



## SAN LORENZO VALLEY WATER DISTRICT

### BOARD OF DIRECTORS SPECIAL AGENDA June 27, 2018

**MISSION STATEMENT:** Our Mission is to provide our customers and future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding service and community relations; to manage and protect the environmental health of the aquifers and watersheds; and to ensure the fiscal vitality of the San Lorenzo Valley Water District.

Notice is hereby given that a special meeting of the Board of Directors of the San Lorenzo Valley Water District will be held on Wednesday, June 27, 2018 at 6:30 p.m., 13057 Highway 9, Boulder Creek, California.

*In compliance with the requirements of Title II of the American Disabilities Act of 1990, the San Lorenzo Valley Water District requests that any person in need of any type of special equipment, assistance or accommodation(s) in order to communicate at the District's Public Meeting can contact the District Secretary's Office at (831) 430-4636 a minimum of 72 hours prior to the scheduled meeting.*

*Agenda documents, including materials related to an item on this agenda submitted to the Board of Directors after distribution of the agenda packet, are available for public inspection and may be reviewed at the office of the District Secretary, 13060 Highway 9, Boulder Creek, CA 95006 during normal business hours. Such documents are also available on the District website at [www.slvwd.com](http://www.slvwd.com) subject to staff's ability to post the documents before the meeting.*

1. Convene Meeting/Roll Call

2. Additions and Deletions to Open Session Agenda:

*Additions to the Agenda, if any, may only be made in accordance with California Government Code Section 54954.2 (Ralph M. Brown Act) which includes, but is not limited to, additions for which the need to take action is declared to have arisen after the agenda was posted, as determined by a two-thirds vote of the Board of Directors (or if less than two-thirds of the members are present, a unanimous vote of those members present).*

3. New Business:

a. PROPOSED FORMATION OF *AD HOC* COMMITTEE

Discussion and possible action by the Board regarding the formation of an *ad hoc* committee to coordinate preparation of the Board's draft response to the 2017-18 Grand Jury Report.

b. 2017-18 GRAND JURY REPORT

Discussion and possible action by the Board regarding comments on the 2017-18 Grand Jury Report.

**Note:** If you wish to submit comments for consideration in connection with preparation of the draft response to the Grand Jury Report, and have not yet done so, please forward written comments to [harrison@slvwd.com](mailto:harrison@slvwd.com) by 4pm on Wednesday, June 27, 2018, or present comments orally at the meeting.

- c. AMENDMENT TO WATER SYSTEMS CONSULTING - USDA  
CONTRACT  
Discussion and possible action by the Board regarding the extension of services, the addition of Rincon as sub-consultant for NEPA requirements.
- d. CAPITAL IMPROVEMENT PROGRAM AD HOC COMMITTEE  
Discussion and possible action by the Board regarding the existing CIP Ad Hoc Committee currently comprised of Chair Baughman and Director Bruce, including whether to adjust the committee membership or conclude it.
- e. BUDGET AND FINANCE COMMITTEE ASSIGNMENT  
Discussion and possible action by the Board regarding possible appointment of Board representative.

4. Additions and Deletions to Closed Session Agenda:

*Additions to the Agenda, if any, may only be made in accordance with California Government Code Section 54954.2 (Ralph M. Brown Act) which includes, but is not limited to, additions for which the need to take action is declared to have arisen after the agenda was posted, as determined by a two-thirds vote of the Board of Directors (or if less than two-thirds of the members are present, a unanimous vote of those members present).*

5. Oral Communications Regarding Item in Closed Session:

*This portion of the agenda is reserved for Oral Communications by the public for items which are on the Closed Session portion of the Agenda. Any person may address the Board of Directors at this time, on Closed Session items. Normally, presentations must not exceed three (3) minutes in length, and individuals may only speak once during Oral Communications. No actions may be taken by the Board of Directors on any Oral Communications presented; however, the Board of Directors may request that the matter be placed on a future agenda. Please state your name and town/city of residence at the beginning of your statement for the record.*

6. Adjournment to Closed Session

*At any time during the regular session, the Board may adjourn to Closed Session in compliance with, and as authorized by, California Government Code Section 54956.9 and Brown Act, Government Code Section 54950. Members of the public will be given the opportunity to address any scheduled item prior to adjourning to closed session.*

- a. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION  
Government Code Section 54956.9(d)(1)  
Vierra v. San Lorenzo Valley Water District, et al.  
(Santa Cruz Superior Court Case No. 18CV00890)

Closed Session Note:

**The Brown Act prohibits the disclosure of confidential information acquired in a closed session by any person present and offers various remedies to address willful breaches of confidentiality. These include injunctive relief, disciplinary action against an employee, and referral of a member of the legislative body to the grand jury. It is incumbent upon all those attending lawful closed sessions to protect the confidentiality of those discussions. Only the legislative body acting as a body may agree to divulge confidential closed session information; regarding attorney/client privileged communications, the entire body is the holder of the privilege and only a majority vote of the entire body can authorize the waive of the privilege.**

7. Reconvene to Open Session
8. Report Actions Taken in Closed Session
9. Adjournment

**Certification of Posting**

I hereby certify that on June 25, 2018 I posted a copy of the foregoing agenda in the outside display case at the District Office, 13060 Highway 9, Boulder Creek, California said time being at least 24 hours in advance of the special Meeting of the Board of Directors of the San Lorenzo Valley Water District (Government Code Section 54954.2).

Executed at Boulder Creek, California on June 25, 2018.

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Holly B. Hossack  
District Secretary



NOSSAMAN LLP

## Memorandum

**TO:** Board of Directors,  
San Lorenzo Valley Water District

**FROM:** Gina R. Nicholls, District Counsel

**DATE:** June 26, 2018

**RE:** Proposed Formation of *Ad Hoc* Committee  
502665-0001

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At the June 21, 2018 regular meeting of the Board of Directors ("Board"), the following process was proposed to facilitate the preparation of a draft response to the 2017-18 Grand Jury Report: formation of an *ad hoc* committee consisting of President Baughman and Director Hayes.

The function of the *ad hoc* committee would be to coordinate preparation of a draft response, including presenting it to the Lompico Assessment District Oversight Committee ("LADOC") for review and comment, and to the Board for its consideration and adoption.

The term of the *ad hoc* committee, if formed, will end upon the Board's approval and direction to submit the final response to the Grand Jury, which must be completed no later than August 29, 2018.

### **BACKGROUND**

The Grand Jury Report includes three findings and eight recommendations to which the Board must respond in writing. (PC § 933.05.) The final response is due to the Grand Jury by August 29, 2018. In order to meet this deadline with ample time for meaningful review and comment by the Board and the public, it is desired to generate a complete draft of the response in advance of the regular Board meeting on July 19, 2018.

In light of the report's focus on LADOC, it is appropriate to present the draft response to LADOC for its review and comment before presenting it to the Board. To allow for this review, the initial draft response should be made available to LADOC by the second week of July.

An *ad hoc* committee comprised of exactly two Board members is not subject to the formal noticed meeting requirements of the Ralph M. Brown Act. (See Gov. Code, § 54952, subd. (b) [defining the meaning of "legislative body" for purposes of the Brown Act].) This structure is desirable for the *ad hoc* committee because, as a practical matter, the task of drafting of a response needs to be delegated. The entire Board cannot participate in generating the draft response because the Brown Act prohibits

deliberations by a majority of the Board outside of properly noticed meetings. Any attempt to draft the response during public meetings with input from all Directors and the public would be unwieldy and time-consuming.

Although the task of drafting a proposed response may be delegated to individuals, the Board must deliberate upon and approve the final response before it can be submitted to the Grand Jury.

A formal resolution is not required. A motion approved by a majority of the Board is sufficient to form the *ad hoc* committee.

FISCAL IMACT:

N/A

STRATEGIC PLAN:

N/A



NOSSAMAN LLP

## Memorandum

**TO:** Board of Directors,  
San Lorenzo Valley Water District

**FROM:** Gina R. Nicholls, District Counsel

**DATE:** June 26, 2018

**RE:** Response to Grand Jury Report  
502665-0001

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### **RECOMMENDATION**

Receive, review and discuss comments from the public and members of the Board of Directors ("Board") regarding the 2017-18 Grand Jury Report.

If desired, the Board may provide guidance to whomever is tasked to prepare an initial draft of the written response to the Grand Jury Report.

### **BACKGROUND**

The Grand Jury Report includes three findings and eight recommendations to which the Board must respond in writing. (PC § 933.05.) The final response is due by August 29, 2018.

In order to meet this deadline with ample time for meaningful review and comment by the Board and the public, it is desired to generate a complete draft of the response by the second week in July. This timing would allow for review by the Lompico Assessment District Oversight Committee before bringing the draft to the full Board.

Public input is welcome and encouraged as part of this process. As a practical matter, such input must be provided at this time in order for it to be considered in connection with the preparation of a draft response.

### **FISCAL IMACT:**

N/A

### **STRATEGIC PLAN:**

N/A

### **ATTACHMENTS:**

Grand Jury Final Report, Encouraging the Flow of Information to the Public  
Board of Directors' Response Packet



## **San Lorenzo Valley Water District**

### **Encouraging the Flow of Information to the Public**

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#### **Summary**

Since mid-2016 the San Lorenzo Valley Water District (SLVWD or District) has struggled to address public concerns about a number of controversial issues. The administration of the Lompico surcharge and capital projects, use of glyphosate in the watershed, and a lawsuit involving a former Board member, were among the issues that drew sharp criticism from citizen groups and the press. The criticisms tested the capacity of the District's representatives to maintain productive and civil interactions with the community and, at times, with one another.

