

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON MARCH 18, 2025
AT THE SAN ELIJO WATER CAMPUS

Kristi Becker, Chair

Luke Shaffer, Vice Chair

A meeting of the Board of Directors of San Elijo Joint Powers Authority (SEJPA) was held Tuesday, March 18, 2025, at 8:30 a.m., at the San Elijo Water Campus.

1. CALL TO ORDER

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

2. ROLL CALL

Directors Present:

Board Chair	Kristi Becker
Vice Chair	Luke Shaffer (arrived 8:33 a.m.)
Board Member	David Zito
Board Member	Jim O'Hara

Others Present:

Director of Operations	Christopher Trees
Director of Infrastructure and Sustainability	Thomas Falk
Director Finance and Administration	Kevin Lang
Senior Project Manager	Michael Konicke
Accounting Technician I	Maria Cruz

SEJPA Counsel:

Snell & Wilmer	Adriana Ochoa
----------------	---------------

City of Encinitas:

Senior Engineer	Daniel Nutter
-----------------	---------------

Santa Fe Irrigation District:

Director, Division #2	Dana Frieauf
Director, Division #1	Kenneth Westphal
Director of Administrative Services	Seth Gates

San Dieguito Water District

Finance and Administration Manager	Mary Kazungu
------------------------------------	--------------

City of Solana Beach:

City Manager	Alyssa Muto
Principal Engineer	Dan Goldberg

3. PLEDGE OF ALLEGIANCE

Board Chair Becker led the Pledge of Allegiance.

4. ORAL COMMUNICATION/PUBLIC COMMENT PERIOD

None.

5. AWARDS AND RECOGNITION

None.

6. CONSENT CALENDAR

Agenda Item No. 7	Approval of Minutes for the February 18, 2025 Board Meeting
Agenda Item No. 8	Approval for Payment of Warrants and Monthly Investment Report – February 2025
Agenda Item No. 9	Wastewater Treatment Report – January 2025
Agenda Item No. 10	Recycled Water Report – January 2025
Agenda Item No. 11	Reportable Meetings
Agenda Item No. 12	Notice of Emergency Situation and Award of Construction Contract for Emergency Repairs to Natural Gas Pipe on San Elijo Water Campus

Moved by Board Member Zito and seconded by Board Member O’Hara to approve the Consent Calendar.

Motion carried with the following vote of approval:

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

Note, Board Member Shaffer arrived at 8:33 a.m. after the vote was taken.

14. CAPITAL PROGRAM UPDATE

Director of Infrastructure and Sustainability Thomas Falk provided a quarterly update on the 3-Year Capital Plan (2023–2025), noting that SEJPA is revising its Facility Plan to establish capital priorities through 2035. The 3-Year Capital Plan, originally approved at \$32.6 million, has been reduced to \$21 million due to the postponement of the Biological Treatment Improvement Project, prompted by significant cost inflation and other financial factors. SEJPA’s capital needs are funded through wastewater customer agency contributions,

recycled water revenues, loans, and external sources such as state and federal grants.

Key ongoing projects include improvements to the Biosolids Dewatering Facility, Wanket Reservoir Refurbishment, and Moonlight Beach Pump Station Modifications. These projects are expected to be completed within the next six months. Mr. Falk also reviewed near-term projects for fiscal years 2026–2028, which will be further defined and prioritized in the 2025 Facility Plan. These projects are estimated to total \$15.8 million across both wastewater and recycled water utilities. Prioritized future initiatives include upgrades to the SCADA system, rehabilitation of the effluent pump station, and improvements to the RAS pump station, among others. No action was required from the Board as this was an informational update.

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

15. RECYCLED WATER COST OF SERVICE WORKSHOP

Director of Finance and Administration Kevin Lang reported that the San Elijo Joint Powers Authority (SEJPA) operates a recycled water utility, established in 2000, aimed at providing an environmentally responsible and cost-effective alternative to potable water for irrigation and other approved uses. Mr. Lang outlined the utility's revenue sources, focusing on the annual incentive payments from the San Diego County Water Authority (SDCWA) and the Metropolitan Water District of Southern CA (MWD), which have been received since 2000 but will expire in August 2025. For fiscal year 2024-2025, these revenues are expected to total \$720,000. These incentive revenues covered 28.9% of operating expenses in FY 2023-24.

In 2021, the SEJPA Board approved a 5-year rate plan for recycled water customers, including annual increases of 3.9% from FY 2021-22 to FY 2025-26. Mr. Lang explained that due to unforeseen financial impacts and the expiration of incentive revenues, SEJPA must update its Recycled Water Cost of Service Study (Study).

Mr. Lang also noted that both incentive revenues and reduced grant funding affect the utility's Debt Service Coverage Ratio (DSCR) debt covenant and would be required to be replaced with rate increases. The goals of the FY 2026 - 2029 Study are to develop rate recommendations that provide financial stability, replace a portion of the expiring incentive revenues, recover losses from inflation during the COVID/post-pandemic period, and create pay-as-you-go savings for upcoming capital projects identified in the 2025 Facility Plan.

Two rate proposals for FY 2026-2029 were presented. Alternative One suggests annual increases of 12%, 12%, 6.5%, and 6.5%, while Alternative Two proposes increases of 14%, 14%, 5%, and 5%. Both proposals aim to recover most of the sunseting incentive revenue, maintain rates below 85% of potable water costs, and ensure compliance with the DSCR covenant. After the update, the Board discussed the proposals and requested more information at the next meeting. They also suggested exploring a rate scenario with a lower initial increase but longer-term increases (e.g., 10%, 10%, 8%, 8%). Mr. Lang agreed to consider additional alternatives and present further details to the Board at a later date.

They also requested that staff assume a 12% increase for the draft budget to be presented in April.

The floor was then opened for a request to address the Board by Santa Fe Irrigation District Board Member Dana Friehauf.

18. GENERAL MANAGER'S REPORT

None.

19. GENERAL COUNSEL'S REPORT

General Counsel Adriana Ochoa reported on her findings from attending the California Association of Sanitation Agencies (CASA) attorney's meeting. Mrs. Ochoa noted that proposed legislation was discussed and that she will monitor and report back to the Board on any legislation that could have an impact on San Elijo Joint Powers Authority and its partner agencies. She also briefed the Board on a recent Supreme Court decision on a lawsuit brought by the City of San Francisco against the EPA where the court rejected a requirement to test receiving water.

20. BOARD MEMBER COMMENTS

None.

21. CLOSED SESSION

None.

22. ADJOURNMENT

The meeting adjourned at 9:49 a.m. The next Board of Directors meeting is scheduled to be held on Tuesday, April 15, 2025, at 8:30 a.m.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager