jenks will participate in on-site meetings conducted by the CMAR during the preconstruction period. Effort is estimated at attending two (2) progress meetings per month over a period of six (6) months (12 total meetings). Estimated level of effort assumes each meeting is two (2) hours in duration, not including travel time.

Task 2.5 – GMP Review and Negotiations Support

Kennedy/Jenks will review and provide comments on the GMP being prepared by the CMAR Contractor (PCL). We will assist the SEJPA in GMP negotiations and with the development of the amendment to the CMAR contract for Stage 2 services. Our level of effort is assumed to be 24 hours for this task.

BUDGET

Kennedy/Jenks proposes to provide the above-described scope of services on a time-and-materials basis in accordance with our attached 2018 Schedule of Charges (Attachment A) for an estimated fee of \$69,900. We will not exceed this budget estimate without prior authorization by the SEJPA.

Should you have any questions regarding this proposal, or would like to request additional information, please do not hesitate to contact me.

Mr. Michael T. Thornton, P.E.
San Elijo Joint Powers Authority
3 December 2018
Page 3

Very truly yours,

KENNEDY/JENKS CONSULTANTS

A handwritten signature in blue ink, appearing to read "Patrick T. Huston". The signature is stylized and cursive.

Patrick T. Huston, P.E.
Vice President

Enclosures (2)

CLIENT Name: San Elijo Joint Powers Authority
 PROJECT Description: Building and Site Improvements Project - Owner's Advisor - Stage 1
 Proposal/Job Number: _____ Date: 12/3/2018

January 1, 2018 Rates	Eng-Sci-9	Eng-Sci-8	Eng-Sci-7	Eng-Sci-6	Eng-Sci-5	Eng-Sci-4	Eng-Sci-3	Eng-Sci-2	Eng-Sci-1	Sr. CAD-Design	CAD-Design	Sr. CAD-Tech	CAD-Tech	Project Administrator	Total	KJ Labor Fees	Total Expenses	Total Labor + Subs + Expenses	
Classification:															Hours				
Hourly Rate:	\$295	\$280	\$260	\$230	\$205	\$190	\$175	\$160	\$130	\$165	\$150	\$125	\$110	\$125				Fees	
Task 1 - Project Management & Admin Support Services																			
1.1 Project Administration (6 months)	12		24											6	42	\$10,530	\$0	\$10,530	
Task 1 - Subtotal	12	0	24	0	0	0	0	0	0	0	0	0	0	6	42	\$10,530	\$0	\$10,530	
Task 2 - Preconstruction Phase Support Services																			
2.1 Schedule and Budget Management	6	18	12												36	\$9,930	\$0	\$9,930	
2.2 Agency and Permitting Support	2	6	2			20									30	\$6,590	\$165	\$6,755	
2.3 Cost Validation	6	12	6		24										48	\$11,610	\$0	\$11,610	
2.4 Progress Meetings (12)	12	48	24												84	\$23,220	\$990	\$24,210	
2.5 GMP Review and Negotiations Support	4	16	4												24	\$6,700	\$165	\$6,865	
Task 2 - Subtotal	30	100	48	0	24	20	0	0	0	0	0	0	0	0	222	\$58,050	\$1,320	\$59,370	
All Tasks Total	42	100	72	0	24	20	0	0	0	0	0	0	0	6	264	\$68,580	\$1,320	\$69,900	

ORIGINAL

11-S D-5-37.4/39.8
EA: 2T2184
Project Number: 1116000174
Agreement 11-4361

COOPERATIVE AGREEMENT
State Funds Contribution

This AGREEMENT, effective on October 23, 2018, is between the State of California, acting through its Department of Transportation, referred to as CALTRANS, and San Elijo Joint Powers Authority, a joint powers authority operating as a county sanitation district, referred to hereinafter as SAN ELIJO JPA. Each of the parties to this AGREEMENT may be referred to individually as a "PARTY" and collectively as the "PARTIES."

RECITALS

1. PARTIES are authorized to enter into a cooperative agreement for improvements to the State Highway System (SHS) per the California Streets and Highways Code sections 114 and 130.
2. The term AGREEMENT, as used herein, includes any attachments, exhibits, and amendments.
3. SAN ELIJO JPA intends to construct a bicycle-pedestrian node and the North Coast Bike Trail from the southerly to the northerly limits of SAN ELIJO JPA property and is referred to herein as PROJECT. PROJECT is located outside of the SHS (See Attachment A).
4. PROJECT is a one of the Community Enhancements in the City of Encinitas preliminarily identified in the CALTRANS Interstate 5 (I-5) North Coast Corridor (NCC) Final Environmental Impact Report/Environmental Impact Statement (EIR/EIS).
5. PROJECT is also included in the initial phase (2010-2020) of projects identified in the I-5 NCC Public Works Plan/Transportation Resource Enhancement Program (I-5 NCC PWP/TREP) (See Attachment B).
6. The I-5 NCC is listed and funding identified on Table 1, MPO ID: CAL09, Amendment 16-13 of the 2016 Regional Transportation Improvement Program. (See Attachment C).
7. CALTRANS will contribute to SAN ELIJO JPA up to \$4,200,000 from *State* funds required for construction capital and construction support of PROJECT.