Although the Lompico surcharge has now been eliminated, other disputes and communication challenges remain. Issues such as the District's handling of legal matters, management of the Lompico Assessment District and capital projects, and support for the Lompico citizen oversight committee continue to be divisive. In addition, District changes to meeting practices in 2017 have reduced public access to the debate and decision-making process and compromised the community's understanding of the issues.

Better communication on difficult matters, an informed and effective Assessment District oversight committee, and an unwavering commitment to public access, will enable greater transparency and may restore trust and foster better relationships within the SLVWD community.

## Role of the Grand Jury

A special note: The Grand Jury conducts all investigations in a confidential manner. Witnesses are admonished not to disclose their contacts with the Grand Jury. In the course of this investigation, however, several interested parties made public statements asserting that an investigation was underway, including speculation about the likely focus and outcome. Thus, it is appropriate to clarify the proper role of the Grand Jury, including its statutory limitations.

The primary function of a civil grand jury is to investigate the function of local government agencies, publish its findings, and recommend ways to improve governmental operations.<sup>[1]</sup>

The Grand Jury has no power to remedy individual situations. It cannot vindicate the positions of aggrieved parties nor right past wrongs. The strength of a grand jury investigative report comes from informing the public about the practices of local governmental bodies, with the expectation that an informed public will ensure effective government.

## Background

The Santa Cruz County Civil Grand Jury issued a report in 2014 regarding the San Lorenzo Valley Water District's lack of transparency in dealing with the public.<sup>[2]</sup> In the wake of that report, the District made a number of positive changes to expand access to the workings of the District, including providing better information in its annual reports and arranging for Community Television of Santa Cruz County (CTV) to record video of all regular Board of Directors meetings. It also made notable organizational and administrative changes. It brought in new senior staff in 2015; it completed its annexation of the Lompico County Water District in 2016; and in the Fall of 2017, it obtained a significant increase in water rates, paving the way for a 10-year capital improvement program to upgrade infrastructure throughout the District.

Since 2016 the District has come under fire again for its lack of transparency. The key issues concern the administration of the conditions of the Lompico merger, as well as the District's handling of several controversial matters. The Grand Jury sought to understand public concerns and to investigate the District's current standards for accountability and transparency.

## ***LCWD-SLVWD Merger***

Financial problems, an aging infrastructure, and the threat of state intervention obliged the Lompico County Water District (LCWD) to look to SLVWD for help in 2013. After two years of complex negotiations, SLVWD agreed to annex LCWD if Lompico ratepayers would pass a bond issue to fund infrastructure improvements, and agree to pay a surcharge to cover extra costs related to integrating Lompico operations into SLVWD. The conditions were laid out formally in [Resolution 953-A](#), which all parties refer to as the “merger agreement.” Similarly, while the transaction is more correctly termed an annexation, all parties refer to it as the “merger.”

A bond issue to provide SLVWD with immediate funding for the Lompico infrastructure projects failed by a narrow margin in 2015. The parties then agreed to the formation of an assessment district as a “similar revenue instrument” which would collect the required funds over a 10-year period. In addition, the parties retained the requirement that SLVWD would create a “Lompico oversight committee.”<sup>[3]</sup> The assessment district passed in a new ballot measure in March 2016, clearing the way for the merger on June 1, 2016.

By October 2016, Lompico ratepayers were already arguing that changed financial circumstances had reduced the need for the surcharge specified in Resolution 953-A. First, during the year between the failure of the bond initiative vote and the success of the assessment district vote, LCWD passed a significant rate hike, which put it in better financial shape than the merger agreement had contemplated.<sup>[4]</sup> Second, SLVWD decided to immediately install a temporary supervisory control and data acquisition (SCADA) system and replace water meters. Those actions substantially reduced the financial burden of integrating and operating the Lompico service area by eliminating the need for workers to monitor water storage tank levels and read the meters in Lompico manually.<sup>[5]</sup>

Lompico ratepayers requested a speedy review of the 5-year surcharge, with the goal of bringing the surcharge to an early end. For its part, the District asserted that it needed time to understand the Lompico audited financial statements and future demands. The surcharge review process began ten months later, in April 2017. Over the months of discussions about the surcharge, the public and the District traded accusations that the other was not listening. Civility declined.

While the surcharge involved several hundred thousand dollars over five years, an early controversy arose over a set of mapping charges for three Zayante parcels totalling just \$20,847.<sup>[6] [7] [8]</sup> The charges were not part of the Lompico merger, but the District included them in the original computation of LCWD’s transferred liabilities anyway.<sup>[9] [10] [11]</sup> Including these mapping charges meant that Lompico ratepayers would pay for them indirectly through the monthly surcharge. Later, in the course of forecasting whether the surcharge was still needed, the District removed the mapping charges, but did not publicize the change to concerned citizens. The surcharge issue eventually came to a resolution, but because of communication issues, like the Zayante mapping charges, mistrust and dialog problems remained.

Another condition of the merger, the 10-year Assessment District, provided \$2.75 million to fund a set of capital improvement projects specified in the accompanying Engineer's Report.<sup>[12]</sup> It also provided for the collection of an additional \$183,000 for interest payments on anticipated loans taken against future Assessment District collections. The Engineer's Report lists the Lompico capital improvement projects and the estimated cost of each project. It contains few other details about the projects or their implementation.

Since the merger, District representatives and members of the public have raised financial issues not addressed in either the merger agreement or the Engineer's Report. These concerns include questions about what adjustments are possible under the Assessment District (AD) if some projects come in substantially over or under budget, or if the District obtains grants to fund any of the listed projects.<sup>[13]</sup><sup>[14]</sup> Other questions have focused on the disposition of the funds collected over the years for loan interest if no loans are obtained.<sup>[15]</sup> Still other financial concerns are centered on what would happen with the designated AD funds if a listed project is later determined to be unnecessary.<sup>[16]</sup>

The construction timeline has been another area of concern. Public discussions and presentations before the merger had laid out the District's plans to start the Lompico projects shortly after the merger, with funding coming from loans taken out against the AD.<sup>[17]</sup><sup>[18]</sup> After the merger however, the District staff investigated loan funding and reported back that it found fewer acceptable loan opportunities than it had anticipated. Instead, the District opted for pay-as-you-go construction funding for most years, with a possible bridge loan in years four through seven.<sup>[19]</sup><sup>[20]</sup>

In September 2017 the District was successful in obtaining substantial increases in water rates for the next five years to fund capital improvements. This success allowed the District to update its Capital Improvement Program (CIP) to go forward on several critical, long-delayed pre-merger projects.

The new CIP, introduced in November 2017, specifies all District projects for the next 10 years, including all of the Lompico projects identified in the Assessment District Engineer's Report.<sup>[21]</sup> The CIP assigns priority rankings to each project. Under this new plan, Lompico projects are still scheduled to be completed within 10 years, but have a lower priority for completion than a number of projects in other service areas.<sup>[22]</sup>

Lompico ratepayers have expressed their concerns that the lower priority ranking of the Assessment District projects might lead to delays and higher construction costs, with a possible consequence that some of the AD projects might not be done.

### ***Lompico Assessment District Oversight Committee (LADOC)***

The LCWD-SLVWD merger agreement required the formation of a "bond oversight committee." To address that requirement, the District created an oversight committee, later named the Lompico Assessment District Oversight Committee (LADOC), consisting of five citizens from the Lompico service area. The responsibilities and boundaries of LADOC's role were the subject of early debate.

SLVWD updated its policy manual to add the new oversight committee.<sup>[23]</sup> It then solicited applicants.<sup>[24]</sup> The policy manual described the committee's role in broad terms:

*The Committee shall be responsible to review matters of stewardship, design, construction, replacement, and repair of the District facilities and property directly related to Assessment District 2016-1, the Lompico Service Area.*<sup>[25]</sup>

LADOC's opening meeting was August 23, 2016. At its second meeting, held on October 6, 2016, the committee decided to pursue several open questions and issues that appeared to fall under its purview. Less than two weeks later, at the October 16, 2016 Board of Directors meeting, the Board debated the reduction of LADOC's duties,<sup>[26]</sup> by changing the description of its role to one which it said more closely resembled the wording of the merger agreement.<sup>[27]</sup> At the next Board meeting, the SLVWD policy manual was amended to read:

*The Committee shall be responsible to review matters of revenue and expenses directly related to Assessment District 2016-1 projects.*<sup>[28] [29]</sup>

District representatives refer to this one sentence description of the responsibilities of LADOC as the LADOC "charter."<sup>[30]</sup> The responsibilities of LADOC continue to be the subject of discussion and disagreement.<sup>[31]</sup>

### **Public Meetings and Other Communication Practices**

SLVWD is responsible for setting the tone for communications with the public.<sup>[32]</sup> The communication environment includes the policies and procedures for Board meetings and other interactions with the public. The communication environment also encompasses the care the District takes to provide an atmosphere conducive to public engagement.

