

July 8, 2020

STATEMENT OF PROCEEDINGS

The Minutes of the

***SANITATION DISTRICT
REGULAR MEETING***

COUNTY OF SAN DIEGO

STATEMENT OF PROCEEDINGS
COUNTY OF SAN DIEGO SANITATION DISTRICT
REGULAR MEETING
MEETING AGENDA
WEDNESDAY, JULY 8, 2020, 9:00 AM
BOARD OF SUPERVISORS NORTH CHAMBER
1600 PACIFIC HIGHWAY
SAN DIEGO, CA 92101

A. **REGULAR SESSION:** Meeting was called to order at 9:00 a.m.

PRESENT: Directors Greg Cox, Chairman; Jim Desmond, Vice-Chairman; Dianne Jacob; Kristin Gaspar; Nathan Fletcher; also, Andrew Potter, Clerk of the Board of Supervisors.

(Please note, California Governor Gavin Newsom issued Executive Order N-29-20 on March 17, 2020, relating to the convening of public meetings in response to the COVID-19 pandemic. Pursuant to the Executive Order, and to maintain the orderly conduct of the meeting, all members of the Sanitation District attended the meeting via teleconference and participated in the meeting to the same extent as if they were present.)

B. **Public Communication:** No Speakers

C. **Approval of the Statement of Proceedings/Minutes for the meeting of May 20, 2020.**

ACTION:

ON MOTION of Director Jacob, seconded by Director Fletcher, the Board of Directors of the San Diego County Sanitation District approved the Statement of Proceedings/Minutes for the meeting of May 20, 2020, on Consent.

AYES: Cox, Jacob, Gaspar, Fletcher, Desmond

NOTICE: THE BOARD OF SUPERVISORS MAY TAKE ANY ACTION WITH RESPECT TO THE ITEMS INCLUDED ON THIS AGENDA. RECOMMENDATIONS MADE BY COUNTY STAFF DO NOT LIMIT ACTIONS THAT THE BOARD OF SUPERVISORS MAY TAKE. MEMBERS OF THE PUBLIC SHOULD NOT RELY UPON THE RECOMMENDATIONS IN THE BOARD LETTER AS DETERMINATIVE OF THE ACTION THE BOARD OF SUPERVISORS MAY TAKE ON A PARTICULAR MATTER.

Agenda Items

1. **NOTICED PUBLIC HEARING:
PUBLIC HEARING TO APPROVE FEES AND CHARGES FOR FISCAL YEAR
2020-21 TAX ROLL OF SAN DIEGO COUNTY SANITATION DISTRICT AND
CAMPO WATER MAINTENANCE DISTRICT**

(RELATES TO BOARD OF SUPERVISORS AGENDA NO. 4)

2. **NOTICED PUBLIC HEARING:
RESCIND BOARD POLICY I-113 AND AMEND SANITATION DISTRICT
ORDINANCES TO LIFT RESTRICTIONS ON NEW SEWER CONNECTIONS IN
THE JULIAN SERVICE AREA AND REVISE SEWER LATERAL REQUIREMENTS

(RELATES TO BOARD OF SUPERVISORS AGENDA NO. 8)**
3. **CLOSED SESSION (CARRYOVER FROM 07/07/20 AGENDA NO. SA1)**

**1. SUBJECT: NOTICED PUBLIC HEARING:
PUBLIC HEARING TO APPROVE FEES AND CHARGES FOR FISCAL
YEAR 2020-21 TAX ROLL OF SAN DIEGO COUNTY SANITATION
DISTRICT AND CAMPO WATER MAINTENANCE DISTRICT
(DISTRICTS: 1 & 2)**

OVERVIEW

The San Diego County Sanitation District (Sanitation District) is a special district managed by the County of San Diego that provides sanitary sewer service to approximately 36,000 customers in eight service areas in the unincorporated county. The Campo Water Maintenance District (Water District) is an assessment district that provides water service to approximately 300 customers in the unincorporated community of Campo through two independent service zones, Campo Hills (225 customers) and Rancho del Campo (75 customers).

To fund operations and maintenance, the Sanitation District and Water District rely on revenue from sewer and water service charges collected from their customers. These service charges must be enough to ensure the Sanitation District and Water District can provide safe and reliable wastewater and water service to its customers.

