



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

September 20, 2018
Santa Fe Irrigation District
5920 Linea del Cielo
Rancho Santa Fe, CA 92067

ROLL CALL - CALL MEETING TO ORDER

President Hogan called the meeting to order at 8:33 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 OTHERS PRESENT: General Manager Michael J. Bardin, Executive Assistant Kim Johnson, Administrative Services Manager Seth Gates, Engineering Services Manager Bill Hunter, Chief Plant Operator Elijah Standing Warrior, Associate Civil Engineer Marissa Potter, General Counsel Paula de Sousa Mills and Kelly Salt, Best Best & Krieger, and Pierce Rossum, Carollo Engineers.

Also present were Christy Whalen, Rancho Santa Fe Association (RSFA) Manager, Jeremy Jungreis, RSFA, and members of the public.

PLEDGE OF ALLEGIANCE

Director King led the Pledge of Allegiance.

ITEMS TO BE ADDED TO THE AGENDA - None

ORAL COMMUNICATIONS - None

PRESENTATIONS AND AWARDS - None

ACTION AGENDA
CONSENT ITEMS

1. Approval of Minutes
 - a. August 16, 2018 Regular Board Meeting
 - b. August 30, 2018 Special Board Meeting
2. Receive and File Monthly Finance Reports
 - a. Budget Performance
 - b. Disbursements
 - c. Monthly Investment Transaction Report
3. Authorize the General Manager to Execute Amendment No.6 to the Professional Services Agreement with Kleinfelder, Inc. for Joint Facilities Improvements

Upon a motion by Director Menshek and second by Director King, the Board voted unanimously to adopt the Consent Calendar.

ACTION AND DISCUSSION ITEMS

4. Review the Draft Cost of Service Rate Design Report/Draft Proposition 218 Notice and Schedule a Public Hearing to Consider the Water Rate Proposal

GM Bardin introduced the item and President Hogan invited public comment prior to presentation of the item.

Chuck Badger expressed concern to the Board regarding the proposed agricultural rate being replaced by the residential rate and proposed the District offer a reduced level of service to retain the ag rate.

Christy Whalen commented that the RSFA has spent considerable effort and funds to retain a consultant who they'd hoped would have been afforded the opportunity to work more closely with the District and the District Consultant on the development of water rates. She noted the RSFA is deeply disappointed in the District's lack of interest in working with them.

Jeremy Jungreis requested he be afforded additional time for public comment as others yielded their time to him. President Hogan adhered to the existing usual and customary public comment, allowing no affording of time. He commented that the RSFA desires to work with the District to avoid litigation. He noted that the District's Proposition 218 notice is invalid and requested the Board delay action until it is corrected. He expressed disappointment that their suggestion of forming an advisory committee of District customers was not followed up on and commented that some of the data in the cost of service study is skewed by the smaller size parcels.

Luwanna Hallstrom expressed disappointment and concern that the ag customers are not being treated as they were led to believe a few years ago and cited the large financial outlay borne by each participant.

Mike Gallagher, RSFA Board member, commented that the Association is ready for a legal battle if the water rates are not fair and equitable.

Item 15 was taken out of order.

15. 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

President Hogan adjourned to Closed Session at 8:52 a.m.

President Hogan reconvened to Open Session at 9:19 a.m. and reported no reportable actions were taken in Closed Session.

GM Bardin commented he had reached out to Chuck Badger regarding the ag program, noted that the ag rate was established during the last cost of service study, and that the District is not discontinuing the ag classification for those customers participating in the voluntary program.

President Hogan added that the Governor's Emergency Declaration in 2015 was the genesis for the development of the agricultural classification by the District to exempt those qualified customers from use restrictions.

GM Bardin reported that 26 accounts currently participate in the Commercial Ag program and use approximately 120 AF of water annually.

Mr. Rossum gave a PowerPoint presentation and discussed projected revenue requirements, demand/usage characteristics, the basis for a two tier rate design, Demand Reduction Rates and the proposed rate schedule. Mr. Rossum, ASM Gates and GM Bardin responded to questions from the Board.

The Board discussed at length the draft Cost of Service report, local water supply assumptions, and how peaking costs are functionalized and allocated to the fixed meter charge and volumetric charge (tiers).

