

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

July 17, 2014

7:30 p.m.

**CONVENE MEETING/ROLL CALL:**

Pres. Bruce convened the meeting at 7:34 p.m. Roll call showed Dirs. Brown, Rapoza, Vierra were present. Dir. Prather was absent. Acting District Manager Rogers, Deputy Director of Operations Furtado, Finance Manager Hill, and Legal Counsel Hynes were also present.

**MINUTES:**

Minutes Regular Meeting of April 17, 2014.

Minutes Regular Meeting of June 19, 2014.

Minutes Special Meeting of June 25, 2014.

Charles Baughman, Boulder Creek, noted that in the April 17, 2014 minutes it is written that he asked about water *rates* and it should say water *usage*.

Motion made by Dir. Vierra to approve minutes for April 17, June, 19 and June 25, 2014 Board of Directors Meetings.

**ROLL CALL:**

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

**ADDITIONS AND DELETIONS TO AGENDA:**

ADD REGIONAL INTERTIE SYSTEM NO. 6 – CONSTRUCTION UPDATE – New Business, Item 8i

Motion made by Dir. Vierra to add Item 8i to New Business- Regional Intertie System No. 6 – Construction Update.

**ROLL CALL:**

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

**ORAL COMMUNICATIONS:** None

**WRITTEN COMMUNICATIONS:**

RECONSIDERATION OF IMPROVEMENTS TO BAR KING/FAR VIEW ROADS - Bar King Road Association sent a note requesting reconsideration of improvements to the water line and installation of hydrants. Staff suggested that this item be sent to committee.

**CONSENT AGENDA:**

FIRE SERVICE AGREEMENT - Installation of a six-inch Fire Service Connection APN 021-041-05 Vista Del Lago Mobile Home Park.

Motion made by Director Vierra to approve Resolution #1 (14-15) Fire Service Agreement.

ROLL CALL:

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

**UNFINISHED BUSINESS:** None.

**NEW BUSINESS:**

a. FALL CREEK FISH LADDER – Letter of Intent

Peter Lang, Boulder Creek, asked for clarification regarding the fish ladder.

Pam Spehar, Boulder Creek, asked if the project was budgeted.

Motion made by Director Vierra to approve sending a letter of intent regarding the Fall Creek fish ladder.

ROLL CALL:

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

b. BANK AND INVESTMENT SIGNATURES

Peter Lang, Boulder Creek, asked for clarification regarding the policy for two signatures.

Motion made by Director Rapoza to approve Resolution #2 (14-15) updating signatures for the financial instruments.

ROLL CALL:

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

c. COMPENSATION FOR ACTING DISTRICT MANAGER

Director Rapoza and Director Brown said they thought Acting District Manager Rogers should receive more than the 12.13% increase proposed. President Bruce proposed that due to the challenges ahead the increase for the Acting District manager should be the full salary of the District Manager, an increase of 24.27%. Director Vierra agreed that would be fair.

Colette McLaughlin, Boulder Creek, claimed that she was accused of seeking subsidies. She says it is not fiscally responsible for the Board to give a raise to the Acting District Manager when the District is facing financial hardships.

Pam Spehar, Boulder Creek, wanted to know what his salary will be.

Peter Lang, Boulder Creek, just witnessed a salary negotiation. He says that it is irresponsible.

Charlene DeBert, Boulder Creek, asked if the Board is planning to recruit for a new District Manager.

John Fasolas, Felton, said that the District is lucky to have Rick. He has a real challenge ahead of him and the Board should buy him a nice sleeping bag.

Jim Coffis, Ben Lomond, asked if the Director of Operations position was open. Deputy Director of Operations Furtado was introduced.

Mark Lee, Ben Lomond, suggested that the Board look at the range of salary of other water districts.

Motion was made by Dir. Vierra to approve Resolution #3 (14-15) amended to an increase of 24.27%.

ROLL CALL:

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

d. APPOINTMENT OF DISTRICT LEGAL COUNSEL AS EMPLOYEE RELATIONS OFFICER

Correction to Resolution should read the date of June 25 not June 26, 2014.

Bruce Holloway, Boulder Creek, asked if we could use a recruiter instead of District Counsel.

Colette McLaughlin, Boulder Creek, takes issue with the District Counsel personally.

Peter Lang, Boulder Creek, also takes issue with the District Counsel.

Motion made by Dir. Vierra to approve Resolution #4 (14-15) appointing District Counsel as Employee Relations Officer.

**ROLL CALL:**

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

**e. ADOPTION OF FISCAL YEAR BUDGET 2014-2015**

Peter Lang, Boulder Creek, questioned change in net-position.

Bruce Holloway, Boulder Creek, questioned rate increase for 2015. \$151,000 reserve fund indicates that this is not a balanced budget. Should say change in liquid position. Also, questioned aggregated funds-interest, accrued interest and investment loss or gain.

Pam Spehar, Boulder Creek, questioned what is included in the equipment fund.

Peter Lang, Boulder Creek, Stephanie is doing a great job.

Suellene Petersen, Zayante, Stephanie has tremendous potential.

Dir. Brown questions the need for funds for Communications Specialist.

Charles Baughman, Boulder Creek, questioned budgeted cost for Ordinance 8 recodification.

Peter Lang, Boulder Creek, understands that Scotts Valley rewrote their version of Ordinance 8.

Stephen Petersen, Zayante, asks if there is a timeline for the work on Ordinance 8.

John Tucker, Union Representative for District employees, questions specifics for legal budget and, when informed it was for labor negotiations, shares that during the last labor negotiations the attorney from San Francisco charged \$20,000 for a \$10,000 negotiation.

Pam Spehar, Boulder Creek, questions why the District went to monthly billing.

Stephen Petersen, Zayante, is happy to see that the District has budgeted for professional training and conferences.

Bruce Holloway, Boulder Creek, questions increase in bank fees.

Nina Moore, Felton, asks if it would be beneficial to go to on-line billing.

Charlene DeBert, Boulder Creek, questions if staff engineer is a certified engineer.

Dir. Rapoza asks for information on Stream Monitoring.

John Fasolas, Felton, suggests the District look for grant money and matching funds for projects.

Pres. Bruce suggests that District does not have the necessary staff to pursue grants but it is on the radar of the District and Board.

Mark Lee, Ben Lomond, there are funds out there for scientific investigation. Also, he questions if any of the budget for stream monitoring goes to existing staff.

Dir. Rapoza would like a budget of \$40,000 for Quail Hollow added to the budget.

Stephen Petersen, Zayante, questions what the server actually does.

Karen Brown, Boulder Creek, would like to see the replacement/repair of leaking tanks expedited in light of the new law regarding water wasters.

Acting District Manager Rogers explained the process and progress of tank replacement and repair.

John Fasolas, Felton, questions the cost of putting information on the internet.

Mark Lee, Ben Lomond, questions progress of Probation Tank while waiting for federal studies.

Acting Dist. Mgr. Rogers reiterates \$151,000 budget item at the request of Mark Lee, Ben Lomond.

Stephen Petersen, Zayante, questions why the plant goes down if the aged computer goes down.

Acting Dist. Mgr. Rogers recommends that the summary reserve funds information be taken back to committee due to changes in reserve funds.

Bruce Holloway, Boulder Creek, appreciates that the finance manager incorporated suggestions from the Finance Committee meeting. Also, he questions what is included in \$27,000 for contract & professional services.

Motion made by Dir. Rapoza to approve Resolution #5 (14-15) Adoption of Fiscal Year Budget 2014-2015 with the two amendments and the statement regarding the Reserve Fund Accounts to be referred to Finance Committee.

ROLL CALL:

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

Pres. Bruce thanks everyone for their help in the budgeting process, especially Finance Manager Hill.

f. REVIEW OF DISTRICT INVESTMENT POLICY

President Bruce suggests that the Board remand the Investment Policy to the next regular Board meeting.