Communication problems came to the forefront in 2017. The District received public criticism not only for its handling of several controversial matters, but also for its handling of the resulting public fallout. During the same period, the District also instituted changes to its meeting practices that had the effect of reducing public participation and understanding. Among other changes, the District switched from holding mostly regular meetings of the Board to holding mostly special meetings of the Board, which were far less likely to be video recorded by Community TV.<sup>[33] [34]</sup> It also switched from detailed minutes to brief "action minutes."<sup>[35]</sup>

## Scope of Grand Jury Investigation

From July 2017 through April 2018, the Grand Jury looked into SLVWD interactions with the public in three broad areas:

- Assessment District 2016-1, including:
  - the planning and execution of the capital improvement projects for the Lompico service area pursuant to the LCWD-SLVWD merger agreement
  - the ranking and integration of Assessment District projects into the District-wide CIP plan
- Lompico Assessment District Oversight Committee (LADOC):
  - the responsibilities of the committee established to oversee the Assessment District collections and project expenditures
  - District support of the oversight committee
- the communication environment, including:
  - District practices related to public access, transparency, financial oversight, civility and decorum, and
  - handling of controversial matters

## Methodology and Approach

The Grand Jury:

- conducted a series of interviews with individuals affiliated with SLVWD as well as with District ratepayers and others with relevant knowledge
- reviewed internal SLVWD documents and communications among SLVWD Board and staff, as well as SLVWD communications with the public
- reviewed agendas, minutes, meeting notes, and where available, videos and audios of the meetings of the SLVWD Board of Directors and its five committees
- attended meetings of the SLVWD Board and its committees
- reviewed documents and other materials related to the merger of LCWD and SLVWD
- reviewed SLVWD policy and procedure manuals, as well as resolutions and proposals concerning changes to these documents
- reviewed audited financial statements, forecasts, interim financial reports, bill lists, studies (e.g. water rates), and similar financial materials
- reviewed strategic plans, capital improvement project plans, requests for proposals (RFPs), engineering reports, [Gantt charts](#), and similar technical materials
- conducted online research about SLVWD, LCWD, and other local water districts, as well as research about assessment districts and oversight committees
- reviewed applicable California codes and regulations

## Investigation

### ***Assessment District 2016-1***

In its investigation of the Assessment District (AD), the Grand Jury found notable differences in understanding among District representatives regarding the construction strategy for the AD's projects, including District plans in the event of project delays, cost differences, or possible changes in projects undertaken.

While the District recognizes that AD funds may be used only for the benefit of Lompico, understandings differ among decision makers on what flexibility exists under the AD as written. Varying interpretations of the Assessment District terms have, in several cases, led to conflicting assertions made to the Grand Jury or to the public, about:

- the process for changing or removing projects from the Engineer's Report list<sup>[36]</sup>
- the possibility of reducing Assessment District collections in later years<sup>[37]</sup>
- ending the Assessment District early<sup>[38] [39] [40]</sup>
- whether the AD is collecting interest on a future loan<sup>[41]</sup>
- whether obtaining a loan against the AD is required<sup>[42]</sup>
- using the \$183,000 collected for loan interest for other AD expenses<sup>[43]</sup>
- returning unused funds to the ratepayers<sup>[44] [45]</sup>
- postponing the completion of Assessment District capital projects beyond ten years<sup>[46]</sup>

The Grand Jury has found that, nearly two years after the merger, District representatives still communicate differing views of the AD and its projects. The varying interpretations have caused public concern, and warrant serious and sustained discussion.

### ***Capital Improvement Program (CIP)***

The District-wide Capital Improvement Program introduced in November 2017 has presented another communication challenge. The District used a priority rating system to rank each capital project, which resulted in a timetable for the execution of each project on the list. The CIP assumes, however, that there are no differences between Lompico and non-Lompico projects except for the funding source; that is, that the projects for which Lompico ratepayers pay an extra assessment have no special status. In contrast, Lompico ratepayers contend that they gave their vote to accept the Assessment District in exchange for the District's promise to complete the specific projects listed in the Engineer's Report in an expeditious manner.<sup>[47]</sup>

The November 2017 Capital Improvement Program still meets expectations to do all AD projects and to do them within 10 years of the merger, but it also incorporates delays of five months to three years for several AD projects. (See Table A below.) The substantial increase in water rates, passed in September 2017, has allowed several pre-merger capital projects to go forward immediately. Now those projects and the AD projects must vie for the time and attention of the small professional staff who will manage the District strategy for permitting, planning, construction, and financing of multiple projects.

The following table, Table A, shows the original and changed estimated start dates for all of the Assessment District projects listed in the Engineer's Report.

**Table A: Scheduled Start Dates for AD Projects in 2017 District Gantt Charts**

<b>Assessment District Projects</b> <sup>[48]</sup>	<b>Cost (\$)</b>	<b>Project Timeline (Gantt) 2/01/17<sup>[49]</sup></b>	<b>Project Timeline (Gantt-CIP) 11/16/17<sup>[50]</sup></b>	<b>Approximate Months early / (delayed)</b>
Service Line and Meter Replacements	862,500			
Meters & Private PRVs		7/1/16	7/1/16	0
Laterals		4/3/17	4/3/17	0
Tank Replacement	682,500			
Lewis		1/18/17	11/13/17	(10)
Madrone		7/20/20	12/7/20	(5)
Kaski		7/10/23	6/19/23	1
PRV Replacement	358,000	4/3/17	1/1/18	(8)
Refurbish Mill Creek WTP	105,000	7/19/21	7/15/24	(36)
Distribution System Interconnection	301,000	7/17/17	8/6/18	(13)
SCADA System	441,000*	7/22/19	7/22/19	0

\*Includes \$19,540 for a temporary SCADA, not addressed in the Engineer's Report, installed in 2016 <sup>[51]</sup>

### ***Lompico Assessment District Oversight Committee (LADOC)***

The parties to the merger of LCWD and SLVWD agreed to keep the original wording of the merger agreement, Resolution 953-A, to avoid renegotiations that would have delayed the merger. <sup>[52]</sup> <sup>[53]</sup> Instead, the stakeholders relied on one another to honor the intent of the merger agreement, even if the words did not fully match the actual elements of the merger. <sup>[54]</sup> <sup>[55]</sup>

A condition of the merger, Section 7(B) of Resolution 953-A, required the formation of a “bond oversight committee.” <sup>[56]</sup> A bond oversight committee has clearly recognized duties and responsibilities. The California Taskforce on Bond Accountability identifies guidelines for local agencies to follow <sup>[57]</sup> regarding the establishment and maintenance of “internal control systems to account for and report on the expenditure of funds.” <sup>[58]</sup>

By requiring the formation of a bond oversight committee, the merger agreement, in effect, required a formal control system to ensure fiduciary care of the funds collected. The parties agreed that the Assessment District was a “similar revenue instrument” to a bond. The Grand Jury found no evidence to suggest that the parties agreed to a lower standard of oversight and fiduciary care for the Assessment District than the accepted standards for oversight of the proceeds of a bond issue.

Guidelines, charters, and bylaws from a variety of organizations addressing both bonds<sup>[59] [60] [61]</sup> and assessment districts<sup>[62] [63]</sup> show oversight responsibilities and practices that reflect the same concerns for the fiduciary care of funds. The state Taskforce on Bond Accountability describes several responsibilities for bond oversight, including creating a transparent control environment; assessing, monitoring and mitigating risk; and maintaining internal controls to ensure that the agency is “properly receiving, managing, and disbursing bond funds.”<sup>[64]</sup>

Creating the control environment is key to all of the oversight responsibilities. The control environment prescribes seating qualified people, providing them with appropriate policies and procedures to direct their efforts, and granting them the authority they need to perform the oversight role.

Experts on oversight committees advise that members of these committees receive training, along with others in their agency who will play a role in the administration of the funds.<sup>[65] [66]</sup> LADOC members have not received formal training in assessment districts, or in other key areas, such as special district governance and meeting management.<sup>[67]</sup> For the first 14 months of its existence, the committee also did not receive support from senior financial staff, who might have provided valuable guidance in the absence of relevant formal training.<sup>[68]</sup>

The District policy manual describes LADOC’s responsibilities in one sentence, without supporting details. In contrast, expert groups provide detailed guidelines for oversight efforts.<sup>[69]</sup>

#### *Oversight Committee Duties and Support*<sup>[70] [71] [72] [73] [74]</sup>

At minimum, adequate guidance and support for LADOC would include:

- Comprehensive orientation prior to beginning work
- Members handbook of key documents, including items such as a LADOC charter (description of duties), the Engineer’s Report, relevant resolutions,<sup>[75] [76] [77] [78]</sup> relevant District policies and procedures, project descriptions, budgets and schedules, financial reports, minutes of prior meetings, guides to Brown Act and parliamentary procedures
- Regular meeting schedule, at least quarterly

Expected duties of the oversight committee would include:

- Tracking expenditures of assessment proceeds back to the capital improvement plan
- Actively reviewing and reporting on the proper expenditure of assessment money for the Lompico construction and replacement projects listed in the Engineer’s Report
- Maintaining a committee webpage with (1) detailed information about the progress of each project, (2) committee minutes, and (3) materials it has received
- Preparing and publishing an annual report for ratepayers

Expected duties of the District would include:

- Providing timely, comprehensive data to the oversight committee, including financial reports that display original budget, current budget, actual expenditures, budget balance, and approved commitments to projects to date across all fiscal years
- Providing technical and administrative assistance

As listed above, one of the expected duties of an oversight committee is the production of an annual report. LADOC did not produce such a report, nor did the Board request that LADOC produce one.

In April 2017 the Board received a staff memo indicating that it would be “appropriate for the full Board to periodically review progress” of LADOC and to “provide guidance regarding committee functions, goals and objectives.”<sup>[79]</sup> Other communications indicated that senior staff declined to attend LADOC meetings beginning in April 2017.<sup>[80]</sup> LADOC meeting notes, internal emails, and Grand Jury interviews from April 2017 confirm that LADOC sought more support from the Board and staff, but the District did not have the resolve to provide effective support.<sup>[81]</sup> <sup>[82]</sup> <sup>[83]</sup> The Grand Jury also determined that opinions differ within the District concerning the utility of LADOC and its appropriate responsibilities as a standing committee.<sup>[84]</sup>

In October 2017, the Board considered a staff memo proposing to restrict LADOC meetings and responsibilities further -- that is, to a once-a-year, after-the-fact review of AD project expenditures.<sup>[85]</sup> While the Board did not accept the proposal, the ensuing debate made clear that the District has not granted LADOC the authority to perform the oversight role that Resolution 953-A required. The debate also illustrated the District’s lack of recognition that it has an obligation to support a fully functioning oversight committee.<sup>[86]</sup>

In sum, the Grand Jury found that the lack of consensus about the role of LADOC, combined with insufficient training and lack of effective support, prevented LADOC from fulfilling its responsibilities in its first year of existence.