8. CALTRANS and SAN ELIJO JPA have previously entered into Cooperative Agreement 11-8419 for design and permitting of the PROJECT (See Attachment D).
9. SAN ELIJO JPA will enter into a separate agreement with the City of Encinitas for the maintenance of the PROJECT.
10. PARTIES hereby set forth the terms, covenants, and conditions for CALTRANS' contribution toward PROJECT.

TERMS

11. SAN ELIJO JPA is responsible for completing all construction capital and construction support of Segments 1, 2 and 3 for PROJECT as shown in Attachment A.
12. SAN ELIJO JPA will make all necessary arrangements with utility owners for the timely accommodation, protection, relocation, or removal of any existing utility facilities that conflict with construction of PROJECT.
13. SAN ELIJO JPA will grant CALTRANS a permit to enter to construct, at CALTRANS' own cost, Segment 4 as shown on Attachment A.
14. SAN ELIJO JPA will procure and retain the construction contractor for PROJECT via Construction Management/General Contractor (CMGC) method.
15. SAN ELIJO JPA will provide CALTRANS the CMGC's segregated cost of PROJECT by segments prior to award construction stage contract. The segregated cost should be in open book format and subject to review and reconciliation by an Independent Cost Estimate (ICE) consultant. The SAN ELIJO JPA will procure and retain the ICE consultant. ICE consultant costs associated with CALTRANS funded work shall be allowed for reimbursement by CALTRANS as part of construction capital and support funds.
16. SAN ELIJO JPA will utilize 13% of construction capital cost to fund construction support costs.
17. CALTRANS will contribute up to of \$4,200,000 for construction capital and construction support costs for Segments 1 and 3 of the PROJECT and for any element of Segment 2 construction costs, excluding costs associated with the removal and undergrounding of the existing regional storm channel, as shown in Attachment A.

INVOICE & PAYMENT

18. CALTRANS has secured State funding for the PROJECT at the August 2018 California Transportation Commission (CTC) meeting
19. SAN ELIJO JPA will invoice CALTRANS for the construction capital and construction support as noted above after execution of this AGREEMENT and after CALTRANS and the SAN ELIJO JPA have reached concurrence on the CMGC cost of PROJECT.
20. CALTRANS will pay SAN ELIJO JPA within ninety (90) calendar days of receipt of invoice.
21. PARTIES agree that the total amount of State funds paid out to SAN ELIJO JPA will not exceed \$4,200,000. If the fixed amounts noted above are exceeded, the SAN ELIJO JPA will notify CALTRANS prior to the amounts being exceeded. SAN ELIJO JPA will provide documentation and PARTIES will meet and confer regarding amendment of this Agreement.
22. Upon completion of the PROJECT, SAN ELIJO JPA will submit to CALTRANS a final accounting for all costs. Based on the final accounting, SAN ELIJO JPA will refund to CALTRANS any unexpended funds remaining from CALTRANS' contribution of \$4,200,000.

GENERAL CONDITIONS

23. If SAN ELIJO JPA fails to achieve substantial construction completion of the PROJECT by January 1, 2022, for any reason, other than causes beyond its control (which includes permit approval and full project funding from CALTRANS by 2021), SAN ELIJO JPA will refund the full amount of CALTRANS' contribution.
24. SAN ELIJO JPA will retain all PROJECT related records for four (4) years after the final payment.
25. HM-1 is hazardous material (including, but not limited to, hazardous waste) that may require removal and disposal pursuant to Federal or State law only if disturbed by the PROJECT.
26. HM-2 is hazardous material (including, but not limited to, hazardous waste) that may require removal and disposal pursuant to Federal or State law only if disturbed by the PROJECT.
27. The management activities related to HM-1 and HM-2, including and without limitation, any necessary manifest requirements and disposal facility designations are referred to herein as HM-1 MANAGEMENT and HM-2 MANAGEMENT respectively.

28. If HM-1 or HM-2 is found during construction, SAN ELIJO JPA will immediately notify CALTRANS.
29. CALTRANS, independent of PROJECT, is responsible for any HM-1 found within the existing SHS right of way. CALTRANS will undertake, or cause to be undertaken, HM-1 MANAGEMENT with minimum impact to PROJECT schedule.

CALTRANS, independent of PROJECT will pay, or cause to be paid, the cost of HM-1 MANAGEMENT related to HM-1 found within the existing SHS right of way.

