Agenda Item No. 7A

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON JUNE 16, 2026
AT THE SAN ELIJO WATER CAMPUS

Luke Shaffer, Chair David Zito, Vice Chair

A meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Tuesday, June 16, 2026, at 8:30 a.m., at the San Elijo Water Campus.

1. CALL TO ORDER

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

2. ROLL CALL

Directors Present:

Board Chair	Luke Shaffer
Vice Chair	David Zito
Board Member	Jim O'Hara
Board Member	Kristi Becker

Others Present:

General Manager	Michael Thornton
Deputy General Manager	Thomas Falk
Director of Operations	Christopher Trees
Director of Finance and Administration	Kevin Lang
Administrative Coordinator	Vanessa Hackney

SEJPA Counsel:

Snell and Wilmer	Adriana Ochoa

City of Encinitas/San Dieguito Water District:

Senior City Engineer	Will Trax
Senior Management Analyst	Ashlee Stratakis

City of Solana Beach:

City Engineer	Austin Frisby

3. PLEDGE OF ALLEGIANCE

Board Chair Shaffer led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS/PUBLIC COMMENT PERIOD

None.

5. AWARDS AND RECOGNITION

Recognition

Didra Felix – Laboratory Analyst II – Education
Duke University Master's Degree – Environmental Management - Water

6. CHANGES TO THE AGENDA

None.

7. CONSENT CALENDAR

Agenda Item No. 7A	Approval of Minutes for the May 19, 2026 Board Meeting
Agenda Item No. 7B	Approval for Payment of Warrants and Monthly Investment Report – May 2026
Agenda Item No. 7C	Wastewater Treatment Report – April 2026
Agenda Item No. 7D	Recycled Water Report – April 2026
Agenda Item No. 7E	Reportable Meetings
Agenda Item No. 7F	Extension of Information Technology (IT) Services Agreement with the City of Encinitas
Agenda Item No. 7G	McMaster Carr Supply Company Purchase Order Award
Agenda Item No. 7H	Status Update – Emergency Recycled Water Pipeline Repair at East Entry Gate
Agenda Item No. 7I	Construction Completion Acceptance – Emergency Recycled Water Pipeline Repair at North Coast Trail Bike Path
Agenda Item No. 7J	City of Del Mar 21st Street Pump Station Pump Rebuild
Agenda Item No. 7K	Purchase Order Award to Polydyne, Inc. for Procurement of Polymer for Fiscal Year 2026-27
Agenda Item No. 7L	San Elijo Joint Powers Authority Contract for As-Needed Laboratory Services for Fiscal Years 2027-2030
Agenda Item No. 7M	Amend Agreement for Grounds Maintenance Services for Fiscal Year 2026-27

Moved by Vice Chair Zito and seconded by Board Member O'Hara to approve the Consent Calendar.

Motion carried with the following vote of approval:

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

9A. <u>ADOPTION OF THE SAN ELIJO JOINT POWERS AUTHORITY FISCAL YEAR 2026-27 BUDGET, INVESTEMENT POLICY, AND APPOINTMENT OF TREASURER</u>

Director of Finance and Administration, Kevin Lang, presented an overview of FY 2026-27 Recommended Budget which was initially presented at the April 2026 Board Meeting. The total FY 2026-27 Budget is $18,531,430, comprising $11,717,007 in operating expenses, $4,441,412 in capital appropriations, and $2,373,011 in debt services payments. Director Lang highlighted that there were no changes received from Member Agencies, participating government agencies or any comments from the public.

Director Lang discussed the annual adoption of the San Elijo Joint Powers Authority's Investment Policy and Guidelines. For the upcoming FY 2026-27, Director Lang recommended adding Negotiable Certificates of Deposit (CDs) as a new investment option to complement existing investments, including LAIF, the San Diego County Investment Pool, and Money Market Funds. Negotiable CDs will help address the need for intermediate-term investments while maintaining a high level of credit quality and liquidity. This addition will allow SEJPA to implement a laddering strategy to improve cash flow management, reduce interest rate risk, and provide opportunities to reinvest funds as market conditions change.

General Manager, Michael Thornton, then recommended the re-appointment of Director Kevin Lang as treasurer for FY 2026-27.

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

1. Adopt Resolution No. 2026-01, Approving the San Elijo Joint Powers Authority Operating and Capital Improvement Budgets for Fiscal Year 2026-27;

2. Adopt Resolution No. 2026-02, Approving the San Elijo Joint Powers Authority Investment Policy and Guidelines and Appointment of Kevin Lang as SEJPA Treasurer.

Motions carried with the following vote of approval:

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

9B. ADOPTION OF SALARY AND BENEFIT RESOLUTION 2026-03

Deputy General Manager, Thomas Falk, presented to the Board that SEJPA and its employees are currently operating under a 4-year labor agreement expiring June 30, 2026.

General Manager Thornton and Deputy General Manager Falk conducted several meetings with employees during March and April of 2026 to review SEJPA's compensation package and discuss development of a new Salary and Benefits Resolution. Staff is requesting a labor agreement, structured similar to past agreements, with the following adjustments:

- **Term of Agreement:** 3 years + 1 year (optional) subject to mutual agreement by the Employees and the Board

- **Cost of Living Adjustment (COLA):** for all staff not already at top of their classification salary range and excluding the General Manager:
  - July 1, 2026 – 4%
  - July 1, 2027 – 3%
  - July 1, 2028 – 3%
  - July 1, 2029 – 3% (Optional year)

NOTE: SEJPA's Classification and Salary Schedule was updated through a Classification and Compensation Study and approved by the Board in regular meeting April 21, 2026, adopting pay ranges for FY 2026-27. With Resolution 2026-01, the salary ranges would adjust at 3% annually on July 1, 2027, July 1, 2028, and July 1, 2029, respectively.