On April 12, 2017 (SA1), by Ordinance 10475, the Board of Directors of the Sanitation District approved a five-year rate package for Fiscal Year (FY) 2017-18 through FY 2021-22. The rate package included uniform annual rate increases over the five-years to cover the cost of the Sanitation District's operating and capital expenses and used Sanitation District fund balance to offset the need for any large one-year increases to achieve full cost recovery by FY 2021-22. In addition to funding operations and maintenance, the rates also included funding for a \$4.0 million annual capital improvement program to replace aging infrastructure, established a \$3.0 million emergency reserve fund, and provided authority for an annual pass-through adjustment to recover increases in wastewater treatment and disposal charges from the City of San Diego's Metro Wastewater Treatment System that exceed the estimated increases assumed in the rate package. Per the approved rate schedule from 2017, the proposed sewer service charges on the tax roll for FY 2020-21 for single-family residential customers will increase \$13.61 for the year, from \$460.65 to \$474.26 per equivalent dwelling unit. No pass-through charges will be collected in FY 2020-21 and the Sanitation District's rates will continue to be in the bottom one-third of all jurisdictions countywide.

On April 6, 2011(1), by Ordinance No. 10139, the Board of Supervisors approved annual water rates for customers of the Campo Hills zone of the Water District. The annual water rate for FY 2019-20 is \$1,320 and that annual rate will continue unchanged for single family dwellings and non-residential customers for FY 2020-21 as previously approved.

Service charges for both the Sanitation District and the Campo Hills zone of the Water District have historically been collected on the tax roll. Service charges for the 75 customers in the Rancho del Campo zone are billed directly to customers on a monthly basis. The development and approval of uniform rates for water and wastewater services for various customer groups and placing annual service charges on the tax roll minimizes administrative costs by eliminating the need for monthly billing and payment collection, and those savings are passed along to the District's 36,000 customers when the annual fee is established.

If the proposed action to place the previously approved sewer and water service charges on the tax roll is approved, the respective governing body may then chose to make a determination to reduce the proposed charges as described in the tax roll report and that determination shall be final. If the previously approved sewer charges are reduced to match the amount that was collected last year, it would result in reduced revenue for the Sanitation District of approximately \$715,000. The reduced revenue would be mitigated by a proportional reduction in services and capital projects in FY 2020-21 for the maintenance of the aging infrastructure.

A public hearing is required to levy sewer and water service charges on the tax roll. This is a request to conduct a public hearing on the San Diego County Sanitation District and Campo Water Maintenance District tax roll reports, and to adopt resolutions approving collection of previously approved sewer and water service charges on the Fiscal Year 2020-21 tax roll.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

Acting as the Board of Directors of the San Diego County Sanitation District

Adopt a Resolution titled: RESOLUTION AUTHORIZING SEWER SERVICE CHARGES FOR FISCAL YEAR 2020-21 TO BE COLLECTED ON THE TAX ROLL

(Attachment D).

FISCAL IMPACT

Funds for the proposed action will be included in the Fiscal Year 2020-21 CAO Recommended Operational Plan in the Department of Public Works Sanitation and Campo Water Maintenance Districts. The annual sewer and water service charges from customers will generate approximately \$26.9 million in revenue for the Sanitation District and \$0.4 million for the Campo Water Maintenance District. Effective July 1, 2020, the sewer rate will reflect the increase approved by the Board of Directors of the San Diego County Sanitation District on April 12, 2017 (SA1). There is no change in the water rate for customers of the Campo Water Maintenance District. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ACTION:

ON MOTION of Director Jacob, seconded by Director Gaspar, the Board of Directors of the San Diego County Sanitation District closed the Hearing and took action as recommended, on Consent, adopting Resolution No. 20-122, entitled: RESOLUTION AUTHORIZING SEWER SERVICE CHARGES FOR FISCAL YEAR 2020-21 TO BE COLLECTED ON THE TAX ROLL.