30. If HM-1 is found within the PROJECT limits and outside the existing SHS right of way, responsibility for such HM-1 rests with the owner(s) of the parcel(s) on which the HM-1 is found. SAN ELIJO JPA, in concert with the local agency having land use jurisdiction, will ensure that HM-1 MANAGEMENT is undertaken with minimum impact to PROJECT schedule.

The cost of HM-1 MANAGEMENT for HM-1 found within the PROJECT limits and outside the existing SHS right of way will be the responsibility of the owner(s) of the parcel(s) where the HM-1 is located.

31. SAN ELIJO JPA is responsible for HM-2 MANAGEMENT within the PROJECT limits.
32. HM-2 MANAGEMENT costs are PROJECT costs.
33. Neither SAN ELIJO JPA nor its member agencies, nor any officer, agent, representative, or employee thereof, is responsible for any injury, damage, or liability occurring by reason of anything done or omitted to be done by CALTRANS, its contractors, sub-contractors, and/or its agents under or in connection with any work, authority, or jurisdiction conferred upon CALTRANS under AGREEMENT. It is understood and agreed that CALTRANS, to the extent permitted by law, will defend, indemnify, and save harmless SAN ELIJO JPA and all of its officers, employees, agents, representatives, and member agencies from all claims, suits, or actions of every name, kind, and description brought forth under, but not limited to, tortious, contractual, inverse condemnation, or other theories and assertions of liability occurring by reason of anything done or omitted to be done by CALTRANS, its contractors, sub-contractors, and/or its agents under AGREEMENT.
34. Neither CALTRANS nor any officer or employee thereof is responsible for any injury, damage, or liability occurring by reason of anything done or omitted to be done by SAN ELIJO JPA, its contractors, sub-contractors, and/or its agents under or in connection with any work, authority, or jurisdiction conferred upon SAN ELIJO JPA under AGREEMENT. It is understood and agreed that SAN ELIJO JPA, to the extent permitted by law, will defend, indemnify, and save harmless CALTRANS and all of its officers and employees from all claims, suits, or

actions of every name, kind, and description brought forth under, but not limited to, tortious, contractual, inverse condemnation, or other theories and assertions of liability occurring by reason of anything done or omitted to be done by SAN ELIJO JPA, its contractors, sub-contractors, and/or its agents under AGREEMENT.

35. If the work performed on PROJECT is done under contract and falls within the Labor Code section 1720(a)(1) definition of "public works" in that it is construction, alteration, demolition, installation, or repair; or maintenance work under Labor Code section 1771 SAN ELIJO JPA must conform to the provisions of Labor Code sections 1720 through 1815, and all applicable provisions of California Code of Regulations found in Title 8, Chapter 8, Subchapter 3, Articles 1-7. SAN ELIJO JPA agrees to include prevailing wage requirements in its contracts for public work. Work performed by SAN ELIJO JPA's own forces is exempt from the Labor Code's Prevailing Wage requirements.

SAN ELIJO JPA shall require its contractors to include prevailing wage requirements in all subcontracts funded by AGREEMENT when the work to be performed by the subcontractor is "public works" as defined in Labor Code Section 1720(a)(1) and Labor Code Section 1771. Subcontracts shall include all prevailing wage requirements set forth in SAN ELIJO JPA contracts.

36. AGREEMENT is intended to be PARTIES final expression and supersedes all prior oral understandings pertaining to PROJECT.
37. Unless otherwise documented in a maintenance agreement, SAN ELIJO JPA will maintain all PROJECT improvements.
38. AGREEMENT will terminate upon CALTRANS' acceptance of PROJECT or on December 31, 2022, whichever occurs first. However, all indemnification and maintenance articles of AGREEMENT will remain in effect until terminated or modified in writing by mutual agreement.
39. All recitals and exhibits are fully incorporated into this Agreement as if fully restated here.
40. All CALTRANS' obligations under this Agreement are subject to the appropriation of resources by the Legislature, the State Budget Act authority, and the allocation of funds by the CTC.

CONTACT INFORMATION

The information provided below indicates the primary contact information for each PARTY to AGREEMENT. PARTIES will notify each other in writing of any personnel or location changes. Contact information changes do not require an amendment to AGREEMENT.

The primary Agreement contact person for CALTRANS is:

Arturo Jacobo, PE, Project Manager
4050 Taylor Street, MS-331
San Diego, CA 92110

Office Phone: (619) 688-6816
Email: arturo.jacobo@dot.ca.gov

The primary Agreement contact person for SAN ELIJO JPA is:

Michael T. Thornton, PE, General Manager
2695 Manchester Avenue
Cardiff by the Sea, CA 92007

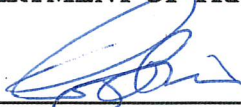
Office Phone: (760) 753-6203 ext. 72
Email: thornton@sejpa.org

SIGNATURES

PARTIES declare that:

1. Each PARTY is an authorized legal entity under California state law.
2. Each PARTY has the authority to enter into AGREEMENT.
3. The people signing AGREEMENT have the authority to do so on behalf of their public agencies.

**STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION**



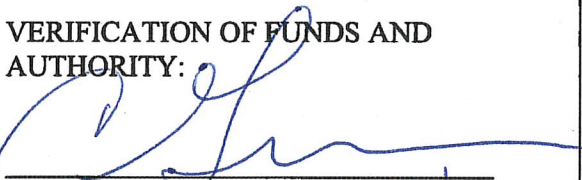
CORY BINNS
District 11 Director


**SAN ELIJO JOINT POWERS
AUTHORITY**




MICHAEL T. THORNTON
General Manager

**VERIFICATION OF FUNDS AND
AUTHORITY:**



CARMEN GOLEMBIEWSKI
District Budget Manager 

APPROVED AS TO FORM:



GLENN B. MUELLER
Assistant Chief Counsel



LEGEND

- SEGMENT 1 MANCHESTER INTERSECTION- LENGTH = 230 FT
IMPROVEMENTS (CALTRANS CONTRIBUTION)
- SEGMENT 2 TRAIL THROUGH JFA FACILITY PROJECT
-LENGTH = 640 FT
(CALTRANS CONTRIBUTION FOR TRAIL
PAVEMENT AND LIGHTING ONLY)
- SEGMENT 3A TRAIL ON CULVERT- LENGTH = 790 FT
(CALTRANS CONTRIBUTION)
- SEGMENT 3B TRAIL- LENGTH = 700 FT
(CALTRANS CONTRIBUTION)
- TRAIL CONNECTION TO CALTRANS R/W AND
SEGMENT 4 CULVERT EXTENSION- LENGTH = 210 FT
(SEPARATE CALTRANS CONSTRUCTION
PROJECT - PERMIT TO ENTER AND CONSTRUCT)

**SEJPA COOP EXHIBIT
SAN ELIJO JOINT POWERS
AUTHORITY BICYCLE TRAIL**

NO SCALE

ATTACHMENT A

Table 1
2016 Regional Transportation Improvement Program
San Diego Region (in \$000s)

Caltrans

MPO ID: CAL09			AMENDMENT: 16-13							
Project Title:	Interstate 5 - HOV/Managed Lanes						EA NO: 235800			
Project Description:	Interstate 5 - construct High Occupancy Vehicle (HOV)/Managed Lanes on I-5; construct Phase 1: Construct HOV from Lomas Santa Fe to Birmingham and replace San Elijo Bridge; Construct Phase 2: construct HOV lanes from Birmingham to SR78; Construct Phase 3: Soundwalls on private property from Manchester to SR-78. Toll Credits will be used to match federal funds for the ROW phase, Toll Credits will be used to match federal funds for the CON phase						PPNO: 0615CDE, 0615 RTP PG NO: A-16, B-30 SANDAG ID: 1200511, 1200501, 1200504, 1200510, 1200509			
RT:5	Capacity Status: CI	Exempt Category: Non-Exempt								
Est Total Cost: \$946,521			Open to Traffic: Phase 1: Sep 2020		Phase 2: Sep 2021		Phase 3: Sep 2021			
	TOTAL	PRIOR	16/17	17/18	18/19	19/20	20/21	PE	RW	CON
TransNet - MC	\$168,841	\$120,585	\$20,884	\$3,220	\$8,727	\$3,357	\$12,068	\$122,608	\$36,718	\$9,515
TransNet - MC AC	\$0		\$145,251		\$(64,648)	\$(31,089)	\$(49,514)			
CBI	\$416	\$416						\$416		
CMAQ	\$94,477	\$44,467	\$40,967	\$9,044				\$31,649	\$8,800	\$54,028
CMAQ - Conversion	\$101,790				\$25,907	\$26,368	\$49,514	\$3,600	\$6,034	\$92,156
Earmark Repurposing	\$1,220		\$1,220					\$1,220		
IM	\$3,886	\$3,886						\$3,886		
RSTP	\$66,693	\$36,071	\$30,622					\$31,987	\$4,084	\$30,622
RSTP - Conversion	\$43,461				\$38,741	\$4,720		\$9,004		\$34,457
STP	\$751	\$751						\$751		
SB1 - CCP	\$195,000				\$195,000					\$195,000
STIP-RIP AC	\$229,084	\$68,943				\$71,078	\$89,063	\$9,561		\$219,523
STIP-RIP State Cash	\$628	\$628						\$628		
TOTAL	\$906,247	\$275,747	\$238,944	\$12,264	\$203,727	\$74,434	\$101,131	\$215,310	\$55,636	\$635,301
*\$5.324M programmed in CAL46A; \$299K provided outside of the RTIP; \$12.035M programmed in CAL443; \$22.816M programmed in CAL468; Demo IDs CA653, CA676 repurposed to FHWA transfer number CAT 16-070										

