



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

January 16, 2020  
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 Rania Amen, Distribution System Manager Chris Bozir, Water Treatment Plant Manager Tim Bailey, Associate Civil Engineer Marissa Potter, General Counsel Paula de Sousa and Special Counsel Lutfi Kharuf, Best Best & Krieger, and members of the public were present. Also present was Jennifer Ivey, Carollo Engineers.

**PLEDGE OF ALLEGIANCE**

Vice President Dunford led the Pledge of Allegiance.

**ITEMS TO BE ADDED TO THE AGENDA – None**

**ORAL COMMUNICATIONS**

**PRESENTATIONS AND AWARDS**

1. Introduction of SFID Employee of the Year, Rene Heraz

GM Lau introduced Mr. Heraz and provided brief comments. The Board congratulated Mr. Heraz on his selection as the District's 2019 Employee of the Year.

2. Introduction of New Engineering Services Manager, Rania Amen

GM Lau introduced Ms. Amen and provided brief comments. The Board welcomed Ms. Amen.

3. Letter from City of Poway

GM Lau introduced Jessica Parks, Senior Management Analyst for the City of Poway who echoed the sentiment expressed in the letter sent to the District for their support during Poway's recent boil water event. The Board thanked Ms. Parks for her attendance at the meeting.

**ACTION AGENDA**  
**CONSENT ITEMS**

- 4. Approval of Minutes - December 19, 2019 Regular Board Meeting
- 5. Receive and File Monthly Finance Reports
  - a. Budget Performance
  - b. Disbursements
  - c. Monthly Investment Transaction Report
- 6. Quarterly Treasurer's Investment Report
- 7. Quarterly Board Expenses Report

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

**ACTION AND DISCUSSION ITEMS**

8. Public Hearing on the 2020 Water Rate Proposal

President Hogan provided comments regarding the Proposition 218 Notice Process and the purpose of the Public Hearing. GC de Sousa reminded those in attendance of the public hearing guidelines and that public comments during the public hearing are not considered to be a written protest, that if a member of the public wishes to protest the proposed rates, a written protest must be submitted prior to the close of the public hearing.

President Hogan opened the public hearing for the 2020 Water Rate Proposal and noted that public comment would be received after staff presentations.

ASM Gates gave a PowerPoint presentation and responded to questions from the Board, including questions regarding passing through the San Diego County Water Authority's charges and the potential cost implications related to two agencies detaching from the SDCWA.

President Hogan invited public comment.

Tim Hamilton commented that the trees in Rancho Santa Fe produce oxygen and convert CO2 to oxygen.

Lawrence McKinley agreed with Mr. Hamilton's comments and encouraged conservation.

Christy Whalen reported that the Rancho Santa Fe Association delivered protest forms on behalf of their members prior to the meeting, feels the Association is underrepresented on the Board, objects to the rate increase and proposed rate structure, and seeks fair and equitable rates. She also commented that it is known that Mr. Dunford no longer lives in the Rancho Santa Fe area.

Joseph Irwin agreed with the prior comments and questioned the amount paid for public employee salaries and benefits.

Greg Gruzdownich commented he feels unsupported assumptions are being used in the study, that the five tier structure was proposed after the Solana Beach directors sought higher rates for Rancho Santa Fe customers, and suggested the Board go back to the drawing board.

Bill Weber expressed concern over the proposed 15% increase in irrigation water to the RSF golf course, he feels irrigation is subsidizing other users, and that there has been no progress in developing alternate water sources. He also feels that the Directors are not living up to all their responsibilities and that they are not aggressively working to meet current and future water needs.

Laurel Lemarie asked what has been done to build a new dam for Lake Hodges so imported water is not needed and commented that using the District rate calculator, her bill will increase 6%.

Frank Creede discussed his bill not reducing even after removing significant amounts of turf and replacing landscaping with drought tolerant plants. He also feels that the new tiers do not bring equitable costs and that Rancho Santa Fe supports Solana Beach rates.

Dana Frieauf supports the meter overlay on the proposed five tier structure and feels it is a good compromise for all three areas in the District. She added that conservation must be a way of life and that the adoption of drought rates is important for fiscal sustainability.

Elizabeth Siebold commented that in the business world, a discount would be offered for quantities purchased, that the proposed rates are unfair, and that Solana Beach customers are profiting from Rancho Santa Fe rates.

Rory Kendall commented he has consistently attended District Board meetings for five years and that the sentiment has been "stick it to Rancho Santa Fe." He asked who paid for the purple pipes in Solana Beach, asked about the \$250B shortage in retirement pensions, commented it is cheaper for ag customers of Olivenhain Municipal Water District, and asked the District to consider including all the fixed costs in meter fees.

Ben Benumof, attorney representing Rancho Santa Fe Association members, provided quotes from the San Juan Capistrano court case on water rates, noted important matters not included in the memo from District General Counsel, and feels the tiers create intraclass subsidies.

Kelly Harliss, Solana Beach resident and City Councilmember, commented that the tiered rates promote conservation, and asked that the Board not be intimidated by the bullying tactics used by Rancho Santa Fe Association members. She added that water is life, and the District Board members are the stewards of this resource.

Kristy Becker, Solana Beach resident and City Councilmember, reported she is a member of the City Climate Action Committee, appreciated the multi-tier system, and stated that a uniform rate is unfair, and we all have a need to conserve.

Holly Manion noted that property size should be considered instead of the number of people per household, that her property provides a necessary greenbelt, that the historic community designation results from groves of trees and farmers, and it is becoming more difficult to sell properties with rising water costs.

