

**SAN LORENZO VALLEY WATER DISTRICT
BOARD MEETING MINUTES**

August 21, 2014

7:30 p.m.

CONVENE MEETING/ROLL CALL:

Pres. Bruce convened the meeting at 7:30 p.m. Roll call showed Dirs. Brown, Prather, and Rapoza were present. Dir. Vierra was absent. Acting District Manager Rogers, Deputy Director of Operations Furtado, Environmental Analyst Michelsen, Finance Manager Hill, and Legal Counsel Hynes were also present.

EXCUSED DIRECTOR ABSENCE

Motion made by Dir. Prather to excuse the absence of Dir. Vierra for August 21, 2014 Board of Directors Meeting.

ROLL CALL:

Ayes:	Brown, Bruce, Prather, Rapoza
Noes:	None
Abstain:	None
Absent:	Vierra

MINUTES:

Minutes Regular Meeting of August 7, 2014.

Motion made by Dir. Prather to accept the minutes of the August 7, 2014 Board of Directors Meeting

ROLL CALL:

Ayes:	Brown, Bruce, Rapoza, Prather
Noes:	None
Abstain:	None
Absent:	Vierra

ADDITIONS AND DELETIONS TO AGENDA: None

ORAL COMMUNICATIONS:

Charlene DeBert, Boulder Creek, thanked Randall Brown for his book, *The San Lorenzo Valley Water District – A History*. She found it very informative.

Bruce Holloway, Boulder Creek, suggested that the Board change the policy that requires that the Board hold an election of Board officers on the first Board of Directors meeting in December. He suggested that the election of officers be held on the second Board of Directors meeting in December given that the new Board members do not take office until the first Friday in December (Elections Code 10554), which is the day after the first Board meeting.

Peter Lang, Boulder Creek, acknowledged the candidates for the SLVWD Board of Directors that are present. He commended Director Vierra for the positions he has taken regarding investments. He also says that Acting Dist. Manager Rogers is a positive force in the position. He appreciates the meeting minutes, as well as other assignments performed by staff, creating confidence in the public toward the District. He believes that the negative aspects of the District should be shared as well as the good. He thinks that President Bruce is also conducting the Board very well. He questioned the Campus Project and the monthly Investment Reports.

Nick Nicari, Ben Lomond, thanked Acting Dist. Manager Rogers for his prompt response to a water main break and also repaired erosion. Deputy Operations Director Furtado was very responsive. He questioned the reason for monthly billing instead of repairing the Probation Tank.

President Bruce explained that the District is in the process of replacing the Probation Tank but there are several huddles including legal and regulatory issues, including environmental permitting.

John Fasolas, Felton, questioned the security of our tanks.

WRITTEN COMMUNICATIONS: None.

CONSENT AGENDA: None.

UNFINISHED BUSINESS:

GRAND JURY RESPONSE

The memo describing the Grand Jury Response was read by the Acting District Manager.

Director Brown was disappointed by the tone of the response. He felt there was too much disagreement.

Peter Lang, Boulder Creek, says that the Response is confrontational, defensive and antagonistic. The Board has an opportunity to make things better, apologize for errors of the past, and show respect for the Grand Jury.

Suellene Petersen, Zayante, also thinks that the tone of the Response is negative.

Nick Nicari, Ben Lomond, hopes that the Response be changed to a positive spin.

Bruce Holloway, Boulder Creek, gave his opinions point by point and made suggestions to Board for changes to the draft.

Charles Baughman, Boulder Creek, states that if he is on the Board he would like to attend all committee meetings but not as a participant.

Charlene DeBert, Boulder Creek, requested information from SLVWD but she was denied the information.

District Counsel Hynes told her that we cannot produce what we don't have. Her issue will be referred to the Facilities and Planning Committee.

Nick Nicari, Ben Lomond, stated that the Board is ultimately responsible for the everything that happened.

Peter Lang, Boulder Creek, encouraged the public to file information with the Grand Jury so that they can make informed decisions. It is a felony to give false information to the Grand Jury.

Director Rapoza explained his take on the response to the Grand Jury. As a member of the Ad-Hoc committee he wanted the public to know the thoughts behind the response.

Director Prather thought the response was well thought-out. There are items that can be better worded but the intent is correct.

Director Brown would like to see the tone of the response changed.

President Bruce appreciated the public's input regarding the phrasing of the response. Mistakes were made by both the District Manager and the Board. There was a failure of oversight by the Board.

Motion made by Dir. Rapoza to take the public's advice back to the Ad-Hoc committee to rework the Response to the Grand Jury and bring it back to the September 4, 2014 Board of Directors meeting.