Director King distributed an analysis she performed illustrating how she believes Tier 2 subsidizes Tier 1 customers in contributions to the District Rate Stabilization Fund.

President Hogan called for a recess at 10:54 a.m.

President Hogan reconvened the meeting at 11:06 a.m.

Following recess, President Hogan made a motion, seconded by Director Menshek, to direct staff to proceed with issuing a Proposition 218 Notice and scheduling a Public Hearing on November 15, 2018 to consider the proposed water rates and charges. President Hogan noted that because of Director scheduling conflicts, a vote on the water rate proposal will be held December 20, 2018, not following the Public Hearing at the November 15, 2018 regular meeting. The motion passed 3-2. (Dunford and King voting no.)

GC de Sousa Mills stated for the record that while the Proposition 218 Notice included in the agenda packet was substantially complete, additional modifications would be made prior to public distribution, as the Proposition 218 Notice in the agenda materials was still in draft form.

5. 2018 Legislative Update

This item was for the Board's information only. No action was requested or required of the Board.

DIRECTORS' COMMENTS

6. Directors' Comments

Director Menshek referenced Agenda Item 13, District Development Related Activities, and asked that a discussion item be placed on the next Board agenda, and requested General Counsel be prepared to advise the Board on the legality of large development projects impacts in light of the recent adoption of water use efficiency legislation, including water use standards.

7. Directors' Reports on Conferences, Activities, and Events - None

REPORTS

8. Operations Reports

- a. R.E. Badger Filtration Plant Report
- b. Water Resources Report

These reports were for the Board's information only. No action was requested or required of the Board.

9. San Diego County Water Authority Board Meeting Report – President Hogan

The written report was included with the agenda materials.

10. Committee Reports

- a. Executive Committee
- b. Administrative and Finance Committee
- c. Water Resources Committee

The reports were included in the agenda materials.

11. General Manager's Report – GM Bardin reported on the following:

- The Rancho Santa Fe Historical Society has invited the District to participate in their Fandango Event, October 5, 2018, with a theme of "Follow the Water" in celebration of the 100 year anniversary of Lake Hodges. He will send an invitation to the Board once available, and encouraged them to attend.

12. General Counsel's Comments - None

INFORMATION ITEMS

13. District Development Related Activities Update

President Hogan referred to a letter sent to the District from the City of Solana Beach expressing their concern over a proposed Del Mar development and he requested staff add a discussion item on the next Board agenda for Board consideration of this matter. GM Bardin noted he will work with the Executive Committee to prepare the agenda item.

Director King referred to the numerous emails the Board had received related to this issue that she responded to and noted that Director Menshek had mentioned this development to the Board months ago.

14. Letter from ACWA/JPIA, dated August 24, 2018

These items were for the Board's information only. No action was requested or required of the Board.

CLOSED SESSION

15. 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

Item taken out of order. Please see minutes on Page 3.

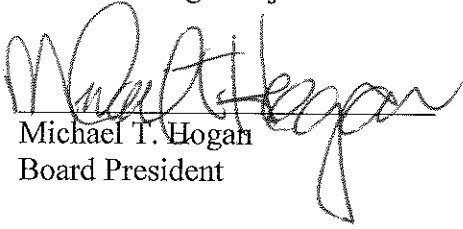
16. Public Employee Appointment
(Pursuant To Government Code Section 54957)
Title: General Manager
17. Conference with Labor Negotiators
(Pursuant To Government Code Section 54957.6)
Agency Designated Representatives: Board of Directors
Unrepresented Employee: General Manager

President Hogan adjourned into Closed Session at 11:28 a.m. for items 16 and 17.

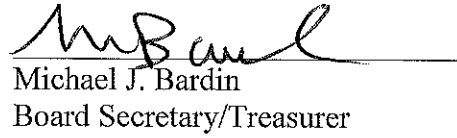
President Hogan reconvened into Open Session at 12:13 p.m. and reported that no reportable actions were taken in Closed Session. He also reported the Special Board meeting scheduled for September 26, 2018 has been canceled.

ADJOURNMENT

President Hogan adjourned the meeting at 12:13 p.m.



Michael T. Hogan
Board President



Michael J. Bardin
Board Secretary/Treasurer