

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON AUGUST 19, 2025
AT THE SAN ELIJO WATER CAMPUS

Kristi Becker, Chair

Luke Shaffer, Vice Chair

A meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Tuesday, August 19, 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 8:32 a.m.

2. ROLL CALL

Directors Present:

Board Chair

Kristi Becker

Vice Chair

Luke Shaffer

Board Member

David Zito

Board Member

Jim O'Hara (arrived 8:39 a.m.)

Others Present:

General Manager

Michael Thornton

Director of Operations

Christopher Trees

Director of Infrastructure and Sustainability

Thomas Falk

Director of Finance and Administration

Kevin Lang

Senior Project Manager

Michael Konicke

Administrative Coordinator

Vanessa Hackney

SEJPA Counsel:

Snell and Wilmer

Tracie Stender

City of Encinitas:

Principal Engineer SDWD

Elmer Alex

Finance Manager

Shoshana Aguilar

Contract Senior Management Analyst

Ashlee Stratakis

Intern to Board Member O'Hara

Aarya Dave

City of Solana Beach:

Public Works Director

Orelia DeBraal

Santa Fe Irrigation District:

Director, Division #2

Director, Division #1

Director of Administrative Services

Dana Friehauf

Kenneth Westphal

Seth Gates

3. PLEDGE OF ALLEGIANCE

Board Chair Becker led the Pledge of Allegiance.

4. ORAL COMMUNICATION/PUBLIC COMMENT PERIOD

Two public comments were made prior to the presentation of Item No. 15, Draft Recycled Water Cost of Service Study and Proposed Wholesale Rate Increase:

- Dana Friehauf, Division #2 Director of the Santa Fe Irrigation District (SFID):

Dana expressed appreciation for the coordination between SFID and SEJPA, noting that SEJPA considered SFID's input when setting rate schedules and adjusting the implementation timeline. Dana requested that staff review the Cost-of-Service Study annually to ensure rate adjustments do not result in over or under collection, and that the final report clearly specify the cost controls identified in the draft study.

- Kenneth Westphal, Division #1 Director of the Santa Fe Irrigation District:

Kenneth concurred with Dana's comments and emphasized the importance of conducting annual reviews of rate adjustments to ensure their accuracy, making modifications as necessary, and communicating the outcomes to the community.

5. AWARDS AND RECOGNITION

None.

6. CONSENT CALENDAR

Agenda Item No. 7	Approval of Minutes for the June 17, 2025 Board Meeting
Agenda Item No. 8a	Approval for Payment of Warrants and Monthly Investment Report – June 2025
Agenda Item No. 8b	Approval for Payment of Warrants and Monthly Investment Report – July 2025
Agenda Item No. 9a	Wastewater Treatment Report – June 2025
Agenda Item No. 9b	Wastewater Treatment Report – July 2025
Agenda Item No. 10a	Recycled Water Report – June 2025
Agenda Item No. 10b	Recycled Water Report – July 2025
Agenda Item No. 11	Reportable Meetings

- Agenda Item No. 12 Contract for Procurement of Polymer for Fiscal Year 2025-26
- Agenda Item No. 13 Construction Phase Contract Amendments for the Biosolids
Dewatering Facility Project

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

Motion carried with the following vote of approval:

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

15. DRAFT RECYCLED WATER COST OF SERVICE STUDY AND PROPOSED WHOLESALE RATE INCREASE

Director of Finance and Administration Kevin Lang reported that San Elijo staff, in collaboration with Carollo Engineers, have been closely evaluating the potential rate scenarios presented to the Board at the May 2025 Recycled Water Workshop #2. He explained that an updated rate increase is necessary for two primary reasons: the expiration of incentive revenues—currently covering approximately 29% of operating costs—in September 2025, and the impact of high inflation on both capital and operating expenses.

Referencing the March and May workshops, Mr. Lang stated that Carollo, with the support of San Elijo staff, recommends moving forward with **Alternative Rate Schedule One**, which includes an already in place increase of 3.9% on July 1, 2025, to be followed by annual increases of 10%, 10%, 8%, and 8% on January 1 of calendar years 2026 through 2029, respectively.

Mr. Lang emphasized that future capital projects have been carefully prioritized to meet current facility and process needs while also positioning the agency for long-term improvements. He clarified that the larger rate adjustments in FY 2026 and FY 2027 are driven primarily by the loss of incentive revenues, rather than by new capital expenditures.

He also highlighted San Elijo's two debt agreements, which require a minimum Debt Service Coverage Ratio (DSCR) of 1.15x. While this is the contractual threshold, Mr. Lang noted that a more prudent target is at least 1.25x, with healthier levels ranging from 1.5x to 2.0x. Under Alternative One, the agency is projected to maintain this 1.25x buffer even in FY 2027, when the DSCR is expected to be at its lowest point.

Following comments and discussion from Board Members, Mr. Lang indicated that SEJPA staff will work with Carollo to finalize the Cost of Service Study and will present an action item to the Board in September for the adoption of **Alternative Rate Schedule One**.

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

16. GENERAL MANAGER'S REPORT

General Manager Michael Thornton reported that in July of 2025 he, along with General Manager Paul Bushee, of Leucadia Wastewater District, presented at the California Association of Sanitation Agencies (CASA) annual conference. The presentation focused on workforce development, which included highlighting the inaugural 2024 Water Career Day that took place at the San Elijo Water Campus.

17. GENERAL COUNSEL'S REPORT

None.

18. BOARD MEMBER COMMENTS

Board Member Jim O'Hara reported that he and Vice Chair Shaffer were grateful to General Manager Thornton for hosting a tour of the San Elijo Water Campus.

19. CLOSED SESSION

A closed session was held per Government Code Section 54957 (b)(1), Public Employee Evaluation, Title: General Manager

20. DISCUSSION AND POSSIBLE ACTION ON GENERAL MANAGER EMPLOYMENT AGREEMENT

The board formed an ad hoc committee to develop a compensation philosophy for SEJPA and to continue negotiations with the General Manager.

21. ADJOURNMENT

The meeting adjourned at 9:55 a.m. The next Board of Directors meeting is scheduled to be held on Tuesday, September 16, 2025 at 8:30 a.m.