ATTACHMENT C

** Include SANDAG in progress and pending projects - these projects are subject to change when accepted by SANDAG

ATTACHMENT D
TO 11-4361

11-S D-5-37.4/39.8
EA: 2T171_
Project Number: 1100000758
Agreement 11 - 8419

COOPERATIVE AGREEMENT *TransNet Funds Contribution*

This AGREEMENT, effective on JULY 17, 2018, is between the State of California, acting through its Department of Transportation, referred to as CALTRANS, and San Elijo Joint Powers Authority, a joint powers authority operating as a county sanitation district, referred to hereinafter as SAN ELIJO JPA. Each of the parties to this AGREEMENT may be referred to individually as a "PARTY" and collectively as the "PARTIES."

RECITALS

1. PARTIES are authorized to enter into a cooperative agreement for improvements to the State Highway System (SHS) per the California Streets and Highways Code sections 114 and 130.
2. The term AGREEMENT, as used herein, includes any attachments, exhibits, and amendments.
3. SAN ELIJO JPA intends to design a bicycle-pedestrian node and the North Coast Bike Trail from the southerly to the northerly limits of SAN ELIJO JPA property and is referred to herein as PROJECT. PROJECT is located outside of the SHS (See Attachment A).
4. PROJECT is a one of the Community Enhancements in the City of Encinitas preliminarily identified in the CALTRANS Interstate 5 (I-5) North Coast Corridor (NCC) Final Environmental Impact Report/Environmental Impact Statement (EIR/EIS).
5. PROJECT is included in the initial phase (2010-2020) of projects identified in the I-5 NCC Public Works Plan/Transportation Resource Enhancement Program (I-5 NCC PWP/TREP) (See Attachment B).
6. The I-5 NCC is listed and funding identified on Table 1, MPO ID: CAL09, Amendment 16-13 of the 2016 Regional Transportation Improvement Program. (See Attachment C).
7. CALTRANS will contribute to SAN ELIJO JPA the amount of \$450,000 from *TransNet* funds required for design and permitting of PROJECT.
8. CALTRANS and SAN ELIJO JPA will enter into a separate construction agreement for a portion of the PROJECT cost.

9. SAN ELIJO JPA will enter into a separate agreement with the City of Encinitas for the maintenance of the PROJECT.
10. PARTIES hereby set forth the terms, covenants, and conditions for CALTRANS' contribution toward PROJECT.

SCOPE

11. SAN ELIJO JPA is responsible for completing all environmental, permits, right of way and design, including specifications, for PROJECT.
12. CALTRANS will provide design oversight for PROJECT as programmed in Attachment C.
13. SAN ELIJO JPA will make all necessary arrangements with utility owners for the timely accommodation, protection, relocation, or removal of any existing utility facilities that conflict with construction of PROJECT.
14. CALTRANS will contribute the fixed amount of \$450,000 for design and permitting of PROJECT from *TransNet* funds.

INVOICE & PAYMENT

15. SAN ELIJO JPA will invoice CALTRANS for the amount of \$450,000 after execution of this AGREEMENT.
16. CALTRANS will pay SAN ELIJO JPA within ninety (90) calendar days of receipt of invoice.
17. PARTIES agree that the total amount of *TransNet* funds paid out to SAN ELIJO JPA will not exceed \$450,000. If the fixed amounts listed in the SCOPE are exceeded, the SAN ELIJO JPA will provide documentation and PARTIES will amend this agreement. After execution of amendment the SAN ELIJO JPA will invoice CALTRANS for the specified amendment amount and CALTRANS will pay SAN ELIJO JPA within ninety (90) calendar days of receipt of invoice.
18. After PARTIES agree that all work for PROJECT is complete, SAN ELIJO JPA will submit a final accounting for all costs. Based on the final accounting, SAN ELIJO JPA will refund or invoice as necessary in order to satisfy the financial commitment of this AGREEMENT, not to exceed the agreed upon amount of \$450,000.

GENERAL CONDITIONS

19. If SAN ELIJO JPA fails to complete the permitting and design of PROJECT by January 1, 2021, for any reason, other than causes beyond its control, SAN ELIJO JPA will refund the full amount of CALTRANS' contribution.
20. SAN ELIJO JPA will retain all PROJECT related records for four (4) years after the final payment.
21. Hazardous Material-1 (HM-1) including, but not limited to, hazardous waste that may require removal and disposal pursuant to Federal or State law, whether it is disturbed by the PROJECT or not.
22. Hazardous Material-2 (HM-2) including, but not limited to, hazardous waste that may require removal and disposal pursuant to Federal or State law only if disturbed by the PROJECT.
23. The management activities related to HM-1 and HM-2, including and without limitation, any necessary manifest requirements and disposal facility designations are referred to herein as HM-1 MANAGEMENT and HM-2 MANAGEMENT respectively.
24. If HM-1 or HM-2 is found during construction, SAN ELIJO JPA will immediately notify CALTRANS.
25. CALTRANS, independent of PROJECT, is responsible for any HM-1 found within the existing SHS right of way. CALTRANS will undertake, or cause to be undertaken, HM-1 MANAGEMENT with minimum impact to PROJECT schedule.