ROLL CALL:

Ayes:	Brown, Bruce, Prather, Rapoza
Noes:	None
Abstain:	None
Absent:	Vierra

NEW BUSINESS:

RATE INCREASE REVIEW

The memo describing the Rate Increase and an explanation of the scenario was shared by the Finance Manager.

Director Rapoza questioned if the information included the extra drought expenses.

Finance Manager Hill said that they have built in a 20% decrease for the drought in the near term but not long term.

John Fasolas, Felton, is concerned about the replacement fund for the Intertie. Should we have a drought policy to rates go up during drought and down during wet times?

President Bruce assured the public that rate models are being discussed.

Director Brown suggests water wasters pay the most.

Karen Brown, Boulder Creek, suggests that we switch back to billing every other month and to rent out District property to help with revenue issues. She prepared and provided a rental form for District property rental.

Nick Nicari, Ben Lomond, suggested that we charge more fees for higher users so that it wouldn't hit the public so hard.

Suellene Petersen, Zayante, questioned when the rate increase special meeting is.

Dir. Rapoza explained to Suellene that this is that meeting.

Mark Lee, Ben Lomond, agrees with Mrs. Petersen. He makes recommendations to be more fiscally responsible and transparent.

Peter Lang, Boulder Creek, says that he was always aware that the increase was approved and that this meeting was just to adjust the percentage of the increase if necessary. He also questioned the campus and other capital improvements.

Director Rapoza explained the discussion regarding future capital improvement projects. Part of the increase is to maintain the reserve levels necessary for several projects. We haven't needed to raise rates in the past because of the investments we have.

Finance Manager Hill explains that we are paying for the Intertie Projects, Olympia Mutual, Scada, etc.

Dir. Rapoza says that the infrastructure needs to be updated and repaired so that we don't have a problem like they had at UCLA.

Dir. Prather questions if there is any campus money on any of the projections. There is no money slated for the campus project other than keeping the permits up to date.

President Bruce states that just like all water districts, our infrastructure is needs work. The rate increase is not just for the water resources it's for emergency funds.

Dir. Brown, points out that the bigger the system, the bigger the problems. Having an emergency fund is critical.

Donna Bower, Scotts Valley, questions the amount of the rate increase.

The increase is approximately 10% depending on your equipment.

Eric Hammer, Brookdale, thanks the Board for thinking ahead so that we only have a 10% increase, unlike many of our neighbors. SLVWD is doing a great job.

John Fasolas, Felton, talks to lots of people and the majority of those people are happy with the water service. This rate increase is necessary. Thank you to the Board and staff.

The rate increase will go forward as previously voted.

GENERAL MANAGERS REPORTS:

a. Manager

(1) Bill List Period Ending August 21, 2014.

Bruce Holloway, Boulder Creek, questioned an invoice.

Motion made by Dir. Rapoza to approve the Bill list for the period ending August 21, 2014 in the amount of \$624,385.

ROLL CALL:

Ayes:	Brown, Bruce, Prather, Rapoza
Noes:	None
Abstain:	None
Absent:	Vierra

(2) Investment Reports

Finance Manager Hill noted that we were able to sell investments as planned. The projected loss was \$60,000 but due to market on the day of the sale the loss was only \$30,000.

Dir. Rapoza points out that with CDs in Morgan Stanley and the Wells Fargo account the CDs are only 31% of our investments.

Dir. Brown noted that the \$500,000 not in our favor to sell. We should request an update from Morgan Stanley.

Bruce Holloway, Boulder Creek, notes that a CD yields 1.5% and a Treasury bond yields 1.67% so why buy a CD instead of a Treasury bond.

(3) Board received Department Status Reports

Acting District Manager notes that the Intertie 6 project is 2 weeks from paving. The original cost was \$4.4 million and there is now \$375,000 in change orders.

John Fasolas, Felton, suggested that we display photographs of the work we are doing.

Charles Baughman, Boulder Creek, asks for an updated Water Management Plan that does not exist. It is in draft form and will be completed soon.

Bruce Holloway, Boulder Creek, questions the Manana Woods asset transfer and property transfer.

Finance Manager Hill reports that auto-pay is up.

b. Committee/Director Reports

(1) Community Outreach Committee – 8/12/14

INFORMATIONAL MATERIAL:

1440 CENTER

Environmental Analyst shared the draft of the letter to the 1440 Center Project. The letter has already been sent because the deadline for response was August 19, 2014.

ADJOURNMENT:

Pres. Bruce adjourned the meeting at 10:09 p.m.



Holly B. Morrison
District Secretary