



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

October 17, 2019
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 8:30 a.m.

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

STAFF AND OTHERS PRESENT: General Manager Albert Lau, Executive Assistant Kim Johnson, Administrative Services Manager Seth Gates, Engineering Services Manager Bill Hunter, Associate Civil Engineer Marissa Potter, Distribution System Manager Chris Bozir, Water Treatment Plant Manager Tim Bailey, Public Communications Officer Mary Montgomery, Senior Accounting Technician Erica Saenz, General Counsel Paula de Sousa Mills, Best Best & Krieger, and members of the public were present.

PLEDGE OF ALLEGIANCE

Director Menshek led the Pledge of Allegiance.

ITEMS TO BE ADDED TO THE AGENDA – None

ORAL COMMUNICATIONS

Christy Whalen, Rancho Santa Fe Association Manager, reported that a letter had been submitted to the District requesting revisions to the September 19, 2019 Special Board meeting minutes. She commented that the Association continues to review the proposed tiered structure and expressed concern that it is similar to the current rate structure and they are opposed to tiers; however, feel a flat water rate is fair. Ms. Whalen stated she was personally disturbed by the divisiveness displayed by the comments of the

Solana Beach residents, she believed resulted from information they received in an email prior to the Special meeting, and hoped the water rates can be worked out in a friendly manner.

Richard Sapp, RSFA Board member, speaking as a resident commented that he is perplexed that after a year of working together with the District, the tiered rate structure is still being proposed and the cost of service has gotten more complex. He cautioned the Board on the tiered rate structure proposed and referenced the Federal tax table which is tiered as a progressive taxation system and requested that the District demonstrate analytically how the tiers were developed.

PRESENTATIONS AND AWARDS

1. San Diego County Water Authority Customer Survey Results Presentation - Jason Foster, SDCWA Administrative Services Director

GM Lau introduced Jason Foster who, with Craig Balben, Public Affairs Representative, utilized a PowerPoint presentation to report the results of the SDCWA recent customer survey and responded to questions from the Board.

The Board thanked Mr. Foster and Mr. Balben for their comprehensive report.

President Hogan offered the opportunity for public comment.

Greg Gruzdownich commented that surveys such as this that are based on nonhomogeneous groups using data and averages produce erroneous results and compared this survey and the results to the District's cost of service study and consultant, Carollo Engineering, Inc.

ACTION AGENDA CONSENT ITEMS

2. Approval of Minutes
 - a. September 19, 2019 Regular Board Meeting
 - b. September 19, 2019 Special Board Meeting
3. Receive and File Monthly Finance Reports
 - a. Budget Performance
 - b. Disbursements
 - c. Monthly Investment Transaction Report
4. Quarterly Treasurer's Investment Report
5. Quarterly Board Expenses Report
6. Cast District Vote for 2019 LAFCO Special District Representative to the San Diego County Consolidated Redevelopment Oversight Board
7. Authorize the General Manager to Execute Purchase Contract for SCADA Server Replacement
8. Approve a License Agreement for Right of Entry Permit for T-Mobile on Joint Facilities Property, APN 267-161-05-00

President Hogan reported that Item 2b, September 19, 2019 Special Board Meeting minutes, would be considered separately from the Consent Calendar.

Upon a motion by Director Menshek and second by Vice President Dunford, the Board unanimously adopted the Consent Calendar as amended.

2b. September 19, 2019 Special Board Meeting minutes

President Hogan referenced the letter submitted by Geo Law regarding these minutes. GC de Sousa Mills noted that the letter takes exception with the summary as prepared of his comments and reminded the Board that the District's minutes are "Action minutes." After review of the audio recording of the meeting, she suggested the following revision to Mr. Benumof's comments be considered by the Board:

Comments as presented:

Ben Benumof, attorney representing the Rancho Santa Fe Association, commented that the District is making progress and ***feels the meter overlay option corrects the inequities they identified in the current rate structure.*** He questioned why agricultural rates were so high and feels there is a disparity in multi-family residential pricing. He added the mediation process has begun and will continue to try to resolve the current dispute with the District.

Be replaced by:

Ben Benumof, attorney representing the Rancho Santa Fe Association, commented that the District is making progress and ***feels the meter overlay option may correct some deficiencies they identified in the current rate structure and stated it is a step in the right direction.*** He questioned why agricultural rates were so high and feels there is a disparity in multi-family residential pricing. He added the mediation process has begun and will continue to try to resolve the current dispute with the District.

Upon a motion by Director King and second by President Hogan, the Board unanimously approved the minutes as amended.

ACTION AND DISCUSSION ITEMS

9. Adopt Resolution No. 19-12, Designating the Hazard Mitigation Grant Program and Pre-Disaster Mitigation Program Agent(s)

GM Lau introduced ACE Potter who utilized a PowerPoint presentation to report the grant process and award requirements.

GM Lau and the Board congratulated staff for this grant award and thanked those responsible for their hard work.

Upon a motion by Director Menshek and second by Director Petree, the Board unanimously adopted Resolution No. 19-12, Designating the Hazard Mitigation Program and Pre-Disaster Mitigation Program Agents. Roll call vote was taken as follows:

Ayes: Dunford, King, Menshek, Petree, and Hogan
Noes: None
Abstain: None
Absent: None

CLOSED SESSION

10. Conference with Legal Counsel- Anticipated Litigation Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9
One (1) potential case

President Hogan adjourned into Closed Session at 9:48 a.m.

President Hogan reconvened into Open Session at 10:26 and reported no reportable actions were taken in Closed Session.