Matt Lewry noted no operating costs are detailed on the reported 21% expenditure for administration and salaries.

Jo Witcher stated she must be the youngest resident in Rancho Santa Fe in her early 30s and noted she had a reservation to buy in the area because of water costs.

Tim Barrier, RSF Golf Course Superintendent, reported on the reduction in turf at the golf course, and appreciated the green space the golf course provides.

Marian Dodson reported that she removed her lawn and landscape and replaced it with grapevines which require much less water and encouraged other residents to do the same.

Chris Pedersen reported he removed lawn area and trees and his water bill is still outrageous.

Mike Gallagher, Rancho Santa Fe resident, stated if he lived in Solana Beach he would probably agree with the five tier structure and expressed concern that with reduced water to trees in Rancho Santa Fe, a wildfire could burn all the way to the coast.

Joan Holmquist reported they removed trees and have made sacrifices to live in Rancho Santa Fe and the increased water costs are becoming difficult to afford.

Linda Leong suggested the District consider a different benefit package and pension plan offered to employees which would reduce costs, and discussed alternative water purification methods.

Seeing no one else wishing to address the Board, President Hogan closed the Public Hearing.

President Hogan called for a brief recess at 9:51 a.m.

President Hogan reconvened the meeting at 10:04 a.m.

President Hogan asked the Secretary to the Board to report on the protests received. Secretary Johnson reported that there are 6,470 metered parcels in the District, and one protest per identified parcel is permitted; 637 written protests were received, therefore, no majority protest exists.

9. Adopt Resolution No. 20-01, Modifying the District's Rates for Potable and Recycled Service Charges

ASM Gates presented the item and responded to questions from the Board.

The Board discussed the history of recycled water development and recycled water efforts in Rancho Santa Fe, fire concerns, the reduction of District contributions to employee benefits and pension plan, and the development of guidelines for State legislative efforts for water use efficiency standards.

A motion was made by Director Menshek and seconded by Director Petree to adopt Resolution No. 20-01, Modifying the District's Rates for Potable and Recycled Service Charges.

Director King provided extensive comments which she requested to be included with the agenda materials.

After further discussion, roll call vote was taken as follows;

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

Motion passed 4-1.

10. Annual District Investment Policy Review and Update

ASM Gates presented the item and reported that the District Administrative Code requires annual review of the policy. He added that there were no changes required to comply with governance of local agency investments. He responded to questions from the Board.

After discussion, a motion was made by President Hogan and seconded by Vice President Dunford, to approve the Investment Policy as presented. Motion passed unanimously.

11. Adopt Resolution No. 20-02, Amending Article 13 of the District's Administrative Code for Compliance with Senate Bill 998 – Discontinuation of Residential Water Service

ASM Gates presented the item and responded to questions from the Board.

The Board discussed the new guidelines with which the District must comply, the proposed timeline, and staff requirements.

After discussion, a motion was made by Director Menshek and seconded by Director King to adopt Resolution No. 20-02, Amending Article 13 of the District's Administrative Code for Compliance with Senate Bill 998 – Discontinuation of Residential Water Service. Roll call vote was taken as follows:

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

Motion passed unanimously.

## **DIRECTORS' COMMENTS**

### 12. Directors' Comments

Director Menshek gave “kudos to the General Manager and our staff” for their response in the City of Poway's recent incident.

Vice President Dunford thanked Carollo and staff for all the work over the past 18 months on the cost of service study and feels this study is the most thorough of the prior four he has worked through. He thanked the fellow Directors for their efforts as well.

Director King agreed with Director Menshek's comments regarding the District's work with the City of Poway and stated it made her proud. She also noted an article she read on BC News, a conversation with Michael Thompson, Assistant General Manager Sonoma Water, regarding the back-to-back fires in Northern California, the Tubbs and Kincaid fires, their differences, and the importance of the lessons learned which resulted in advanced warning. Ms. King also referenced a recent presentation by WTPM Bailey to the Water Resources Committee on lessons learned during the recent power shutoffs and asked that presentation be shared with the full Board.

President Hogan thanked staff and legal counsel for the thorough memo provided on the Cost of Service Study. He reported that former Board Director Augie Daddi recently passed. He added that he was a good individual and Board member, and he will be greatly missed.

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

## **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.

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

President Hogan reported that the Governor's draft Resiliency Portfolio has been released and requested the Board be provided an overview at a future meeting.

16. Committee Reports – No meetings held

17. General Manager's Report – GM Lau reported on the following

- He expressed appreciation for the City of Poway attending the meeting today, that we are part of one community, and we help our neighbors.
- He reported that he was notified that he was elected to the San Diego Local Agency Formation Commission (LAFCO) Special District Advisory Committee and he looks forward to serving.
- He added that the Board was sent a copy of the letter sent by LAFCO to the City of Del Mar for their information.

18. General Counsel's Comments – GC de Sousa reported that Best Best and Krieger has suspended their subscription program for alerts on various topics and they have instead begun issuing "Legal Alerts" which they hope is easier to digest than lengthy legal memorandums. The items in the alerts will be linked to the entire memorandum if the reader wishes detailed information.

**INFORMATION ITEMS - None**

**CLOSED SESSION**

19. 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
20. 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
21. 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

22. 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 for Items 19 – 21 at 11:37 a.m.***

***President Hogan reconvened into Open Session at 12:15 p.m. and reported no reportable actions were taken in Closed Session.***

## ADJOURNMENT

President Hogan adjourned the meeting at 12:15 p.m.

  
Michael T. Hogan  
Board President

  
Albert C. Lau  
Board Secretary/Treasurer