- **Deferred Compensation:** Increase SEJPA's 401(a) employer contribution to match employee voluntary participation (1:1) as follows:
  - Years 0 – 6: up to 4% of annual base salary (Unchanged)
  - Years 6 – 12: +1% employer match (5% of annual base salary)
  - Years 12 +: +1% employer match (6% of annual base salary)

- **Other Pay Adjustments:**
  - Holiday Standby Pay: Increase from 2 to 4 hours for 11 fixed holidays
  - Holiday Premium Pay: Increase from 1.5x to 2.0x for Thanksgiving and Christmas holidays only.

- **Education Reimbursement:** Increase from $2,300 to $2,600 annually.

- **Vacation Leave Maximum Accumulation:** Change maximum accrual cap to 400 hours for all employees, except the General Manager.

Employees also requested, and management supports, the addition of a Roth (post-tax) 457(b) deferred compensation option.

Deputy General Manager Falk also recommended that the Board approve a one-time, non-pensionable recognition payment of $2,000 for each employee in good standing as of the date of Board approval. The payment is intended to recognize employee contributions and the organization's performance during the term of the current agreement. If approved, the payment will be issued prior to June 30, 2026.

The employee expenses resulting from Resolution No. 2026-03 have been accounted for in the Fiscal Year 2026-27 Budget that the Board approved in Agenda Item 9A. The financial impacts in future years will be incorporated into the respective annual budget processes. The estimated cost of the one-time recognition payment is $60,000 and will be funded through unspent labor budget appropriations in FY 2025–26, which are currently trending below budget due to staff vacancies.

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

1. Adopt Resolution No. 2026-03, Resolution Adopting the San Elijo Joint Powers Authority Salary and Benefits for Fiscal Years 2026-27, 2027-28, 2028-29, with an Option for 2029-30;

2. Authorize General Manager to issue one-time recognition payment in the amount of $2,000 to each employee in good standing. Payable prior to June 30, 2026.

Motion carried with the following vote of approval:

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

9C. CAPITAL GRANT UPDATE

General Manager Michael Thornton reported that SEJPA is a member of the North San Diego Water Reuse Coalition (Coalition), which pursues state and federal grant funding opportunities to support water reuse and conservation projects. Through the Coalition, approximately $24 million has been secured from the U.S. Bureau of Reclamation's Title XVI Water Reclamation and Reuse Program, including approximately $3.75 million allocated to SEJPA.

SEJPA originally planned to apply a portion of the funding toward the Biological Treatment Improvement Project; however, project delays and increased costs created a risk of losing grant eligibility due to federal timelines. Staff identified the recently completed Recycled Water Conservation and Production Upgrade Project (Conservation Project) as an eligible alternative and successfully demonstrated compliance with Title XVI Program objectives.

Staff reconstructed project costs and supporting documentation to meet federal reimbursement requirements. SEJPA has received more than $1.6 million in grant reimbursements for the Conservation Project and continues to pursue additional eligible reimbursements.

Staff recommended using recovered grant proceeds first toward replacement of a recycled water pipeline that has experienced recurring corrosion-related failures and emergency repairs. The pipeline replacement project, presented to the Board in May 2026, is currently in the conceptual phase with preliminary cost estimates of approximately $1.2 million. Remaining proceeds would be allocated equally between the Recycled Water and Wastewater capital programs to support future infrastructure investments.

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

1. Authorize the use of grant proceeds associated with the Recycled Water Conservation and Production Upgrade Project to fund the Recycled Water Utility for recycled water pipeline replacement costs; and

2. Direct that grant proceeds, after reimbursement of eligible recycled water pipeline replacement costs, be allocated equally between the Wastewater and Recycled Water capital programs.

Motion carried with the following vote of approval:

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

10. GENERAL MANAGER'S REPORT

None.

11. GENERAL COUNSEL'S REPORT

None.

12. BOARD MEMBER COMMENTS

None.

13. CLOSED SESSION

A closed session was held for:

PUBLIC EMPLOYEE PERFROMANCE EVALUATION (Government Code Section 54957 (b)(1), Title: General Manager

PUBLIC EMPLOYEE APPOINTMENT (Government Code Section 54957 (b)(1), Title: General Manager – Succession Planning

The closed session began at 9:02 am and ended at 10:07 am with no reportable actions taken.

14. DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE GENERAL MANAGER MERIT BONUS

An action was moved by Chair Shaffer and seconded by Board Member Becker to:

1. Award the General Manager a one-time merit bonus of $5,000 payable in the month of June.

Motion carried with the following vote of approval:

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

15. DISCUSSION AND POSSIBLE ACTION ON GENERAL MANAGER EMPLOYMENT AGREEMENT

An action was moved by Vice Chair Zito and seconded by Board Member O'Hara to:

1. Amend the General Manager's Employment Agreement to extend the contract through November 3, 2026 with a 2% salary increase for a new base salary of $317,220

Motion carried with the following vote of approval:

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

16. ADJOURNMENT

The meeting adjourned at 10:09 a.m. The next Board of Directors meeting is scheduled to be held on Tuesday, July 21, 2026 at 8:30 a.m.