### ***Public Meetings and Other Communications***

Meeting practices are key communication elements. Policies and procedures that promote public understanding and participation in Board and committee meetings create a trust environment. Policies and procedures that tend to restrict public understanding and participation risk public complaints and a breakdown in civility and decorum in times of controversy.

The Grand Jury looked at meeting and communication practices of nearby water districts and compared them to SLVWD’s practices in 2016 and 2017. It found that in 2016, the District excelled in practices such as publishing comprehensive minutes and arranging for Community TV filming of regular Board meetings. Unfortunately, in 2017, both the written and electronic recording of District meetings took a step backwards.

### *Recording Board Proceedings – Videos and Published Minutes*

In 2016 the District held 24 Board of Directors meetings – 21 regular Board meetings and four special Board meetings with limited agendas. Of those 24 meetings, Community Television of Santa Cruz County (CTV) recorded 19. In contrast, in 2017 the District held 30 Board of Directors meetings – 10 regular Board meetings and 20 special Board meetings. CTV recorded just 13 of the 30 Board meetings, mostly the regular Board meetings.

As Table B shows, CTV recorded only three of the 20 special Board meetings in 2017. Two of the unrecorded special meetings had multi-item agendas indistinguishable from regular meeting agendas. The relative lack of CTV coverage of special meetings reduced access to ratepayers who could not attend those meetings.

**Table B: Regular and Special Board of Directors Meetings, 2016 and 2017**

	2016	2017
<b>Regular Board of Directors Meetings</b>	21	10
-- Minutes Posted on SLVWD website	21	10
-- CTV Videos Posted on SLVWD website	18	9
-- CTV Videos Available at CTV	18	10
<b>Special Board of Directors Meetings</b>	4	20
-- Limited Agenda	4	15
-- Full (multi-item) Agenda	0	5
-- Minutes Posted on SLVWD website	3	19
-- CTV Videos Posted on SLVWD website	0	2
-- CTV Videos Available at CTV	1	3
<b>Total Board of Directors Meetings</b>	24	30
CTV Videos Available at CTV	19	13
% of Meeting Videos	79%	43%

In 2016 the District produced detailed minutes of the Board of Directors meetings. With the January 17, 2017 Board of Directors meeting, the District switched to “action minutes,” which do not provide any insight into the decisions because they omit the Board discussions and details of public input.

The 2017 elimination of detailed minutes, combined with the relative lack of CTV coverage of the numerous special meetings, reduced publicly available sources of information about District issues for all ratepayers not in attendance at the meetings.

### *Recording Board Proceedings -- Audio recordings*

In late 2017, the District began recording audios of all Board and committee meetings. While the District currently has no written retention policy for audios, it informed the Grand Jury that it destroys all audios after 30 days pursuant to Government Code section 54953.5, subdivision (b). That section provides for a minimum retention period of 30 days; it does not *require* destruction of the media after 30 days or at any particular time in the future. <sup>[87]</sup>

The Board of Directors meeting of November 9, 2017 illustrates the communication problems that the stated destruction practice creates.<sup>[88]</sup> CTV did not record that meeting. The meeting included a discussion of proposed changes to rates and charges for the Bear Creek Wastewater Enterprise. In the absence of either a recording of the proceedings or detailed meeting minutes, ratepayers not in attendance are unable to access the important discussions that took place.

In the same November 9, 2017 meeting, an exchange among Board members arose over a procedural point addressed in the policy manual. The issue was whether an individual Board member could direct the District Manager to perform an administrative task, or if the task request required Board authorization. Two Board members asserted that Board authorization was not required; the remaining Board members did not challenge the assertion.<sup>[89]</sup> The Grand Jury could verify this exchange on its copy of the audio. In the January 18, 2018 Board of Directors meeting, the procedural issue surfaced again. In this instance however, two other directors made the opposite assertion about policy; that is, that an individual Board member could *not* task the District Manager without Board authorization.<sup>[90]</sup> Without a publicly-available recording of the November 9, 2017 meeting, interested parties cannot verify, or challenge with confidence, possible contradictory assertions or misstatements.

The District's stated destruction practice for audios implies that community members not only need to make a Public Records Request (PRR) for a recording, but need to make it within 30 days. Having to make a PRR creates an impediment to accessing the discussions and information from the meetings.

In February 2018, the Grand Jury observed that the District began a new project to embed the District's official audios in the pdf files of the action minutes which are posted on the SLVWD website. Unfortunately, the embedded recordings do not function consistently across browsers and devices. The current system leaves out the many users of unsupported devices. If the new system can be made more universally accessible, then it could make a positive contribution to public engagement.

### *Communication Environment*

The approved policy manual for 2017 urges District representatives to "Establish and maintain an environment that encourages the open exchange of ideas and information between Board members, staff and the public that is positive, honest, concise, understandable, responsive and cost-efficient."<sup>[91]</sup>

The November 2017 draft revised policy manual proposes similar language to encourage District representatives "(i) to use the Golden Rule (treating others as one would wish to be treated) as a guide in interactions with the media, the SLV community, District management and employees and other Board members and (ii) to speak candidly and forthrightly about the issues in front of the Board of Directors."<sup>[92]</sup>

Both the current and proposed policy manuals clearly encourage civility. In routine meeting settings, District representatives do interact civilly with one another and with the public. In the past two years, however, the District has had to address a number of

difficult and controversial matters. Criticism from the public, at times harsh and personal, and disagreements among the District representatives, created lapses in decorum and civility in a number of public meetings as well as on social media.<sup>[93] [94] [95] [96]</sup> These lapses have led, in turn, to public frustration, and the unwelcome prospect of continuing friction on issues of long-term concern to all parties.

Contentious matters that dominated 2017 and will be of ongoing concern include the following items:

Lompico Merger. After the June 2016 merger, the Lompico surcharge became a divisive issue for more than a year. Although the surcharge has ended, the administration of the Assessment District will be an ongoing activity for eight more years. The issues surrounding the administration and oversight of the Assessment District, especially the decisions necessary for successful completion of the required capital projects, are complex. While the District has the responsibility to create and execute the AD project strategy, transparency dictates regular and substantive communications about that strategy, including changes in timing, funding priorities, and regulatory hurdles.

Legal Fees. In each of the previous three fiscal years, legal fees were under \$100,000. In contrast, in the first four months of the 2017-2018 fiscal year, the District had already spent \$108,000 of its \$140,000 budget on legal fees, much of it related to a long-running set of legal actions involving a former Board member. In anticipation of additional litigation, the District raised its budget for legal fees by \$204,500, to a total of \$344,500.<sup>[97] [98]</sup> Legal fees now represent a material portion of the District's annual budget for administrative professional services. The confidential nature of legal work means that the District has a continuing challenge to explain and justify expensive and controversial legal strategies to an inquiring public.<sup>[99] [100]</sup>

Relationship with Citizen Groups and the Press. The local newspaper, along with other media outlets and citizen groups on social media, were critical of the comportment of District representatives at public meetings throughout 2017. The surcharge, the use of glyphosate in the watershed, and District spending on legal matters were especially controversial issues. While some critics may leave the scene, the District would be right to anticipate that the press, citizen groups, and new critics will continue to focus on difficult matters that have become contentious.<sup>[101] [102]</sup>

Disagreements among District Representatives. The work of the District cannot proceed effectively without robust discussion. When District representatives fail to maintain civil interactions, however, the public may fear that its interests are at risk. Ratepayers expect discussions at public meetings to focus solely on outcomes, not on personal differences.<sup>[103] [104]</sup>

Personal Expressions. District representatives have the right to put forth their personal views about SLVWD matters in public forums. The policy manual requires only that such expressions be clearly designated as an individual's opinions and not declarations of the District's official views. Regardless of whether that policy is followed, criticism of colleagues in social media may have a negative long-term impact on public perception of, and respect for, all representatives of the District.<sup>[105]</sup>

## Findings

- F1.** The lack of effective communication between the District and the community regarding the administration of the Assessment District has caused public concern regarding the timing and implementation of Assessment District projects.
- F2.** The District has not provided adequate authority, guidance, training, or support to the Lompico Assessment District Oversight Committee (LADOC) to ensure that the committee can fulfill its assessment district oversight responsibilities, thus reducing transparency and accountability to the public.
- F3.** Lack of effective District communication practices has reduced public access to the decision-making process, and contributed to acrimony and on-going relationship challenges with the community, causing stress on elected officials and staff, as well as frustration among ratepayers.

