

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON JANUARY 20, 2026
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, January 20, 2026, 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

Board Member

David Zito

Board Member

Jim O'Hara (arrived 8:34 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

Accounting Supervisor

Yani Reyes-Heyer

Administrative Coordinator

Vanessa Hackney

SEJPA Counsel:

Snell and Wilmer

Tracie Stender

City of Encinitas/San Dieguito Water District

General Manager

Isam Hireish

Principal Engineer

Elmer Alex

City of Solana Beach:

Public Works Director

Orelia DeBaal

3. PLEDGE OF ALLEGIANCE

Board Chair Becker led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS/PUBLIC COMMENT PERIOD

None.

5. AWARDS AND RECOGNITION

Recognition

Yani Reyes-Heyer, Accounting Supervisor,

Bachelor's Degree in Business Administration – San Diego State University

Joshua McTaggart, Operator-in-Training

Associate's Degree in Water Technology – Palomar College

Associate's Degree in Wastewater Technology – Palomar College

6. CONSENT CALENDAR

Agenda Item No. 7 Approval of Minutes for the December 09, 2025 Board Meeting

Agenda Item No. 8 Approval for Payment of Warrants and Monthly Investment Report – December 2025

Agenda Item No. 9 Wastewater Treatment Report – November 2025

Agenda Item No. 10 Recycled Water Report – November 2025

Agenda Item No. 11 Reportable Meetings

Agenda Item No. 12 Award of Professional Services Agreement for Arc Flash Studies

Agenda Item No. 13 Organizational Classification Change – Elimination of Financial Analyst Series and Addition of Senior Accountant

Agenda Item No. 14 Wanket Tank Construction Phase Amendments

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

Motion carried with the following vote of approval:

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

16. 2026 ELECTION OF OFFICERS AND BOARD MEETING SCHEDULE

General Manager Michael Thornton reviewed the standard practice for electing officers for the SEJPA Board. The Board voted to appoint Board Member Shaffer as Chairperson of the Board and Board Member Zito as Vice-Chairperson

The Board also voted to approve the 2026 Regular Meeting Schedule for the Board of Directors. Meetings will be held at 8:30 a.m. on the third Tuesday of each month, with no meeting scheduled in August.

Moved by Chair Becker and seconded by Board Member O'Hara to:

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

Motion carried with the following vote of approval:

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

17. WANKET TANK RESERVOIR ASSIGNMENT AND ASSUMPTION AGREEMENT

General Manager Michael Thornton reported that in 2022, SEJPA acquired San Dieguito Water District's one-third ownership interest in the Wanket Reservoir. At that time, SEJPA also secured access rights through an Assignment and Assumption Agreement and a License Agreement to allow the reservoir to be repurposed for recycled water service.

Following this acquisition, Olivenhain Municipal Water District expressed interest in transferring its remaining ownership interest in the Wanket Reservoir to SEJPA. Legal counsel and staff from all three agencies collaborated to develop an Assignment and Assumption Agreement that would transfer full ownership and operational responsibility of the Wanket Reservoir to SEJPA.

The proposed transfer would consolidate ownership under a single agency, thereby streamlining operation, maintenance, and administrative responsibilities associated with the reservoir.

Under the terms of the agreement, Olivenhain would transfer its ownership interest to SEJPA. Although Olivenhain has a residual book value of \$132,616 associated with the asset, no cash consideration would be exchanged. Instead, this value would be offset through Olivenhain's purchase of recycled water from SEJPA, consistent with the Infrastructure Rent provisions of the January 22, 2019 Agreement for the Sale of Recycled Water.

Upon completion of the transfer, SEJPA would assume full responsibility for all future maintenance, rehabilitation, and capital improvements of the Wanket Reservoir. These costs would be funded through the Recycled Water Utility and recovered through recycled water rates. Shared property maintenance, estimated at approximately \$7,000 annually, would continue to be managed by Olivenhain, with SEJPA reimbursing its proportional share in accordance with the existing agreement.

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

1. Authorize the General Manager to finalize terms and enter into an agreement with the Olivenhain Municipal Water District (Olivenhain) and the San Dieguito Water District (San Dieguito) for assignment of ownership rights related to the Wanket Tank Reservoir.

Motion carried with the following vote of approval:

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

18. UPDATED FY 2024-25 FINANCIAL AUDIT REPORT ACCEPTANCE

Director of Finance and Administration Kevin Lang provided an update on San Elijo's financial statements, which now include the completed Federal Single Audit and Yellow Book Audit. These audits supplement the financial audit approved in December 2025, which addressed overall financial activities, while the additional audits focus on internal controls and compliance related to federal grant programs.

Director Lang reported that the Single and Yellow Book audits are required when federal awards exceed \$750,000 in a fiscal year. For FY 2024–25, San Elijo received \$890,284 in federal grant funding.

The Independent Auditor's Reports for both audits found no deficiencies or material weaknesses in internal controls and confirmed compliance with federal grant requirements. Unmodified opinions were issued on both the financial statements and federal program compliance, representing a clean audit outcome.

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

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

Motion carried with the following vote of approval:

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

19. GENERAL MANAGER'S REPORT

None.

20. GENERAL COUNSEL'S REPORT

None.

21. BOARD MEMBER COMMENTS

None.

22. CLOSED SESSION

The Board entered Closed Session at 8:48 am to discuss the agenda topic of PUBLIC EMPLOYEE APPOINTMENT in accordance with Government Code Section 54957 (b)(1), Title: General Manager – Succession Planning. The Board exited closed session at 9:09 am.

The following reportable action resulted from the closed session: the creation of a new position titled: Deputy General Manager, with a salary of \$255,000. Thomas Falk, Director of Infrastructure and Sustainability, was promoted to this role.

23. ADJOURNMENT

The meeting adjourned at 9:11 a.m. The next Board of Directors meeting is scheduled to be held on Tuesday, February 17, 2026 at 8:30 a.m.