



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

June 17, 2021
Santa Fe Irrigation District
5920 Linea del Cielo
Rancho Santa Fe, CA 92067

Due to the COVID-19 State of Emergency and pursuant waivers to certain Brown Act provisions under the Governor's Executive Orders, meetings of the Board and Board Committees will be conducted via Zoom Meeting (webinar/teleconference) and there will be no physical location from which members of the public may participate. Instead, the public may listen and/or view the meeting proceedings and provide public comment and comments on specific agenda items by following the posted instructions, including how to submit written comments for inclusion, instructions for viewing or listening to the meeting, and how to participate via Zoom. Additionally, these public comment procedures supersede the District's standard public comment policies and procedures to the contrary.

ROLL CALL - CALL MEETING TO ORDER

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

BOARD MEMBERS PRESENT: President Hogan, Vice President Frank Creede, and Directors Dana Frieauf, Sandra Johnson, and Andy Menshek were present.

STAFF AND OTHERS PRESENT: General Manager Albert Lau, Executive Assistant Kim Johnson, Administrative Services Manager Seth Gates, Engineering Services Manager Rania Amen, Distribution System Manager Chris Bozir, Public Communications Officer Teresa Penunuri, Chief Treatment Plant Operator Elijah Standing Warrior, General Counsel Paula de Sousa, Best Best & Krieger, and members of the public were present. Also present was Martin Rauch, Rauch Communications, and Sally Johnson, Woodard & Curran.

PLEDGE OF ALLEGIANCE

President Hogan 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 – May 20, 2021 Regular Meeting Minutes
2. Receive and File Monthly Finance Reports
 - a. Budget Performance
 - b. Disbursements
 - c. Monthly Investment Transaction Report
3. Waive Full Reading and Adopt Resolution No. 21-09 Amending Article 11 of the District’s Administrative Code to add Procedures for Priority of Affordable Housing Developments in Compliance with SB 1087
4. Waive Full Reading and Adopt Resolution No. 21-10 Amending the District’s Administrative Code, Article 12, Water Rates and Base Meter Fees
5. Cast the District Ballot for the 2021 LAFCO Alternate Special District Member
6. Waive Full Reading and Adopt Resolution No. 21-11, Adopting the 2021/2022 Pay Schedule
7. Waive Full Reading and Adopt Resolution No. 21-12 Nominating Dana Frieauf as a Member of the Association of California Water Agencies (ACWA) Region 10 Board

Director Johnson requested to consider Items 1 and 4 separately from the Consent Calendar.

Upon a motion by Vice President Creede and second by Director Johnson, the Board unanimously adopted the Consent Calendar, as amended. Roll call vote was taken as follows:

Ayes: Creede, Frieauf, Johnson, Menshek, and Hogan
Noes: None
Abstain: None
Absent: None

Item 1, Approval of Minutes – May 20, 2021 Regular Meeting Minutes

Director Johnson was concerned because the topic of the comments made by Marlene King on Item 7, Urban Water Management Plan Public Hearing, was not included. Director Johnson proposed the following revision to Item 7 minutes:

Marlene King shared difficulties in getting recognized to speak during the Public Hearing; therefore, was permitted to provide public comments. She commented on the UWMP’s adequate 5-year drought water supply and asked questions about the District’s effort.

President Hogan felt Director Johnson’s comments were valid and directed staff to bring an item to consider revisions to the District Administrative Code, Article 4 regarding Minutes, to a future Executive Committee meeting.

After discussion, a motion was made by Vice President Creede and seconded by Director Friehauf to approve the minutes as revised. Roll call vote was taken as follows:

Ayes: Creede, Friehauf, Johnson, Menshek, and Hogan
Noes: None
Abstain: None
Absent: None

Item 4, Waive Full Reading and Adopt Resolution No. 21-10 Amending the District’s Administrative Code, Article 12, Water Rates and Base Meter Fees

GM Lau noted that for clarity, he asked PCO Penunuri to give a PowerPoint presentation to further explain the District’s actions to implement the San Diego County Water Authority’s Permanent Special Agricultural Water Rate (PSAWR) program and responded to questions from the Board.

A motion was made by Director Johnson and seconded by Vice President Creede to adopt Resolution No. 21-10 amending the District’s Administrative Code, Article 12. No vote was taken on this motion.

The Board expressed concern that the proposed Code revisions were not clear enough to identify separate SDCWA program and SFID program specifics and requirements, and not stating program costs does not provide the opportunity for potential program participants to weigh the risk versus cost impacts.

GM Lau responded that the District plans to begin receiving applications on July 1, 2021 with the understanding that program costs will be shared once finalized.

A substitute motion was made by Director Friehauf, seconded by Vice President Creede, adopting Resolution No. 21-10, Amending the District’s Administrative Code, Article 12, with the following modifications to the proposed revisions to Article 12:

- a. Customers would have to apply for the PSAWR program;
- b. Customers would have to enter into a customer agreement;
- c. Participants are subject to certification and audit.