## Recommendations

- R1.** LADOC should produce an annual report detailing the status of Assessment District revenues and expenditures.(F1, F2)
- R2.** The District should schedule annual public study sessions or workshops to review the LADOC annual report and discuss the administration of the Assessment District (AD), in order to provide in depth information to the public about the timing, funding, and execution of AD projects. (F1, F3)
- R3.** The Board and LADOC should work in concert to create a charter for LADOC that describes in detail the committee's responsibilities and its authority to fulfill its oversight role. (F1, F2)
- R4.** The Board should ensure that LADOC receives adequate professional, technical, and administrative support from the District, as well as the authority to carry out its oversight responsibilities. (F2)
- R5.** The District should provide formal training for all LADOC citizen committee members in governance, meeting management, and the Brown Act. (F2)
- R6.** The District should provide formal training about assessment districts to LADOC members and all others involved in the administration of the Assessment District. (F2)
- R7.** The District should record all Board and committee meetings, and post the recordings online for public access. (F3)
- R8.** The District should provide formal training to all Board and committee members and senior staff on how to communicate with the public on contentious issues. (F1, F3)

## Required Response

<i><b>Respondent</b></i>	<i><b>Findings</b></i>	<i><b>Recommendations</b></i>	<i><b>Respond Within/ Respond By</b></i>
San Lorenzo Valley Water District Board of Directors	F1 – F3	R1 – R8	90 Days August 29, 2018

## Abbreviations and Definitions

- **CIP:** Capital Improvement Program (also called Capital Improvement Plan)
- **CTV:** Community Television of Santa Cruz County
- **Gantt Chart:** “A Gantt chart is a visual view of tasks scheduled over time.”<sup>[105]</sup>
- **Glyphosate:** “Glyphosate is an herbicide. It is applied to the leaves of plants to kill both broadleaf plants and grasses.”<sup>[106]</sup>
- **LADOC:** Lompico Assessment District Oversight Committee
- **LAFCO:** Local Agency Formation Commission for Santa Cruz County
- **LCWD:** Lompico County Water District
- **Resolution 953-A:** LAFCO resolution (also called the “merger agreement”) approving SLVWD’s annexation of LCWD (also called the “merger”)
- **SCADA:** Supervisory control and data acquisition system
- **SLVWD:** San Lorenzo Valley Water District, also referred to in this report as “the District”

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## Websites

Local Agency Formation Commission, Santa Cruz County:

<http://www.santacruzlafco.org/>

San Lorenzo Valley Water District: <http://www.slvwd.com/>



**The 2017–2018 Santa Cruz County Civil Grand Jury  
Requires that the  
San Lorenzo Valley Water District Board of Directors  
Respond to the Findings and Recommendations  
Specified in the Report Titled  
San Lorenzo Valley Water District  
Encouraging the Flow of Information to the Public  
by August 29, 2018**

---

When the response is complete, please

1. Email the completed Response Packet as a file attachment to [grandjury@scgrandjury.org](mailto:grandjury@scgrandjury.org), and
2. Print and send a hard copy of the completed Response Packet to

The Honorable Judge John Gallagher  
Santa Cruz Courthouse  
701 Ocean St.  
Santa Cruz, CA 95060

## Instructions for Respondents

California law PC §933.05 (included [below](#)) requires the respondent to a Grand Jury report to comment on each finding and recommendation within a report. Explanations for disagreements and timeframes for further implementation or analysis must be provided. Please follow the format below when preparing the responses.

### Response Format

1. For the Findings included in this Response Packet, select one of the following responses and provide the required additional information:
  - a. **AGREE** with the Finding, or
  - b. **PARTIALLY DISAGREE** with the Finding and specify the portion of the Finding that is disputed and include an explanation of the reasons therefor, or
  - c. **DISAGREE** with the Finding and provide an explanation of the reasons therefor.
2. For the Recommendations included in this Response Packet, select one of the following actions and provide the required additional information:
  - a. **HAS BEEN IMPLEMENTED**, with a summary regarding the implemented action, or
  - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE**, with a timeframe or expected date for implementation, or
  - c. **REQUIRES FURTHER ANALYSIS**, with an explanation and the scope and parameters of an analysis or study, and a timeframe for that analysis or study; this timeframe shall not exceed six months from the date of publication of the grand jury report, or
  - d. **WILL NOT BE IMPLEMENTED** because it is not warranted or is not reasonable, with an explanation therefor.

### Validation

Date of governing body's response approval: \_\_\_\_\_

If you have questions about this response form, please contact the Grand Jury by calling 831-454-2099 or by sending an email to [grandjury@scgrandjury.org](mailto:grandjury@scgrandjury.org).

## **Findings**

- F1.** The lack of effective communication between the District and the community regarding the administration of the Assessment District has caused public concern regarding the timing and implementation of Assessment District projects.

☐ **AGREE**

☐ **PARTIALLY DISAGREE** – explain the disputed portion

☐ **DISAGREE** – explain why

**Response explanation** (required for a response other than **Agree**):

- F2.** The District has not provided adequate authority, guidance, training, or support to the Lompico Assessment District Oversight Committee (LADOC) to ensure that the committee can fulfill its assessment district oversight responsibilities, thus reducing transparency and accountability to the public.

☐ **AGREE**

☐ **PARTIALLY DISAGREE** – explain the disputed portion

☐ **DISAGREE** – explain why

**Response explanation** (required for a response other than **Agree**):

- F3.** Lack of effective District communication practices has reduced public access to the decision-making process, and contributed to acrimony and on-going relationship challenges with the community, causing stress on elected officials and staff, as well as frustration among ratepayers.

☐ **AGREE**

☐ **PARTIALLY DISAGREE** – explain the disputed portion

☐ **DISAGREE** – explain why

**Response explanation** (required for a response other than **Agree**):

## Recommendations

R1. LADOC should produce an annual report detailing the status of Assessment District revenues and expenditures.(F1, F2)

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☐ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
- ☐ **WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

- R2.** The District should schedule annual public study sessions or workshops to review the LADOC annual report and discuss the administration of the Assessment District (AD), in order to provide in depth information to the public about the timing, funding, and execution of AD projects. (F1, F3)

- \_\_\_ **HAS BEEN IMPLEMENTED** – summarize what has been done
- \_\_\_ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
- \_\_\_ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
- \_\_\_ **WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

- R3.** The Board and LADOC should work in concert to create a charter for LADOC that describes in detail the committee's responsibilities and its authority to fulfill its oversight role. (F1, F2)

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☐ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
- ☐ **WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

- R4.** The Board should ensure that LADOC receives adequate professional, technical, and administrative support from the District, as well as the authority to carry out its oversight responsibilities. (F2)

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☐ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
- ☐ **WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

**R5.** The District should provide formal training for all LADOC citizen committee members in governance, meeting management, and the Brown Act. (F2)

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☐ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
- ☐ **WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

**R6.** The District should provide formal training about assessment districts to LADOC members and all others involved in the administration of the Assessment District. (F2)

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☐ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
- ☐ **WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

**R7.** The District should record all Board and committee meetings, and post the recordings online for public access. (F3)

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☐ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
- ☐ **WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

- R8.** The District should provide formal training to all Board and committee members and senior staff on how to communicate with the public on contentious issues.  
(F1, F3)

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☐ **HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain scope and timeframe  
(not to exceed six months)
- ☐ **WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

## Penal Code §933.05

1. For Purposes of subdivision (b) of §933, as to each Grand Jury finding, the responding person or entity shall indicate one of the following:
  - a. the respondent agrees with the finding,
  - b. the respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
2. For purpose of subdivision (b) of §933, as to each Grand Jury recommendation, the responding person shall report one of the following actions:
  - a. the recommendation has been implemented, with a summary regarding the implemented action,
  - b. the recommendation has not yet been implemented but will be implemented in the future, with a timeframe for implementation,
  - c. the recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of the publication of the Grand Jury report, or
  - d. the recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.
3. However, if a finding or recommendation of the Grand Jury addresses budgetary or personnel matters of a County department headed by an elected officer, both the department head and the Board of Supervisors shall respond if requested by the Grand Jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision-making authority. The response of the elected department head shall address all aspects of the findings or recommendations affecting his or her department.
4. A Grand Jury may request a subject person or entity to come before the Grand Jury for the purpose of reading and discussing the findings of the Grand Jury report that relates to that person or entity in order to verify the accuracy of the findings prior to their release.
5. During an investigation, the Grand Jury shall meet with the subject of that investigation regarding that investigation unless the court, either on its own determination or upon request of the foreperson of the Grand Jury, determines that such a meeting would be detrimental.
6. A Grand Jury shall provide to the affected agency a copy of the portion of the Grand Jury report relating to that person or entity two working days prior to its public release and after the approval of the presiding judge. **No officer, agency, department, or governing body of a public agency shall disclose any contents of the report prior to the public release of the final report.**

## MEMO

To: Board of Directors

From: District Manager

SUBJECT: DISCUSSION AND POSSIBLE ACTION REGARDING AMENDMENT TO  
WATER SYSTEMS CONSULTING - USDA CONTRACT

DATE: JUNE 27, 2018

### **RECOMMENDATION**

Staff requests the Board approve an increase of \$76,752 to the current On-Call As-Needed Engineering contract with WSC Engineering.

### **BACKGROUND**

In December of 2017 the District awarded a contract to Water System Consulting, Inc. (WSC) for Support Services to Pursue USDA Funding. That original contract was for a not-to-exceed \$274,230 and did not include environmental or design services.

The District issued a Design Services Request for Qualifications (RFQ) earlier this year and ranked three engineering firms as the best responses to provide design services for the District; Freitas + Freitas, Shaaff and Wheeler, and MME. The intent of the RFQ process was to secure three design firms so that the District could negotiate prices for services on USDA projects, AD 16-1 projects and other 'as-needed' projects. At the time, staff intended to have the design firms provide environmental compliance services for the USDA application. The District is still working to negotiate which projects will be assigned between the three firms for design services only.

The USDA loan process continues moving forward. Staff previously reported that environmental requirements would make a late summer submittal unobtainable. Staff now believes environmental compliance issues have been worked out and there is a path forward to completing the application by summer's end, thereby complying with the USDA deadline. Staff is requesting a contract amendment with WSC to hire Rincon Consultants to complete USDA application environmental effort (proposal attached).