Acting Dist. Mgr. Rogers states that the agenda item before the Board was not meant to redo the entire District Investment Policy but just to give guidance to the Acting District Manager.

Dir. Rapoza suggests that in the interim no changes be made without the concurrence of the Finance Committee.

Dir. Vierra suggests that the entire Board needs to be involved since the Finance Committee cannot direct staff.

Dir. Brown suggests that the Board agree that any mature investments will be transferred to LAIF.

Bruce Holloway, Boulder Creek, questions the possibility of moving  $\frac{3}{4}$  of a million in Morgan Stanley to LAIF. Long term investments are risky so he suggests we liquidate it all.

Dir. Vierra describes the current plan for investments. He suggests that the Board liquidate long term investments, except for two specific items.

Peter Lang, Boulder Creek, questions who prepared the report.

Pam Spehar, Boulder Creek, questions the reason for long term risky investments.

Mark Lee, Ben Lomond, agrees with everyone that the District should liquidate.

Motion made by Dir. Vierra to direct staff to sell the seven items listed on the suggested sale list totaling \$930,000.

ROLL CALL:

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

g. RECRUITMENT OF DISTRICT MANAGER

Pres. Bruce questioned whether we pay for candidate travel costs. No.

Peter Lang, Boulder Creek, points out that one recruiter states that they get paid for results; the other gets paid no matter what.

Motion made by Dir. Rapoza to direct staff to contract with Bob Murray and Associates for recruitment services replacement of the District Manager totaling an estimated \$24,900.

ROLL CALL:

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

h. GRAND JURY REPORT – AD-HOC COMMITTEE

Karen Brown, Boulder Creek, questions who is the responding District Manager named in the Grand Jury report.

President Bruce appoints herself and Dir. Rapoza to the Ad Hoc Committee.

Stephen Petersen, Zayante, suggest the Board Consider changing the Ad Hoc Committee to include the public for open discussion.

Peter Lang, Boulder Creek, and Mark Lee, Ben Lomond, agree with Mr. Petersen.

Dir. Rapoza explains that it is the job of the Board, as elected officials, and the District Manager to respond.

Motion made by President Bruce to form an Ad Hoc Committee consisting of Director Rapoza and President Bruce to prepare a response to the Grand Jury.

ROLL CALL:

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

i. INTERTIE NO. 6 – CONSTRUCTION UPDATE

Acting District Manager Rogers reports to the Board an update on the construction project. A second asphalt highway was unexpectedly found under the existing highway causing delays and additional cost. The other obstacles include a high pressure gas main, fiber optic phone lines and existing District water pipes. There is currently a change order for an additional \$250, 000.

Director Brown thanks Acting Dist. Mgr. Rogers for being proactive in bringing this information to the Board.

Stephen Petersen, Zayante, questions the relationship of Kennedy Jenks with the District.

Beth Hollenbeck, Felton, wants to understand the whole intertie thing. Is this for the emergency fire intertie? Who approved Felton to intertie?

The website has more information on the intertie.

**GENERAL MANAGERS REPORTS:**

a. Manager

(1) Bill List Period Ending July 17, 2014.

Motion made by Dir. Rapoza to approve the Bill list for the period ending July 17, 2014 in the amount of \$776,003

ROLL CALL:

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

(2) Board received Investment Report period ending June 30, 2014

(3) Board received One-Time Leak Adjustment Status Report

(4) Board received Water Conservation Credit Program Report

(5) Board received Department Status Reports

**ADJOURNMENT TO CLOSED SESSION:**

Pres. Bruce adjourned the regular meeting to Closed Session at 11:01 p.m.



**RECONVENE TO OPEN SESSION TO REPORT ACTIONS TAKEN:**

Pres. Bruce reconvened the regular meeting at 11:25 p.m. and reported out the following:

No reportable actions.

**ADJOURNMENT:**

Pres. Bruce adjourned the meeting at 11:26 p.m.

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Holly B. Morrison  
District Secretary