Roll call vote was taken as follows:

Ayes: Creede, Friehauf, Johnson, Menshek, and Hogan
Noes: None
Abstain: None
Absent: None

ACTION AND DISCUSSION ITEMS

8. Adopt FY22 District Budget

ASM Gates utilized a PowerPoint presentation to report the revisions made since May and responded to questions from the Board.

Upon a motion by Director Frieauf and second by Director Menshek, the Board unanimously adopted the FY22 District Budget. Roll call vote was taken as follows:

Ayes: Creede, Frieauf, Johnson, Menshek, and Hogan
Noes: None
Abstain: None
Absent: None

9. Actions Relating to the Urban Water Management Plan:

- a. Adopt Resolution No. 21-13 Adopting the District’s Addendum to the 2015 Urban Water Management Plan on Delta Reliance; and
- b. Adopt Resolution No. 21-14 adopting the Water Shortage Contingency Plan; and
- c. Adopt Resolution No. 21-15 adopting the District’s 2020 Urban Water Management Plan

ESM Amen utilized a PowerPoint presentation to provide an overview of the UWMP and the process for State approval and answered questions from the Board.

Upon a motion by Director Frieauf and second by Director Menshek, the Board unanimously adopted Resolutions 21-13, 21-14, and 21-15, adopting the District’s Addendum to the 2015 Urban Water Management Plan on Delta Reliance, adopting the Water Shortage Contingency Plan, and adopting the District’s 2020 Urban Water Management Plan, respectively. Roll call vote was taken as follows:

Ayes: Creede, Frieauf, Johnson, Menshek, and Hogan
Noes: None
Abstain: None
Absent: None

10. Consider Adoption of District Strategic Plan

Board Secretary Johnson read comments received via email from Marlene King. Ms. King expressed concern that the proposed Plan did not exemplify the manner that local water is managed which benefits the District, and that staff comments received regarding salaries and facilities overshadowed the Plan.

GM Lau introduced Martin Rauch who presented the overview of the Strategic Plan. He and GM Lau responded to questions from the Board.

A motion was made by Vice President Creede and seconded by Director Frieauf to adopt the District Strategic Plan.

Director Johnson expressed many concerns with the Plan, specifically language used, i.e., customer engagement versus customer focus, which she feels customer focus may reflect more appropriately to the Board’s discussions.

After extensive discussion, Director Frieauf withdrew her motion as the Board felt it was important to schedule a special meeting to continue discussion of the Strategic Plan. Staff will query the Board to determine a date for the special meeting, targeting later in July to continue this item.

11. Authorize the General Manager to Execute an Amendment to the Joint Lobbying and Cost Sharing Agreement for the North San Diego County Regional Recycled Water Project (NSDRRW)

GM Lau introduced the item and ESM Amen utilized a PowerPoint presentation to provide the relevant details of the agreement and responded to questions from the Board.

After a lengthy discussion, a motion was made by Director Frieauf and seconded by Director Johnson to authorize the General Manager to execute the amendment. Roll call vote was taken as follows:

Ayes:	Creede, Frieauf, Johnson, Menshek, and Hogan
Noes:	None
Abstain:	None
Absent:	None

12. Update on Resumption of In-Person Meetings

GM Lau presented the item and responded to questions from the Board. He anticipates the District reopening to the public in early July with in-person meetings resuming in August, pending any CalOSHA directives to the contrary.

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

DIRECTORS' COMMENTS

13. Directors' Comments

Vice President Creede commented that he felt the Board had accomplished a lot in the last year and while the Strategic Plan process has been challenging with different facilitators and new Board members, he feels they are doing a great job and thanked staff for their efforts. He also thanked Director Johnson for her efforts on moving a District ag rate program forward and congratulated ASM Gates and WTPM Bailey on the recent new arrivals to their families.

Director Johnson thanked GM Lau for his very thoughtful job coordinating legislative and safety requirements to resume in person meetings and thanked the Board for accommodating her concerns with the Strategic Plan.

Director Friehauf and President Hogan echoed their congratulations to ASM Gates and WTPM Bailey.

President Hogan also congratulated Director Friehauf on her nomination to the ACWA Region 10 Board and thanked her for stepping up to participate in a State wide organization.

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

Director Friehauf reported she virtually attended the Council of Water Utilities meeting on June 15, 2021 where the speaker was Cari Dale, Utilities Director for the City of Oceanside, reporting their work on the City's Pure Water Program.

Vice President Creede reported his attendance at the June 15, 2021 Council of Water Utilities meeting.

REPORTS

15. Operations Reports

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

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

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

In addition to the written report included with the agenda materials, President Hogan reported that the SDCWA General Manager had been in contact with Member Agencies to brief their respective Boards over the summer on items of mutual interest. He also reported that the Metropolitan Water District Board had approved an employment agreement with their new General Manager, Adel Hagekhalil.

