



**MINUTES
SPECIAL BOARD OF DIRECTORS MEETING
OF THE SANTA FE IRRIGATION DISTRICT**

March 21, 2019
Santa Fe Irrigation District
5920 Linea del Cielo
Rancho Santa Fe, CA 92067

CALL MEETING TO ORDER

President Hogan called the meeting to order at 8:30 a.m.

BOARD MEMBERS PRESENT: President Michael Hogan, Vice President Kenneth Dunford, and Directors Marlene King, Andy Menshek, and David Petree were present.

STAFF AND MEMBERS OF THE PUBLIC PRESENT: General Manager Albert C. Lau, Executive Assistant Kim Johnson, Administrative Services Manager Seth Gates, General Counsel Paula de Sousa Mills and Lutfi Kharuf, Best, Best & Krieger, and members of the public were present. Also present was Jennifer Ivey, Carollo Engineers.

PLEDGE OF ALLEGIANCE

Director King led the Pledge of Allegiance.

ITEMS TO BE ADDED TO THE AGENDA - None

ORAL COMMUNICATIONS

Prior to opening the meeting for public comment, President Hogan referred to the Board policy regarding public comment and presentations during special Board workshops on cost of service and water rate setting.

Rick Sapp, RSFA Director, welcomed GM Lau to the District, and noted the Association is actively engaged to ensure rates are equitable, and while the Association does have a law suit pending, they want to continue to work with the District.

Ben Benumof, attorney representing RSFA, commented that the Association has asked the Board in the past to engage with their consultant, they've offered his expertise at their expense to achieve compliance with Proposition 218 requirements; however, the District has declined.

DISCUSSION

1. Board Workshop: Discussion of Cost of Service Recommendations and Related Items
 - a. Review and Provide Staff Direction for Proceeding with District Cost of Service Analysis

GM Lau introduced the item and then introduced Jennifer Ivey, Carollo. Ms. Ivey gave a PowerPoint presentation and answered questions from the Board.

ASM Gates then utilized a PowerPoint presentation to provide options for next steps and responded to questions from the Board.

President Hogan offered the opportunity for public comment.

Greg Gruzdowich suggested the District permit a conversation between Ms. Ivey and Dr. Corssmit, the RSFA consultant, and stated that Ms. Ivey's key assumptions on peaking are inaccurate.

The Board continued their discussion on allocation of peak components, and Board policies on establishing a reserve fund for wet versus dry rainfall years.

Director King distributed a handout she created on District customer characteristics and how they relate to Meter Equivalent Units (MEU) and capacity factors.

After an extensive discussion, the Board directed staff to work with Carollo on revisions to their independent cost of service study relating to local water supply equity, possibly adding a rate tier to incentivize conservation, and further discussion of peaking costs allocation. The Board also directed staff to schedule additional Board workshops to consider the modifications. President Hogan also authorized Vice President Dunford to continue to meet with Carollo.

President Hogan offered the opportunity for final public comment.

Greg Gruzdowich proposed a flat rate would eliminate the peaking and equity issues and discussed how local water should be allocated.

DIRECTORS' COMMENTS

2. Directors' Comments

President Hogan requested Board workshops not be scheduled on regular Board meeting days.

Director King commented that the District's new General Manager, Mr. Lau, had two meetings on this day and she felt it was a smooth transition from the prior GM. GM Lau thanked Director King for her comments.

INFORMATION ITEM – None

CLOSED SESSION

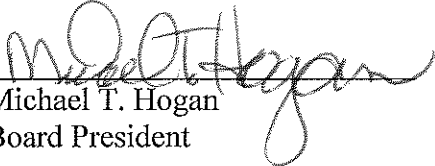
3. Conference with Legal Counsel- Existing Litigation
Pursuant to Government Code Section 54956.9 (d)(1)
Rancho Santa Fe Association v Santa Fe Irrigation District
Case No. 37-2018-00064214-CU-MC-NC

4. Conference with Legal Counsel- Anticipated Litigation
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of
Government Code Section 54956.9
One potential case

Closed Session was not necessary.

ADJOURNMENT

President Hogan adjourned the meeting at 12:04 p.m.



Michael T. Hogan
Board President



Albert C. Lau
Board Secretary/Treasurer