CALTRANS, independent of PROJECT will pay, or cause to be paid, the cost of HM-1 MANAGEMENT related to HM-1 found within the existing SHS right of way.
26. If HM-1 is found within the PROJECT limits and outside the existing SHS right of way, responsibility for such HM-1 rests with the owner(s) of the parcel(s) on which the HM-1 is found. SAN ELIJO JPA, in concert with the local agency having land use jurisdiction, will ensure that HM-1 MANAGEMENT is undertaken with minimum impact to PROJECT schedule.

The cost of HM-1 MANAGEMENT for HM-1 found within the PROJECT limits and outside the existing SHS right of way will be the responsibility of the owner(s) of the parcel(s) where the HM-1 is located.
27. SAN ELIJO JPA is responsible for HM-2 MANAGEMENT within the PROJECT limits.
28. HM-2 MANAGEMENT costs are PROJECT costs.

29. Neither SAN ELIJO JPA nor its member agencies, nor any officer or employee thereof, is responsible for any injury, damage, or liability occurring by reason of anything done or omitted to be done by CALTRANS, its contractors, sub-contractors, and/or its agents under or in connection with any work, authority, or jurisdiction conferred upon CALTRANS under AGREEMENT. It is understood and agreed that CALTRANS, to the extent permitted by law, will defend, indemnify, and save harmless SAN ELIJO JPA and all of its officers, employees, and member agencies from all claims, suits, or actions of every name, kind, and description brought forth under, but not limited to, tortious, contractual, inverse condemnation, or other theories and assertions of liability occurring by reason of anything done or omitted to be done by CALTRANS, its contractors, sub-contractors, and/or its agents under AGREEMENT.
30. Neither CALTRANS nor any officer or employee thereof is responsible for any injury, damage, or liability occurring by reason of anything done or omitted to be done by SAN ELIJO JPA, its contractors, sub-contractors, and/or its agents under or in connection with any work, authority, or jurisdiction conferred upon SAN ELIJO JPA under AGREEMENT. It is understood and agreed that SAN ELIJO JPA, to the extent permitted by law, will defend, indemnify, and save harmless CALTRANS and all of its officers and employees from all claims, suits, or actions of every name, kind, and description brought forth under, but not limited to, tortious, contractual, inverse condemnation, or other theories and assertions of liability occurring by reason of anything done or omitted to be done by SAN ELIJO JPA, its contractors, sub-contractors, and/or its agents under AGREEMENT.
31. If the work performed on PROJECT is done under contract and falls within the Labor Code section 1720(a)(1) definition of "public works" in that it is construction, alteration, demolition, installation, or repair; or maintenance work under Labor Code section 1771 SAN ELIJO JPA must conform to the provisions of Labor Code sections 1720 through 1815, and all applicable provisions of California Code of Regulations found in Title 8, Chapter 8, Subchapter 3, Articles 1-7. SAN ELIJO JPA agrees to include prevailing wage requirements in its contracts for public work. Work performed by SAN ELIJO JPA's own forces is exempt from the Labor Code's Prevailing Wage requirements.

SAN ELIJO JPA shall require its contractors to include prevailing wage requirements in all subcontracts funded by AGREEMENT when the work to be performed by the subcontractor is "public works" as defined in Labor Code Section 1720(a)(1) and Labor Code Section 1771. Subcontracts shall include all prevailing wage requirements set forth in SAN ELIJO JPA contracts.
32. AGREEMENT is intended to be PARTIES final expression and supersedes all prior oral understandings pertaining to PROJECT.
33. Unless otherwise documented in a maintenance agreement, SAN ELIJO JPA will maintain all PROJECT improvements.

34. AGREEMENT will terminate upon CALTRANS' acceptance of PROJECT. However, all indemnification and maintenance articles of AGREEMENT will remain in effect until terminated or modified in writing by mutual agreement.

CONTACT INFORMATION

The information provided below indicates the primary contact information for each PARTY to AGREEMENT. PARTIES will notify each other in writing of any personnel or location changes. Contact information changes do not require an amendment to AGREEMENT.