AYES: Cox, Jacob, Gaspar, Fletcher, Desmond

2. **SUBJECT: NOTICED PUBLIC HEARING:
RESCIND BOARD POLICY I-113 AND AMEND SANITATION
DISTRICT ORDINANCES TO LIFT RESTRICTIONS ON NEW SEWER
CONNECTIONS IN THE JULIAN SERVICE AREA AND REVISE
SEWER LATERAL REQUIREMENTS (DISTRICT: 1 & 2)**

OVERVIEW

The San Diego County Sanitation District (District) provides sewer service to approximately 36,000 customers in the unincorporated areas of the county. The Department of Public Works administers and operates the District in compliance with the District's Ordinances and Board of Supervisors Polices. To facilitate recent changes to the Julian Wastewater Treatment Plant (Julian Plant) operating permit, clarify and update provisions regarding private sewer lateral connections, and clarify delegation of authorities for administration of the District, several amendments to the ordinances are requested.

Julian Wastewater Treatment Plant Policy and Ordinance Amendments

As part of its operations, the District runs the Julian Plant to treat and dispose of wastewater from the community of Julian. The Julian Plant was constructed in 1981 and until recently operated under a permit issued by the Regional Water Quality Control Board (RWQCB) on July 18, 1983. Based on the original plant design, the 1983 RWQCB permit set a maximum discharge rate of the treated wastewater (effluent) of 40,000 gallons per day (gpd), which limited the total number of connections to the sewer system that can be served by the Julian Plant. This limitation has restricted development of vacant parcels and redevelopment of existing businesses within the Julian business district. On October 9, 2019, based on updated plant design and operating conditions, the RWQCB enrolled the Julian Plant under the State's General Order for Small Wastewater Systems. The 2019 RWQCB permit decision increased the allowable effluent discharge rate from 40,000 gpd to 80,000 gpd. This increase in the permitted discharge rate will allow the Julian Plant to accept, treat, and dispose of additional wastewater from the Julian service area, including from development of vacant parcels or redevelopment of existing businesses in compliance with the Julian Community Plan. Any request to connect from outside the Julian service area will need to follow the regular land development process and be subject to discretionary approvals.

In 1989, the Board of Supervisors adopted Board Policy I-113 to establish criteria for the District to issue a limited number of permits for new or expanded connections in Julian based on the permitted discharge rate. Additionally, the Board added provisions in the Sanitation District Ordinances to implement the policy. The policy limited new or expanded connections to parcels that had previously purchased capacity in the system or parcels with failed septic systems. In 2016, to facilitate limited development of new or expanded businesses, the Board amended the policy and ordinances to allow the transfer of sewer capacity credits from parcels within the service area that had previously purchased capacity but where not using the capacity to parcels with no or insufficient sewer capacity. However, the new operating authority eliminates the need to continue to restrict new sewer connections since the plant operating capacity has effectively been increased. To fully utilize the available capacity in the wastewater system under the 2019 RWQCB decision, Policy I-113 needs to be rescinded and the associated provisions in the Sanitation District Ordinances deleted.

Public Sewer Connections

The District Use Ordinance (Use Ordinance) establishes provisions for the use of the District's sewer facilities, including a requirement that each residential structure have its own connection,

or lateral, to the District's sewer facilities. This requirement precludes the use of shared laterals for multi-family buildings located on the same parcel or buildings located on adjacent parcels where installation of separate laterals cannot likely be accomplished or would be unreasonably expensive. To allow the use of shared laterals for new sewer connections under specified conditions, sections of the Use Ordinance that pertain to sewer lateral connections need to be amended. These specified conditions include the requirement for an agreement, covenant, or other arrangement by the owners of each property served by the lateral that ensures the perpetual, uninterrupted sewer service to all parcels.

Delegation of Authority

The Sanitation District Use and Fee Ordinances include delegation of Board authority for certain actions related to enforcement of ordinances, purchasing and contracting, execution of improvement agreements, and acceptance of easements. However, unlike other Departments, including Public Works and Parks and Recreation, authority for certain ministerial and administrative activities, including acceptance of fixed assets or authority to act as the responsible officer or representative of the District, is not clearly delegated. Examples of routine, administrative tasks that may be delegated include the acceptance of previously approved public sewer improvements constructed by private developers as a condition of development or the certification of sanitary sewer overflow reports in compliance with State Water Resources Control Board orders. Having clear authority to perform these District functions will increase efficiency in completing land development projects that include conditions related to acceptance of public sewer infrastructure, and will allow timely response to regulatory permitting, reporting, and enforcement requirements which often are subject to short deadlines.