The amendment is a not-to-exceed \$76,752, including Rincon's proposed \$69,774 and a 10% administrative overhead charge for WSC to manage the contract. This cost represents 1.06% of the estimated \$7,268,000 total estimated cost of the proposed projects. Staff believes this is a reasonable cost for environmental compliance with CEQA and NEPA for the listed projects:

Hihn Pipeline	\$334,000
Hillside Pipeline	\$718,000
Lyon Zone Pipeline	\$3,165,000
California Pipeline	\$994,000
Sequoia Pipeline	\$194,000
Swim Reservoir Site	\$1,863,000
<b>TOTAL</b>	<b>\$7,268,000</b>

**STRATEGIC PLAN:**

Element 3.1 Capital Improvement Program

**FISCAL IMPACT:**

\$76,752 capitalized across various improvement projects



**Rincon Consultants, Inc.**

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Monterey, California 93940

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June 22, 2018  
Project Number 18-06158

Kirsten Plonka, P.E.  
Senior Engineer  
9815 Carroll Canyon Road, Suite 205  
San Diego, CA 92131  
Via email: kplonka@wsc-inc.com

**Subject: Rincon Proposal to Prepare Environmental Documentation for the San Lorenzo Valley Water District SWIM Tank Project and Five Water Pipelines Project**

Dear Ms. Plonka:

Rincon Consultants, Inc. (Rincon) is pleased to submit this proposal to prepare Environmental Documentation in support of the USDA Funding application for the San Lorenzo Valley Water District (SLVWD) SWIM Tank Project and Five Water Pipelines Project. This proposal also includes support for preparation of an Initial Study-Mitigated Negative Declaration (IS-MND) for the Five Water Pipelines Project, for compliance with the California Environmental Quality Act (CEQA). It is our understanding that the CEQA documentation for the SWIM Tank Project is complete.

Rincon has performed CEQA and NEPA support services for many water supply infrastructure projects in California, and we are well-poised to provide the requested services and to commence work immediately to meet the needs of SLVWD. This proposal describes our understanding of the project, our proposed scope of work, our proposed schedule for completion of the project, and our cost proposal for the assignment.

## UNDERSTANDING OF THE PROJECT

SLVWD is seeking a consultant to provide environmental services to support United States Department of Agriculture (USDA) funding pursuits for the SWIM Tank Project and Five Water Pipelines Project. These services include preparation of environmental documentation and coordination with USDA as-needed.

The SLVWD water system has needs that must be addressed to remedy existing safety concerns, operational problems, and water losses. Many tanks in the District are undersized, have reached their useful life expectancy, and are leaking, resulting in water loss and excessive preventative maintenance. The existing distribution system suffers from several deficiencies related to capacity and condition. The two projects are intended to replace and improve existing water infrastructure.

The SWIM Tank Project consists of the replacement of two existing 20,000-gallon redwood storage tanks with one 62,000-gallon bolted steel storage tank. Replacing the redwood tanks will stop water loss due to tank leakage and eliminate maintenance efforts associated with keeping the dated wooden tanks in service. The project would also involve the installation of a new pump station, pipelines, and motor control center to service the new tank.



The Five Water Pipelines Project involves trenching and replacing pipeline in five high-priority areas in SLVWD's distribution system. The project includes the following distribution main replacement projects:

- Hihn Road Pipeline
- Lyon Zone Water Distribution System
- Sequoia Avenue Pipeline
- Hillside Drive Water Distribution System
- California Drive Water Distribution System

It is our understanding that each of the pipeline replacements would involved capping and abandoning the existing pipelines segments in place and constructing the new pipeline segments in existing paved roadways either through trenching or jack and bore techniques.

## SCOPE OF WORK

The work program described below identifies the tasks to prepare the required CEQA and NEPA documentation for the proposed projects. The NEPA documentation will meet the requirements of the USDA Rural Development Environmental Instructions. The IS-MND for the Five Water Pipelines project will address all environmental issue areas identified in Appendix G of the State CEQA Guidelines, to satisfy CEQA requirements. Following is an overview of the tasks proposed under this scope of work, including assumptions for each task.

### Project Management Tasks

#### Task 1: Kickoff and Coordination Meetings

For the purposes of this scope of work and in consideration of the expedited timeframe for this effort it is assumed that the kickoff meeting for the project will consist of a one-hour conference call to confirm project details and go over the proposed deliverable schedule for the project and that this will occur within a maximum of 3 days of receipt of Notice to Proceed. This kickoff call will also serve as a forum to achieve the following initial tasks:

- Share and discuss preliminary data requests (including, as necessary, to develop the Project Description described under Task 2)
- Establish an operational protocol
- Gather any technical studies not already delivered

Given the schedule for the project, it is anticipated that up to 8 coordination calls (anticipated at 30 minutes each) between SLVWD, WSC and Rincon will occur to ensure regular communication and status updates; the kickoff meeting will function as the first of these coordination meetings. It is anticipated that weekly calls will be needed at the start of the work effort, with the frequency reducing as the work progresses.

#### Task 2: Project Description

Prior to initiating the environmental analysis, Rincon will prepare a draft project description for SLVWD and WSC review based on the materials provided. This will include descriptions of the site and its location, project characteristics relevant to the analysis, project objectives, and required discretionary approvals. The project description will include textual, tabular, and graphic presentations.



## USDA Funding Tasks

### Task 3. Categorical Exclusion Applicability Memo

As part of the USDA Funding Application process, SLVWD is required to provide a short rationale to USDA detailing why a Categorical Exclusion (CatEx) is the appropriate environmental document under NEPA for the project. Rincon will provide a brief memorandum or letter report for this purpose for each project that is based on the USDA Guidance document which outlines when a CatEx is the appropriate level of analysis under NEPA.

This scope of work assumes one round of review of each of the draft CatEx memos from WSC/SLVWD. This scope of work assumes that we will respond to one round of comments on the memos and that comments from WSC/SLVWD will be provided as a consolidated set of comments in editable electronic format (i.e. as track changes in MS Word). All documents will be submitted electronically; no hard copies will be submitted.

### Task 4. Preparation of Environmental Report

It is assumed for the purposes of this scope of work that the USDA will determine that a Categorical Exclusion with Environmental Report will be sufficient to document the environmental effects of both the SWIM Tank Project and the Five Water Pipelines Project.

Rincon will use the technical analyses conducted in the tasks described in Tasks 10-12 and in the existing IS-MND for the SWIM Tank project to develop individual Environmental Reports for the SWIM Tank Project and the Five Water Pipelines Project. Rincon will utilize environmental guidance documents acquired via coordination with the USDA Rural Development Program to develop findings. Literature reviews will be conducted and references made to justify the findings for each of the issue areas identified in USDA guidance documents.

To meet USDA environmental documentation standards, the Environmental Reports will assess the consistency of the project with the relevant federal regulatory framework, as follows:

- Federal Clean Air Act
- Coastal Barriers Resources Act
- Coastal Zone Management Act
- Section 7 of Federal Endangered Species Act
- Environmental Justice
- Farmland Protection Policy Act
- Flood Plain Management
- Section 106 of the National Historic Preservation Act
- Magnuson-Stevens Fishery Conservation and Management Act
- Migratory Birds Treaty
- Protection of Wetlands
- Safe Drinking Water Act, Sole Source Aquifer Protection
- Wild and Scenic Rivers Act

This scope of work assumes one round of review of the draft Environmental Reports from the WSC/SLVWD. This scope of work assumes that we will respond to one round of comments on the



Administrative Environmental Report and that comments from WSC/SLVWD will be provided as a consolidated set of comments in editable electronic format (i.e. as track changes in MS Word). All documents will be submitted electronically; no hard copies will be submitted.

### **Task 5. As Needed USDA Coordination Support**

Rincon staff will provide as-needed support to address future USDA requests/coordination needs. The cost estimate includes up to 10 hours of assistance from Rincon staff.

## **CEQA Tasks (Five Water Pipelines Project Only)**

### **Task 6: Administrative Draft IS-(M)ND**

Rincon will prepare an IS-(M)ND for the proposed Five Water Pipelines Project. This is considered an appropriate level of documentation for CEQA because it is anticipated that all potential impacts will be successfully avoided or mitigated to a less than significant level. It is assumed that the IS will lead to an (M)ND, which is a simple form to which the IS will be attached.

The CEQA analysis will discuss existing conditions, thresholds of significance for CEQA, methodology for impact assessment, project-specific impacts and mitigation measures, cumulative impacts, and residual impacts for the proposed project. The focus of the analysis will be to avoid or minimize potential impacts, and to propose appropriate mitigation where potential impacts may occur. Information will be gathered from the various online databases and other documents on file with SLVWD and other agencies.

### **Task 7: Draft IS-(M)ND and Notice of Intent to Adopt a (M)ND**

Rincon will respond to WSC/SLVWD comments on the Administrative Draft IS-(M)ND, and incorporate revisions as needed. This scope of work assumes that we will respond to one round of comments on the Administrative Draft IS-(M)ND and that comments from WSC/SLVWD will be provided as a consolidated set of comments in editable electronic format (i.e. as track changes in MS Word).

For the purposes of CEQA, Rincon will prepare a Notice of Intent (NOI) to Adopt the (M)ND for SLVWD to use to provide notice to all organizations and individuals who have expressed interest in receiving such notice. The NOI to Adopt the (M)ND may also function as the newspaper notice for public review; this scope of work assumes that SLVWD is responsible for publishing the newspaper notice for public review. If preferred, Rincon can coordinate the publication of the newspaper notice at an additional cost, to be provided on request from SLVWD.