17. Committee Reports

The Committee reports were included with the agenda materials.

18. General Manager's Report – GM Lau reported the following:

- He also congratulated ASM Gates and WTPM Bailey on the births of their children;
- Thanked the Board for adopting the FY22 District Budget and the 2020 UWMP;
- He looks forward to completing the Strategic Plan;
- A supply chain interruption for chlorine and chlorine gas is resulting from production in Washington plants from seven to three may cause pricing increases;
- The District has received the Department of Water Resources Landscape Measurements in conjunction with State Water Use Efficiency Standards; Staff is working to complete the review and potential variances, and will report to the Water Resources Committee.

19. General Counsel's Comments - GC de Sousa reported on provisions in the newest Executive Order issued by the Governor (08-21) regarding the end of the moratorium on water shut offs (ends on September 30, 2021) and about financial assistance to local agencies such as the District, from Federal and State sources, including the 2021-22 State Budget Act (AB 128), which is pending approval by the Governor.

INFORMATION ITEMS

20. Letters regarding Transition Period Prior to Repeal of COVID-related Governor's Executive Orders
21. East County Advanced Water Purification Award News Release

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

CLOSED SESSION

22. 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
23. 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
24. Public Employee Performance Evaluation
Pursuant To Government Code Section 54957
Title: General Manager
25. Conference With Labor Negotiators Pursuant To Government Code Section 54957.6
Agency designated representatives: Board of Directors
Unrepresented Employee: General Manager

President Hogan called for a brief recess at 11:22 a.m.

President Hogan reconvened the meeting at 11:32 a. m. and adjourned into Closed Session.

President Hogan reconvened into Open Session at 12:37 p.m.

GC de Sousa reported the following:

With regard to Closed Session Agenda Item 23, Significant Exposure to Litigation (Government Code Claim filed by the Rancho Santa Fe Association, Gregory Gruzdownich, and Howell

Wynne, on behalf of themselves and on behalf of all SFID customers who pay Single Family Residential water rates pursuant to SFID's Resolution No. 20-01:

On Motion of Director Menshek, seconded by Vice-President Creede, and upon unanimous vote of the Board with all Directors present, the Claim is denied.

With regard to Closed Session Agenda Item 22 (RSFA v. SFID), the following statement is made in accordance with the Brown Act, which requires the District to report its acceptance of settlement offer signed by the opposing party, and to identify the substance of the agreement in open session at the public meeting during which the closed session is held.

By Motion of Vice-President Creede, seconded by Director Frieauf, and upon a unanimous vote of the Board with all Directors present, the Santa Fe Irrigation District accepted the terms of a settlement agreement signed by Rancho Santa Fe Association ("RSFA"), Gregory Gruzdownich and Howell Wynne (who are collectively referred to as the "Petitioners").

The following is a summary of the substance of the Settlement Agreement:

- **Dismissal of Pending Litigation.**
 - *The Petitioners have agreed to dismiss, with prejudice, the pending 2018 Action and Appeal challenging the District's 2016 Rates, and have released all claims related to the 2016 rates and lawsuit, which claims included refund requests for water fees and charges the Petitioners had paid to date.*
 - *Each Party will bear its own attorney and expert witness fees, and costs incurred in connection with the dispute.*
- **Stay of Pending 2020 Rate Claim.**
 - *The Petitioners, on behalf of themselves and the uncertified Class, have agreed not to institute or participate in any administrative proceeding, suit or action against the District based upon the 2020 Rate Claim (which was previously announced as denied by the Board) upon and until the District has studied, considered and adopted a new rate schedule, or January 31, 2023, whichever occurs first.*
- **Tolling Agreement.**
 - *The District has agreed to toll all statutes of limitation, laches periods, and other deadlines defenses related to the 2020 Claim while it prepares and considers new rates.*
- **New Rate Study; Retention of Board Discretion.**
 - *The District has agreed to issue a Request for Proposals to retain a rate consultant to prepare a new rate study, which will include, as part of the analysis a budget-based tiered rate structure(s). As part of the rate making process, the Board will consider, in good faith, the rate structures proposed by the rate consultant and others, including, but not limited to, a budget-based tiered rate structure. The Board, however, is not committed to adopt any specific rate structure and retains discretion to consider all approaches as part of the future rate making process.*
- **No Admission.**

- *The Agreement is not an admission whatsoever on the part of either party and is being made solely for the purpose of avoiding the burden and expense which would be imposed upon the District and the Petitioners through litigation.*

There is no reportable action on Closed Session Items 24 or 25.

ADJOURNMENT

President Hogan adjourned the meeting at 12:41 p.m.

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Michael Hogan

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Michael T. Hogan
Board President

DocuSigned by:

Albert Lau

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Albert C. Lau
Board Secretary/Treasurer