The actions requested today will rescind Board Policy I-113 and amend Sanitation District Ordinances to: 1) delete provisions related to the implementation of Board Policy I-113, 2) revise sewer lateral restrictions to allow the use of shared laterals under certain conditions, 3) delegate authority for certain administrative actions to the Director, Department of Public Works and 4) other non-substantive administrative clarifications within the Ordinances.

The action to amend the Ordinances will require two hearings. On July 8, 2020, the Board of Directors will introduce an amendment to the Ordinances. If the Board of Directors approves the recommendations on July 8, 2020 and the Board of Supervisors repeals Policy I-113, then on August 5, 2020 the Board of Directors will consider adopting the amended Ordinances.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

Acting as the San Diego County Sanitation District Board of Directors on July 8, 2020:

1. Find that the Environmental Impact Report (or EIR) on file in the Department of Planning and Development Services for the Julian Water Pollution Control Facility, dated December 22, 1994, State Clearinghouse # 1993121108, was certified on March 3, 1995 in compliance with CEQA and state and County CEQA guidelines, that the decision-making body has reviewed and considered the information contained therein prior to approving the project; and

Find that there are no substantial changes in the project or in the circumstances under which it is undertaken which involve significant new environmental impacts which were not considered in the previously certified EIR, that there is no substantial increase in the severity of previously identified significant effects, and that no new information of substantial importance has become available since the EIR was certified.

2. Approve introduction (first reading), read title and waive further reading of Ordinance: SAN DIEGO COUNTY SANITATION DISTRICT ESTABLISHING PROVISIONS FOR THE USE OF DISTRICT SEWERAGE FACILITIES.
3. Approve introduction (first reading), read title and waive further reading of Ordinance: SAN DIEGO COUNTY SANITATION DISTRICT FEES AND CHARGES FOR THE PROVISIONS OF SEWER SERVICE.

If on July 8, 2020, the San Diego County Sanitation District Board of Directors takes the actions recommended in Items 1-3 above and the San Diego County Board of Supervisors takes the action recommended in Item 4 above, then on August 5, 2020, acting as the San Diego County Sanitation District Board of Directors:

1. Submit for consideration and adoption (second reading) the Ordinance entitled: SAN DIEGO COUNTY SANITATION DISTRICT ESTABLISHING PROVISIONS FOR THE USE OF DISTRICT SEWERAGE FACILITIES.
2. Submit for consideration and adoption (second reading) the Ordinance entitled: SAN DIEGO COUNTY SANITATION DISTRICT FEES AND CHARGES FOR THE PROVISION OF SEWER SERVICE.

FISCAL IMPACT

There is no fiscal impact associated with these recommendations. There will be no change in net General Fund cost and no additional staff years. The Sanitation District will no longer process or collect an administrative fee for capacity transfer applications, since rescinding Board Policy I-113 would restrict future capacity transfers between parcels within the Julian Sewer Service Area.

BUSINESS IMPACT STATEMENT

Rescinding of Board policy limiting new sewer connections in Julian may facilitate new or expanded development in the Julian commercial district that could result in increased business activity and local tourism.

ACTION:

ON MOTION of Director Jacob, seconded by Director Gaspar, the Board of Directors of the San Diego County Sanitation District closed the Hearing and took action as recommended, on Consent, introducing the Ordinances for further Board consideration and adoption for August 5, 2020.

AYES: Cox, Jacob, Gaspar, Fletcher, Desmond

3. SUBJECT: CLOSED SESSION (DISTRICTS: ALL)

OVERVIEW

On July 7, 2020 (SA1), the Board of Supervisors continued the item to July 8, 2020.

- A. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**
Significant exposure to litigation pursuant to paragraph 2 of subdivision (d) of Government Code section 54956.9: (Number of Potential Cases - 1)

ACTION:

County Counsel reported that for Closed Session on July 8, 2020, the Board of Directors took no reportable actions.

There being no further business, the Board of Directors of the San Diego County Sanitation District adjourned at 10:09 a.m.

ANDREW POTTER
Clerk of the Board of Directors
of Sanitation District

Notes By: Santiago

NOTE: This Statement of Proceedings sets forth all actions taken by the County of San Diego Board of Directors of the Sanitation District on the matters stated, but not necessarily the chronological sequence in which the matters were taken up.

Approved by the Board of Directors, on Wednesday, August 5, 2020.



GREG COX
Chairman

Attest:



ANDREW POTTER
Clerk of the Board