



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

September 19, 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 9:34 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, Engineering Services Manager Bill Hunter, Distribution System Manager Chris Bozir, Water Treatment Plant Manager Tim Bailey, General Counsel Paula de Sousa Mills 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.

ORAL COMMUNICATIONS - None

ACTION AGENDA

ACTION AND DISCUSSION ITEMS

Prior to opening the item for public comment, President Hogan and General Counsel de Sousa Mills referred to the Board policy regarding public comment and presentations during special Board workshops on cost of service and water rate setting.

1. Consider Director Request to Discuss SFID 1961 Water Rate Schedule (King)

President Hogan offered the opportunity for public comment.

Rory Kendall noted that in comparison to the current rates, the 1961 rates offered a discounted rate of 36% to 74%. He continued that the Rancho Santa Fe Golf Course was built in 1920,

A motion was made by Director Menshek, seconded by Vice President Dunford, to direct staff to move forward and proceed drafting the Proposition 218 notice using Alternative 3, a 5-tier proposal with the meter overlay.

President Hogan offered the opportunity for public comment.

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.

Dana Frieauf thanked staff for providing the agenda materials prior to the meeting and reiterated comments made by the Solana Beach City Council earlier in the meeting that water pricing needs to send a conservation message. She agreed that the meter overlay alternative provides equity between customer classes and Alternative 3 rewards conservation. Ms. Frieauf stressed ensuring uniformity in the rate increase represented in the meter overlay.

President Hogan called for a brief recess at 12:16 p.m

President Hogan reconvened the meeting at 12:25 p.m.

Director Menshek supported Alternative 3, and felt the neighboring agency comparison provided good information and felt the proposed rate structure in Alternative 3 was the most fair between customer classes.

President Hogan commented that the Board has been in the cost of service process for 18 months and thanked the Board and staff for working through the challenges. He also supports Alternative 3. He felt the State's water use efficiency standards will evolve over the next 3 years and those impacts would be considered in the next cost of service study.

The Board directed staff to work with the Administrative and Finance Committee to consider developing a "balancing account" to manage wet year versus dry year revenue and the availability of local water.

Director King commented that the meter overlay option was attractive to her except after reviewing the customer impacts, feels a uniform rate will balance the users and will align with the use restrictions being considered by the State. She also would appreciate a new customer class added to distinguish between single family residence small lots and single family residence large lots in addition to the multi family residence because she feels the District is "on a collision course" with the different property profiles, small lots versus large lots and the averages do not address the actual peaking factors. Director King stated she supports a uniform rate.

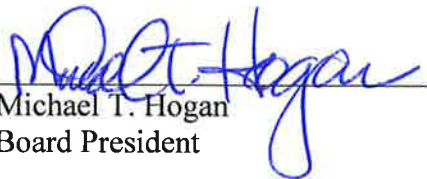
Director Petree thanked Ms. Ivey for the well done presentation and understands the factors and assumptions used in developing water rates much more than last year. He added that he feels comfortable with local water being available up to 10 hcf per customer, representing Tier 1, and favors the progressive nature of increases for higher water users. He requested considering increasing the level of Tier 3 to 50 hcf if possible because Tier 3, as proposed, is very limited.

President Hogan adjourned into Closed Session at 12:53 p.m.

President Hogan reconvened into Open Session at 1:22 p.m. and reported no reportable actions were taken in Closed Session.

ADJOURNMENT

President Hogan adjourned the meeting at 1:23 p.m.



Michael T. Hogan
Board President



Albert C. Lau
Board Secretary/Treasurer