

Agenda Item No. 07

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON SEPTEMBER 16, 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, September 16, 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 8:37 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

Administrative Coordinator

Vanessa Hackney

Mechanical Systems Manager

Michael Henke

Wastewater Operator II

Evan Fox

SEJPA Counsel:

Snell and Wilmer

Adriana Ochoa

City of Encinitas:

Director of Utilities

Isam Hireish

Finance Manager

Shoshana Aguilar

Contract Senior Management Analyst

Ashlee Stratakis

City of Solana Beach:

City Manager

Alyssa Muto

3. PLEDGE OF ALLEGIANCE

Board Chair Becker led the Pledge of Allegiance.

4. ORAL COMMUNICATION/PUBLIC COMMENT PERIOD

None.

5. AWARDS AND RECOGNITION

Recognition of Service to SEJPA:

Michael (Mike) Henke – 25 Years

Devin McGinness – 5 Years

Recognition of Recent Achievement:

Evan Fox – Associates of Science (AS) degree – Wastewater Technology

Associates of Science (AS) degree – Water Technology

6. CONSENT CALENDAR

Agenda Item No. 7 Approval of Minutes for the August 19, 2025 Board Meeting

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

Agenda Item No. 9 Wastewater Treatment Report – July 2025

Agenda Item No. 10 Recycled Water Report – July 2025

Agenda Item No. 11 Reportable Meetings

Agenda Item No. 12 San Elijo Joint Powers Authority Contract for Single Audit
Preparation and Compliance Review

Agenda Item No. 13 Amendment to San Elijo Joint Powers Authority Professional
Services Agreement to Include Single Audit Services for FY
2024-25

Agenda Item No. 14 Accept the Stormwater Capture and Reuse 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

16. RECYCLED WATER COST OF SERVICE AND PROPOSED WHOLESALE RATES ADOPTION

Director of Finance and Administration, Kevin Lang, reported that San Elijo staff, in collaboration with Carollo Engineers, reviewed the draft cost of service study and are requesting Board approval of both Carollo's final report and the proposed recycled water rate increases.

Mr. Lang explained that rate adjustments are needed due to the expiration of incentive revenues in September 2025 (currently funding about 29% of operating costs) and the impact of inflation on capital and operating expenses.

Based on the study, Carollo and SEJPA staff recommend annual rate increases of 10%, 10%, 8%, and 8% for calendar years 2026–2029, respectively. While adoption is requested now, SEJPA will review and adjust rates annually if financial performance exceeds projections or other favorable conditions occur.

The final report is largely unchanged from the August draft, except for the addition of a meter fee and a description of the rate methodology for the 22nd District Agricultural Association. Meter costs, previously covered by the City of Del Mar, are now San Elijo's responsibility following the direct-sell amendment with the Fairgrounds.

The proposed rate schedule maintains a minimum 1.25x Debt Service Coverage Ratio (DSCR) in FY 2027, when DSCR is lowest, and ensures SEJPA meets reserve targets and maintains adequate fund balances for ongoing operations and long-term financial stability.

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

1. Accept and file the Carollo Engineers Recycled Water Rate Study;
2. Approve a series of annual Recycled Water Rate increases to all non-interruptible recycled water purveyors. These increases would be the following:

January 1, 2026 – 10% Increase

January 1, 2027 – 10% Increase

January 1, 2028 – 8% Increase

January 1, 2029 – 8% Increase

3. Authorize the General Manager to annually evaluate and propose downward revisions to an annual rate increase should financial performance exceed projections, or if other favorable financial conditions arise.

Motion carried with the following vote of approval:

1. AYES: Becker, Shaffer, O'Hara, Zito
2. NOES: None
3. ABSENT: None
4. ABSTAIN: None

17. CAPITAL PROGRAM UPDATE

Director of Infrastructure and Sustainability, Thomas Falk, presented the quarterly update on the 3-Year Capital Plan (2023–2025). He noted that SEJPA is updating its Facility Plan to set capital priorities through 2035. The Capital Plan, originally envisioned at \$32.6 million, has been reduced to \$21 million. The reduction is due to the postponement of the Biological Treatment Improvement Project, which was delayed because of cost inflation and other financial factors. Capital funding comes from wastewater agency contributions, recycled water revenues, loans, and state and federal grants.

Current projects include the Biosolids Dewatering Facility Improvements, Wanket Reservoir Refurbishment, and Moonlight Beach Pump Station Modifications. These projects are expected to be completed within the next few months.

Mr. Falk also reviewed projects planned for FY 2026–2028, which will be refined in the 2025 Facility Plan. These projects total about \$15.8 million across both wastewater and recycled water utilities. Future priorities include A-Basin safety upgrades, SCADA system improvements, effluent pump station rehabilitation, and RAS pump station upgrades.

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

18. GENERAL MANAGER'S REPORT

General Manager, Michael Thornton, reported that the Cardiff Pump Station encountered a system failure on September 6, 2025 which left the station inoperable for several hours. SEJPA and City of Encinitas staff responded promptly and resolved the issue the same day, preventing a spill into the lagoon.

Mr. Thornton announced that on Friday, October 4, he would be giving a presentation at the Encinitas Historical Society on the history and public value of wastewater treatment in Encinitas. He also reminded the Board that SEJPA will host the 2nd Water Career Day at the SEJPA campus on Wednesday, October 22, 2025, an event designed to promote careers in the water and wastewater industry.

Additionally, he reported that SEJPA received a recognition award at the Water Reuse Conference in September 2025, highlighting the agency's continued leadership in recycled water initiatives. Lastly, Mr. Thornton provided an update on the presence of coliform in the water, which was previously discussed at the August Board Meeting.

19. GENERAL COUNSEL'S REPORT

None.

20. BOARD MEMBER COMMENTS

None.

21. CLOSED SESSION

A closed session was held per Government Code Section 54957 (b)(1), Public Employee Evaluation, Title: General Manager. No reportable action from this closed session

22. DISCUSSION AND POSSIBLE ACTION ON GENERAL MANAGER EMPLOYMENT AGREEMENT

Moved by Board Chair Becker and seconded by Vice Chair Shaffer to:

1. Pursuant to Government Code Section 54953 (c)(3), the summary of the recommendation for final action is to increase the General Manager's base salary, effective July 1, 2025 through June 30, 2026, to \$311,000 with all other benefits and terms of the General Manager's employment agreement to remain the same.

Motion carried with the following vote of approval:

1. AYES: Becker, Shaffer, O'Hara, Zito
2. NOES: None
3. ABSENT: None
4. ABSTAIN: None

23. ADJOURNMENT

The meeting adjourned at 9:50 a.m. The next Board of Directors meeting is scheduled to be held on Tuesday, October 21, 2025 at 8:30 a.m.