Rincon will provide an electronic version (PDF) of the IS-MND for posting on SLVWD's website and will produce up to 10 hard copies of the draft document. Rincon will coordinate delivery of the Draft IS-MND to the County Clerk and/or State Clearinghouse (SCH) Office of Planning and Research. It is assumed that SLVWD will be responsible for preparing and distributing all other required mailings via postal service. If preferred, Rincon can coordinate these mailings at an additional cost, to be provided on request from SLVWD.

### **Task 8: Final IS-(M)ND and MMRP**

During the public review period following publication of the Draft IS-(M)ND, public and agency comments will be collected on the Draft IS-(M)ND and Rincon will update the document to address these comments and incorporate revisions as necessary. Based on discussions with WSC and SLVWD and the nature of the projects, it is anticipated that minimal revisions will be necessary between the draft



and final versions of the document. Subsequent to collection of all comments on the Draft IS-(M)ND, Rincon will prepare and submit one copy of the draft responses to comments for WSC/SLVWD review, including any added or substantially revised sections of the Draft IS-(M)ND that may be necessary. This scope of work assumes that we will respond to one round of comments on the Administrative Final IS-(M)ND and that comments from WSC/SLVWD will be provided as a consolidated set of comments in editable electronic format (i.e. as track changes in MS Word).

Upon receipt of WSC/SLVWD comments on the draft responses, Rincon will prepare the final responses for incorporation into the Final IS-(M)ND, as needed.

The Final IS-(M)ND will include a mitigation monitoring and reporting program (MMRP) in accordance with SLVWD requirements. The MMRP will be provided in an easily digestible format. Essentially this plan will take the form of a detailed table, which will compile all of the mitigation measures, as well as information necessary to monitor compliance with each measure. The program will include:

- Identification of persons/agencies responsible for monitoring compliance with each mitigation measure
- Timing when monitoring must occur
- Frequency of monitoring
- Criteria to be used to determine compliance with conditions

Rincon will provide an electronic (PDF) version of the Final IS-(M)ND and MMRP, and up to 10 hard copies of the Final IS-(M)ND and MMRP. For CEQA, Rincon will complete a Notice of Determination (NOD) form for filing with the County Clerk's office upon certification of the document and project approval. It is assumed that SLVWD will be responsible for payment of the filing fees (although Rincon will be responsible for filing the NOD with the County Clerk and SCH).

## Task 9: Public Meetings/Hearings

Rincon's Project Manager and/or Principal in Charge will be available to attend up to one public meetings or hearing for the proposed project. Attendance will include oral presentations to the hearing body and graphic presentations, as desired by SLVWD. If needed, Rincon will attend additional hearings on a time-and-materials basis, in accordance with our standard fee schedule (provided as an attachment to this proposal).

## Technical Reports

### Task 10. Air Quality and Greenhouse Gas Emissions

It is our understanding that the existing IS-MND for the SWIM Tank Project did not calculate quantitative air pollutant emissions. Since quantitative air pollutant emissions are required for a Federal Clean Air Act Conformity determination which will be used in support of the USDA Funding application, this analysis will calculate air pollutant emissions for the SWIM Tank Project.

For the Five Water Pipelines Project, this analysis will assess both air quality and greenhouse gas (GHG) emissions and summarize the findings in the IS-MND. Construction and operational emissions associated with the Five Water Pipelines Project will be compared to Monterey Bay Air Resources District (MBARD) significance thresholds, as applicable. There are no currently applicable thresholds for evaluating GHG emissions. The potential effect of GHG will be evaluated through comparison with criteria used to evaluate different types of projects, and through a general discussion of consistency with applicable



policies related to energy and water conservation. Additionally, a Federal Clean Air Act Conformity determination will be prepared in support of the USDA Funding application.

The air quality analysis will assess both temporary construction and long-term operational criteria pollutant emissions; construction emissions would be associated with the temporary use of construction vehicles and equipment, while operational emissions would be associated with the operation of pump stations and occasional use of maintenance vehicles. This analysis will utilize the California Emissions Estimator model (CalEEMod) to quantify criteria pollutant emissions associated with the Five Water Pipelines Project, and both criteria pollutant and GHG emissions associated with the SWIM Tank Project. Emission factor data, when not identified in the CalEEMod defaults for the project, will be obtained from *USEPA AP-42, Compilation of Air Pollutant Emissions Factors, Third Edition*, and any updates published by the USEPA. Rincon assumes that grading estimates, a general construction schedule, and a list of anticipated construction equipment for the project will be provided by WSC/SLVWD; Rincon can make assumptions about these items if such information is not available.

The Federal Clean Air Act Conformity determinations for both projects will compare maximum criteria pollutant emissions against *de minimis* thresholds for nonattainment pollutant emissions. If projected emissions would exceed *de minimis* thresholds, measures to mitigate air quality impacts will be identified. Additionally, the analysis will evaluate the projects' conformity with the State Implementation Plan (SIP).

## Task 11. Biological Resources

### *SWIM Tank Project Biological Analysis for USDA NEPA Review*

Rincon will conduct a biological evaluation to assess potential adverse effects to biological resources including federally-listed or proposed species, species protected under the Migratory Bird Species Act, and species covered under the Bald and Golden Eagle Protection Act. Rincon will document the vegetative composition of the project site, and identify fish and wildlife species that are likely to inhabit the area affected by the proposed action. We will identify potential effects to fish and wildlife resources with federal protections. The evaluation will be summarized in a brief technical memorandum that will document existing conditions and potential adverse effects to federal biological resources, and will be designed to support a USDA review for a CE under NEPA. The report will include an estimate of the amount of vegetation clearing required for the Project, a description of vegetation clearing methodology and future maintenance practices, any effects of proposed vegetative clearing, any special areas of concern such as riparian zones or wetlands. Potential impacts to bald or golden eagles will be addressed along with discussion of potential effects to nesting birds protected under the MBTA. Mitigation measures, if applicable, will be developed to address any potentially adverse effects to federally protected biological resources. The report will be based on a desktop analysis and literature review combined with the results of a reconnaissance survey of the project area.

### *Pipeline Project Biological Analyses for CEQA and USDA NEPA Review*

Rincon will conduct a biological analysis for the five (5) pipeline projects for both CEQA and NEPA environmental review. Rincon will conduct a biological evaluation to assess potential adverse effects to biological resources under NEPA and assess potential significant impacts to biological resources under CEQA. The analysis will include biological resources considered special status by the state of California, federally-listed or proposed species, species protected under the Migratory Bird Species Act, and species covered under the Bald and Golden Eagle Protection Act. Rincon will document the vegetative composition of the project site, and identify fish and wildlife species that are likely to inhabit the area



affected by the proposed action. We will identify potential adverse effects to fish and wildlife resources with federal protections and potential significant impacts to state sensitive resources. Rincon will conduct a desktop analysis of the existing conditions at the five pipeline project sites, and conduct a reconnaissance survey to document the current conditions on and adjacent to the project impact areas.

**CEQA Review.** The results of the analysis for CEQA review will be presented within the CEQA document (i.e. no technical report will be prepared).

**NEPA Review.** The results of the analysis for federal resources will be presented in a brief technical memorandum. The memo report will include an estimate of the amount of vegetation clearing required for the Proposal, a description of vegetation clearing methodology and future maintenance practices, any effects of proposed vegetative clearing, any special areas of concern such as riparian zones or wetlands. Potential impacts to bald or golden eagles will be addressed along with discussion of potential effects to nesting birds protected under the MBTA. Mitigation measures, if applicable, will be developed to address any potentially adverse effects to federally protected biological resources.

## Task 12. Cultural Resources

For each of the proposed projects, a formal Technical Report will be prepared in accordance with Section 106 of the National Historic Preservation Act (NHPA). The cultural resources report for the Five Water Pipelines Project will also address CEQA documentation. Rincon understands that CEQA documentation has already been completed for the SWIM Tank Project and that the cultural resources report for that project does not need to address CEQA requirements. Specific tasks included under this SOW for cultural resources are described below.

**Subtask 12-1. *Area of Potential Effects Maps.*** Rincon will prepare an Area of Potential Effects (APE) map in accordance with the regulations at 36 CFR 800.16(d). Rincon assumes the APE will be limited to areas of direct project ground disturbance, including staging areas, and that no indirect APE will be required.

**Subtask 12-2. *Cultural Resources Records Searches.*** Rincon will conduct a California Historical Resources Information System (CHRIS) records search of each project APE and a 0.5-mile radius at the Northwest Information Center (NWIC) located at Sonoma State University. The primary purpose of a records search is to identify previously recorded cultural resources known to exist within or near an APE. The records searches will also reveal the nature and extent of cultural resources work previously conducted within the APEs and adjacent vicinity. In addition to the archaeological inventory records and reports, an examination will be made of historic maps, the National Register of Historic Places (NRHP), California Register of Historical Resources (CRHR), the California Historical Resources Inventory, and the listing of California Historical Landmarks. Rincon assumes that the NWIC will conduct each records search within a maximum direct expense of \$1700.

**Subtask 12-3. *Native American Consultation.*** Rincon will request a records search of the Sacred Lands File (SLF) from the Native American Heritage Commission (NAHC) for each project. The SLF search will determine whether NAHC-listed Native American sacred lands are present within the vicinity of the APEs. The NAHC will also provide contact lists of Native American contacts for the projects from which Rincon may be able to solicit additional information pertaining to the Native American sensitivity of the projects. In accordance with Section 106 of the NHPA, Rincon will prepare and mail a letter to each of the NAHC-listed contacts, requesting that they contact us if they know of any Native American cultural resources within or immediately adjacent to either APE. Rincon will follow-up with each contact by telephone. As many as two telephone calls will be made to each of the contacts to document “good-faith” efforts to follow-up and the results will be documented in a table. This task does not constitute



assistance with Assembly Bill 52 of 2014 (AB 52) consultation. It is our understanding that consultation under AB 52 is not required for either project.