ACTION AND DISCUSSION ITEMS

11. Consider Actions Required to Mitigate the Failure of the San Dieguito Pump Station Surge Tank and Determine the Cause of the Failure

GM Lau introduced ESM Hunter who presented a brief overview of the item.

Upon a motion by Vice President Dunford and second by Director Menshek, the Board unanimously approved a \$75,000 FY20 capital acquisition budget amendment to accommodate activities required to mitigate the failure of the San Dieguito Pump Station Surge Tank and determine the cause of the failure; and authorized the General Manager to execute a \$37,702 agreement with Charlotte American, Inc., for the purchase of a new Surge Tank Bladder.

DIRECTORS' COMMENTS

12. Directors' Comments

Director King questioned why items delivered electronically via the SFID webpage, i.e, News Flash, cannot always identify the District in the "From" block on the email. She shared her opinion that the News Flash regarding the Grant Award should have clearly identified the actual benefit to the District customers, \$1.7M, instead of the total \$2.6M award referenced.

Director Menshek provided a comparison between Santa Fe Irrigation District, which serves approximately 19,000 customers on 6,500 meters, and Valley Center Municipal Water District, which serves 25,000 customers on 8,800 meters, and expressed concern over the difference in gallons per person used daily. He reported that between a graphic in the San Diego Union Tribune illustrating water use in the region for years 2013-2018 reported that Valley Center used 234-297 gallons per person per day while SFID used 492-559 gallons per person per day and was the highest user in all the represented years. Director Menshek was questioning why

a much larger yet, comparative water agency uses so much less water than Rancho Santa Fe & Fairbanks zip code ratepayers.

Director Menshek referred to a recent article by Director King in the Rancho Santa Fe Review in which she stated contained inaccuracies and felt the untruths promote divisiveness.

Director Menshek illustrated by using the District's 492-559 gallons per person per day delineated by zip code shows Solana Beach, population 13,500, used only 130/137 gallons per person per day while Rancho Santa Fe, population 6,300, used 1,141/1,286 gallons per person per day in 2018/2019, respectfully.

When broken down by zip code, it is clear the 1,141/1,286 gallons per person per day in Rancho Santa Fe/ Fairbanks far exceeds the 559 gallons per person per day that Director King claimed was inaccurate. Director Menshek also noted that comments made earlier in the Board Meeting by Ms. Whalen were nearly identical to Director King's comments in the Post reference divisiveness. Director Menshek commented that reporting actual water use by ratepayers isn't divisive and found it ironic that RSFA is suing the SFID which, to him, is the ultimate example of divisiveness.

Director Menshek also expressed concern with comments made in a September 17, 2019 letter from GeoLaw Firm by Mr. Benumof, and asked Counsel if "shucking and jiving" was a legal term, and asked Counsel to find out the intent of the use of that phrase by GeoLaw Firm.

13. Directors' Reports on Conferences, Activities, and Events

President Hogan reported he attended a press conference hosted by the SDCWA and Otay Water District, who co-sponsored a bill with Assemblyman Todd Gloria, to provide credit for military experience for Water and Wastewater Operator State certification. The event was held at the Military Museum at Balboa Park on October 16, 2019.

REPORTS

14. 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.

GM Lau noted that meetings continue with the San Diego County Water Authority and City of San Diego on an acceptable operations agreement for Lake Hodges resulting from the required lowering of the water level. He added that draft Principles of Understanding have been prepared for consideration by each agency.

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

In addition to the written report included with the agenda materials, President Hogan reported on the following:

- The SDCWA has co-sponsored a Senate Bill for a 500 mWH energy project at San Vicente Dam.
- The California Public Utilities Commission with the SDCWA are creating a pathway for energy generated by the SDCWA could offset the use at the Carlsbad Desalination Plant.
- He continues to work on the SDCWA Fiscal Sustainability Committee who's purpose is to maintain long and short term financial viability and reported the Committee is working with the California Farm Bureau on an agricultural rate. Other objectives include alternative water supply projects, conservation, etc. and management of financial impacts with decreasing demands.

16. Committee Reports

The Committee Reports were included with the agenda materials.

17. General Manager's Report – No report

18. General Counsel's Comments – GC de Sousa Mills reported that as of October 13, 2019, the Legislature had 1,033 bills for action and of those, BB&K tracked at least 1,000 which have interest to public agencies. She also reported that the Fair Political Practices Commission continues to move forward with updated regulations including materiality standards regarding business interest and sources of income. She encouraged the Board to sign up for BBK Legal Alerts through their webpage.

INFORMATION ITEMS

19. Updated Cost of Service Study and Rate Hearing Schedule

ASM Gates presented the tentative schedule and responded to questions from the Board. He added that the Study will include recycled water rates, fire line adjustments, and Demand Reduction Rates for the Board's consideration. ASM Gates also noted that there may be minor deviations in the rates previously shown due to these and other adjustments.

CLOSED SESSION

20. 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

21. Conference with Legal Counsel – Existing Litigation
Pursuant to Government Code Section 54956.9 (d)(1)
Rancho Del Lago Homeowners’ Association v Santa Fe Irrigation District, San Dieguito
Water District, County of San Diego, San Diego County Flood Control District
Case No. 37-2019-00047074-CU-OR-NC

22. Conference with Legal Counsel- Anticipated Litigation
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of
Government Code Section 54956.9
One (1) potential case


****Director Petree left the meeting at 10:58 a.m.***

President Hogan adjourned into Closed Session at 10:58 a.m.

President Hogan reconvened into Open Session at 11:14 a.m. and reported no reportable actions were taken in Closed Session.

ADJOURNMENT

President Hogan adjourned the meeting at 11:15 a.m.



Michael T. Hogan
Board President



Albert C. Lau
Board Secretary/Treasurer