The primary Agreement contact person for CALTRANS is:

Arturo Jacobo, PE, Project Manager
4050 Taylor Street, MS-331
San Diego, CA 92110

Office Phone: (619) 688-6816
Email: arturo.jacobo@dot.ca.gov

The primary Agreement contact person for SAN ELIJO JPA is:

Michael T. Thornton, PE, General Manager
2695 Manchester Avenue
Cardiff by the Sea, CA 92007

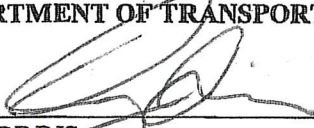
Office Phone: (760) 753-6203 ext. 72
Email: thornton@sejpa.org

SIGNATURES

PARTIES declare that:


1. Each PARTY is an authorized legal entity under California state law.
2. Each PARTY has the authority to enter into AGREEMENT.
3. The people signing AGREEMENT have the authority to do so on behalf of their public agencies.

**STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION**



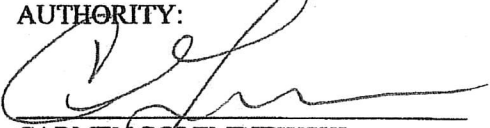
CORY BINNS
District 11 Director

**SAN ELIJO JOINT POWERS
AUTHORITY**

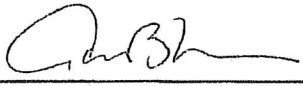


MICHAEL T. THORNTON
General Manager

**VERIFICATION OF FUNDS AND
AUTHORITY:**



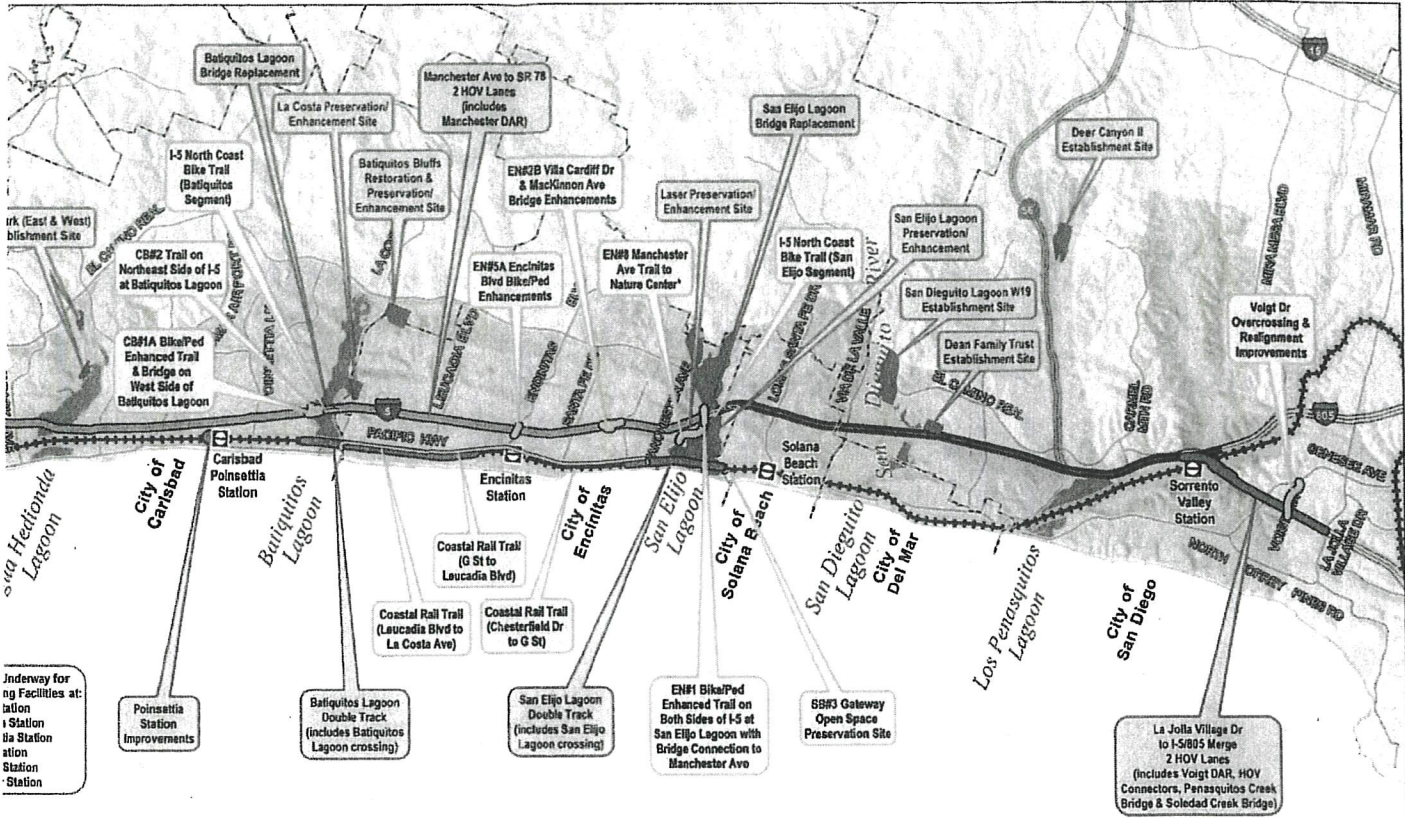
CARMEN GOLEMBIEWSKI
District Budget Manager