**Subtask 12-4. Local Historical Group Consultation.** Rincon will contact individuals and organizations who may have knowledge of, or concerns with, historic properties in the area. Consultation will include inquiries to local governments and local historic groups regarding their knowledge of historic properties in the immediate vicinity of the APEs. As many as two telephone calls will be made to each of the groups to document “good-faith” efforts to follow-up.

**Subtask 12-5. Field Surveys.** Rincon will conduct a Phase I pedestrian survey of each APE. Rincon will conduct a windshield survey of paved areas, stopping to inspect any areas of exposed ground. To reduce costs, Rincon will conduct the surveys for each project concurrently. We assume one cultural resources specialist can complete the surveys in one 8-hour day. For the purposes of this proposal and cost estimate, Rincon assumes that no cultural resources requiring recordation or updating will be identified by the records search or survey for the Five Water Pipelines Project. Should any cultural resources be identified in the Pipeline APE, the budget would need to be augmented to record or update the resources. Rincon assumes that one cultural resource, the historic-age water storage tanks, will be identified within the SWIM Tank APE and that the resource requires recordation and evaluation for consideration as a historic property as defined by Section 106 of the NHPA. No subsurface testing will be conducted, nor will any artifacts, samples, or specimens be collected during the survey.

**Subtask 12-6. Cultural Resources Technical Study Reports.** Rincon will prepare one technical report for each project documenting the results of the cultural resources studies, as well as provide management recommendations for cultural resources within or near the project APEs. The reports will be prepared following the California Office of Historic Preservation’s Archaeological Resource Management Reports (ARMR): Recommended Contents and Format. The reports will include figures depicting the area surveyed and studied for cultural resources.

Draft copies of each Cultural Resources Technical Study Report (digital pdf) will be submitted to WSC/SLVWD for review and approval. Rincon assumes one round of comments will be necessary and that they will be provided in a consolidated, editable format. Once reviewed, digital copies of the final report will be prepared and submitted.

Also included under this SOW, Rincon will conduct a Paleontological Resources Assessment for the Five Water Pipelines Project to inform the IS-MND by identifying the geologic units that may be impacted by project development (i.e. present within the project footprint), determining the paleontological sensitivity of geologic units within the project footprints, and assessing potential for impacts to paleontological resources from development of the proposed project. The results of the paleontological resources assessment will be presented in the cultural resources section of the IS-MND.

Assumptions associated with this SOW for cultural resources include the following:

- All cost assumptions are based on the scope of work detailed above
- APE mapping will be prepared for compliance with Section 106 requirements and will be limited to the direct project footprints
- Direct expenses for the NWIC record searches will not exceed \$1700
- No cultural resources will be identified or documented within the Five Water Pipelines Project APE during the study
- One cultural resource, the water tanks, will require recordation and evaluation



- No field survey and no formal locality search will be required for the paleontological resources assessment

## ASSUMPTIONS

In addition to the assumptions identified above, a number of assumptions have been utilized in characterizing this scope of work and associated budget. These assumptions are listed below. Should any of these assumptions need to be adjusted during execution of the project, the scope and budget may need to be expanded.

- WSC/SLVWD will provide a construction schedule and construction equipment information (with attention to heavy diesel-powered construction equipment).
- The Transportation & Traffic analysis for the IS-MND will utilize construction traffic estimates provided by WSC/SLVWD along with standard construction traffic control measures; additional traffic modeling will not be conducted as part of this scope of work. Information required includes, but is not limited to, an estimate of the number of deliveries per day, average number of workers at the site per day and whether or not import or export of soil would be required. If needed, we can work with WSC/SLVWD to develop reasonable estimates for construction traffic based on previous experience assessing pipeline construction projects.
- Computerized modeling such as to characterize drainage patterns and other existing physical conditions will not be conducted as part of the project; rather, existing information including previously prepared maps and models will be utilized to the extent feasible.
- Visual simulations will not be prepared as part of the project, as impacts are anticipated to be limited to the construction period, and the project would not result in substantial changes to the existing visual environment during the operation and maintenance period.
- No on-site noise measurements will be taken.

## SCHEDULE

Upon receipt of NTP, we will sit down with WSC/SLVWD to prepare a proposed schedule for completion of the CEQA environmental review process. We recommend fast tracking the NEPA portion of the project to deliver the USDA required documentation well in advance of the August 17 deadline and propose to provide Progress Drafts to USDA of the technical reports and Environmental Reports as they are completed. Given that the completion of the CEQA is not required by August 17, we recommend beginning that process about three weeks into the overall project schedule.

## COST

Rincon Consultants' not to exceed cost to prepare the IS-(M)ND in accordance with the work scope outlined above is **\$69,774**, as shown in the cost spreadsheet at the end of this proposal. Rincon will bill the project on a time and materials basis.



All of the terms of this proposal are fully negotiable to meet the needs of WCS/SLVWD. This proposal is valid for a period of 30 days during such time all questions may be directed to Jennifer Haddow, Principal. We look forward to the opportunity to work with you and would welcome an opportunity to discuss the details of this proposal at your convenience.

Thank you for your consideration of Rincon Consultants for this project!

Sincerely,

**RINCON CONSULTANTS, INC.**

  
Jennifer Haddow, PhD  
Principal Environmental Scientist



**RINCON CONSULTANTS, INC.**  
SLVWD ENVIRONMENTAL DOCUMENTATION

Environmental Services Program

Tasks	Labor	Direct Expense	Budget
Task 1: Kickoff and Coordination Meetings	\$1,675	\$50	\$1,725
Task 2: Project Description	\$1,390	\$42	\$1,432
Task 3: Categorical Exclusion Applicability Memo	\$935	\$28	\$963
Task 4: Preparation of Environmental Reports	\$6,430	\$193	\$6,623
Task 5: As Needed USDA Coordination Support	\$1,580	\$47	\$1,627
Task 6: Administrative Draft IS-(M)ND	\$9,695	\$291	\$9,986
Task 7: Draft IS-(M)ND and Notice of Intent to Adopt	\$2,700	\$81	\$2,781
Task 8: Final IS-(M)ND and MMRP	\$3,670	\$110	\$3,780
Task 9: Public Meetings/Hearings	\$1,600	\$198	\$1,798
Task 10: TR - Air Quality and Greenhouse Gas Emissions	\$8,090	\$243	\$8,333
Task 11: TR - Biological Resources	\$12,470	\$574	\$13,044
Task 12: TR - Cultural Resources	\$12,805	\$2,539	\$15,344
Project Management	\$2,270	\$68	\$2,338
<b>TOTAL PROJECT BUDGET</b>	<b>\$ 65,310</b>	<b>\$ 4,464</b>	<b>\$ 69,774</b>



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## Memorandum

**TO:** Board of Directors,  
San Lorenzo Valley Water District

**FROM:** Gina R. Nicholls, District Counsel

**DATE:** June 26, 2018

**RE:** Capital Improvement Program *Ad Hoc* Committee  
502665-0001

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### **RECOMMENDATION**

Review the status of the District's Capital Improvement Program *Ad Hoc* Committee ("CIP Committee"), including its progress and composition. Accept Board President Baughman's offer to resign from the CIP Committee, and consider whether to appoint another Director to take his place or conclude the activities of the CIP Committee and disband it.

### **BACKGROUND**

At the May 3, 2018 special Board meeting, the Board voted to form an *ad hoc* committee to review the District's plan to implement its ambitious replacement program and to make recommendations to the full Board regarding whether the schedule is attainable and whether there are critical unmet resource needs. The term of the CIP Committee was limited to no more than 6 months from the date of its formation.

Currently the CIP Committee is comprised of President Baughman and Director Bruce. However, at the regular Board meeting on June 21, 2018, President Baughman was appointed to the District's Engineering Committee.

Because the functions of the Engineering Committee and the CIP Committee potentially overlap, the dual appointment of a Board member to both committees creates a risk that serial meetings may occur in violation of the Brown Act. President Baughman has offered to resign from the CIP Committee to avoid any potential serial meeting violations.

In light of the recommended transition of President Baughman off of the CIP Committee, it is appropriate for the Board to review the Committee's progress, and to decide whether to appoint another Board member to replace President Baughman or to conclude the activities of the Committee and disband it.

#### **FISCAL IMACT:**

N/A

#### **STRATEGIC PLAN:**

N/A



NOSSAMAN LLP

## Memorandum

**TO:** Board of Directors,  
San Lorenzo Valley Water District

**FROM:** Gina R. Nicholls, District Counsel

**DATE:** June 26, 2018

**RE:** Budget & Finance Committee Assignments  
502665-0001

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### **RECOMMENDATION**

It is recommended that the Board of Directors ("Board") review the composition of the District's Budget and Finance Committee ("Committee") and declare the Public Member seat to be vacant in light of the recent appointment of John Hayes to the Board.

Board President Baughman has offered to step down from the Committee so that Mr. Hayes can be appointed to stay on the Committee as a Board Member.

### **BACKGROUND**

The District appreciates the dedicated service of John Hayes as the Public Member of its Budget and Finance Committee.

Following the recent appointment of Mr. Hayes to the Board of Directors, he can no longer hold the Public Member seat on the Committee. Therefore, the Board should declare the Public Member seat to be vacant until it is filled by the appointment of another member of the public.

As stated above, President Baughman has offered to step down from the Committee so that Mr. Hayes can be re-appointed to the Committee as a Board Member. The Board President has authority to make such changes to Committee assignments, subject to Board approval. (Board of Directors Policy Manual, at 11.B.3.)

**FISCAL IMACT:**  
N/A

**STRATEGIC PLAN:**  
N/A