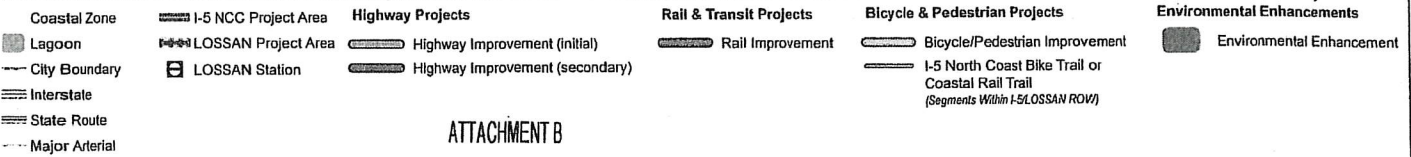
GLENN B. MUELLER
Assistant Chief Counsel



ATTACHMENT A
NO SCALE



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ATTACHMENT B

WDAG, Imagery: DigitalGlobe March 2008

preliminary study purposes only. Data are derived from multiple sources. The digital Coastal Zone boundary, jurisdiction and lands are the official version certified by the Coastal Commission as they are amended from time to time. Disclaimer: The State of California and its agencies do not warrant the accuracy, completeness, or timeliness of the data from which they were derived. The State shall not be liable under any circumstances for any direct, indirect, special, or consequential damages, including but not limited to, the use of the Coastal Zone boundary, jurisdiction and Local Coastal Program files or the data from which they were derived, and the data from which they were derived are not binding, and may be revised at any time.

Project Improvements and Enhancements: Initial-Term Phase (2010-2020)

North Coast Corridor PWP/TREP

FINAL: JUNE 2014

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Table 1
2018 Regional Transportation Improvement Program
San Diego Region (in \$000s)

Caltrans

MPO ID: CAL09		ADOPTION: 18-00									
Project Title:	Interstate 5 - HOV/Managed Lanes							EA NO: 235800			
Project Description:	Interstate 5 - construct High Occupancy Vehicle (HOV)/Managed Lanes on I-5; construct Phase 1: Construct HOV from Lomas Santa Fe to Birmingham and replace San Elijo Bridge; Construct Phase 2: construct HOV lanes from Birmingham to SR78; Construct Phase 3: Soundwalls on private property from Manchester to SR-78.. Toll Credits will be used to match federal funds for the ROW phase, Toll Credits will be used to match federal funds for the CON phase							PPNO: 0615CDE, 0615			
RT:5	Capacity Status: CI		Exempt Category: Non-Exempt						RTP PG NO: A-16, B-30		
Est Total Cost: \$946,521		Open to Traffic: Phase 1: Sep 2020			Phase 2: Sep 2024		Phase 3: Sep 2024				
	TOTAL	PRIOR	18/19	19/20	20/21	21/22	22/23	PE	RW	CON	
TransNet - MC	\$168,841	\$144,690	\$8,726	\$3,357	\$2,897	\$2,503	\$6,668	\$122,608	\$36,718	\$9,515	
TransNet - MC AC	\$0	\$14,583	\$89,331	\$(25,142)	\$(24,870)	\$(29,589)	\$(24,313)				
CBI	\$416	\$416						\$416			
CMAQ	\$98,698	\$94,477	\$4,220					\$27,116	\$8,800	\$62,782	
CMAQ - Conversion	\$98,914			\$25,142	\$24,870	\$24,589	\$24,313		\$4,012	\$94,902	
Earmark Repurposing	\$1,220	\$1,220						\$1,220			
IM	\$3,886	\$3,886						\$3,886			
RSTP	\$103,811	\$66,693	\$28,361		\$8,756			\$31,987	\$6,106	\$65,718	
RSTP - Conversion	\$5,000					\$5,000				\$5,000	
STP	\$751	\$751						\$751			
SB1 - CCP	\$195,000		\$195,000							\$195,000	
STIP-RIP AC	\$229,084	\$68,943		\$71,078			\$89,063	\$9,561		\$219,523	
STIP-RIP State Cash	\$628	\$628						\$628			
TOTAL	\$906,249	\$396,287	\$325,638	\$74,435	\$11,653	\$2,503	\$95,731	\$198,173	\$55,636	\$652,440	
*\$5.324M programmed in CAL46A; \$299K provided outside of the RTIP; \$12.035M programmed in CAL443; \$22.616M programmed in CAL468; Demo IDs CA653, CA676 repurposed to FHWA transfer number CAT 16-070											

ATTACHMENT C

** Include SANDAG in progress and pending projects - these projects are subject to change when accepted by SANDAG