

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

August 20, 2015

6:00 p.m.

CONVENE MEETING/ROLL CALL:

President Bruce convened the meeting at 6:00 p.m.

Roll call showed Dirs. Baughman, Ratcliffe, Brown and Hammer were present. District Manager Lee, Director of Operations Rogers, and Legal Counsel Hynes were also present.

ADJOURNMENT TO CLOSED SESSION:

President Bruce adjourned to closed session at 6:02 p.m.

RECONVENE TO OPEN SESSION:

Pres. Bruce reconvened the meeting to open session at 7:02 p.m. and read the SLVWD Mission Statement.

Pres. Bruce thanked Soquel Creek Water District for the Boardroom table and chairs.

Roll call showed Dirs. Baughman, Brown, Hammer and Ratcliffe were present. District Manager Lee, Director of Operations Rogers and Legal Counsel Hynes were also present.

REPORT ACTIONS TAKEN IN CLOSED SESSION:

President Bruce announced no reportable actions.

ADDITIONS AND DELETIONS TO AGENDA: None

MINUTES:

Director Baughman noted that it was reported in the minutes that he found an encampment but he reported the finding of an encampment.

President Bruce noted that Karen Brown questioned the modification of a gate, not repair. Ms. Bruce also noted a typo on page 11 the Dist. Mgr. said we can lower the rate at any time but we can't raise the rate without a Prop 218 process.

Director Ratcliffe made a motion to accept the minutes, with the changes noted, for the August 6, 2015 Board of Directors meeting.

ROLL CALL:

Ayes:	Hammer, Brown, Bruce, Baughman, Ratcliffe
Noes:	None
Abstain:	None
Absent:	None

ORAL COMMUNICATIONS:

Mark Lee, Ben Lomond, said that the Board should keep the basic rate at its current level and not raised by 11%.

Nick Nicari, Ben Lomond, said that he sees wasteful spending by the District.

Carol Severson, Ben Lomond, said that she doesn't understand the budget posted on line. She said that she doesn't see rate hikes on the agenda. She also said that the higher rates should be charged to the parks, schools, nurseries, that kind of thing.

Charlene DeBert, Boulder Creek, said that she saw a water truck getting water at a hydrant.

At the request of Director Hammer, Director of Operations explained the use of the water hydrant.

WRITTEN COMMUNICATION:

District Manager Lee described the letter from Mr. Lande. The new software allows more accurate reporting of actual water use.

CONSENT AGENDA:

President Bruce announced that item 9a NATIVE PLANTS DATA COLLECTION, 9b PROBATION TANK HCP and 9e LYON SCADA-WAIVE FORMAL BIDDING PROCEDURE will be pulled from the Consent Agenda for discussion.

Director Brown made a motion to approve items 9c TELEPHONE REPLACEMENT, 9d TEMP AND FLOW-FINAL REPORT and 9f MULTIPLE VARIANCE.

ROLL CALL:

Ayes:	Hammer, Bruce, Baughman, Ratcliffe, Brown
Noes:	None
Abstain:	None
Absent:	None

UNFINISHED BUSINESS:

NATIVE PLANTS DATA COLLECTION OLYMPIA WATERSHED-FINAL REPORT

Director Baughman explained that he pulled this item from the Consent Agenda to recognize and thank Susanne Schettler for her work on this project.

Susanne Schettler, Ben Lomond, commented that the project was postponed a year because of the drought. She also said that there will be follow up work done on this project.

Director Baughman made a motion to accept the Native Plants Data Collection Olympia Watershed-Final Report.

ROLL CALL:

Ayes:	Hammer, Bruce, Ratcliffe, Brown, Baughman
Noes:	None
Abstain:	None
Absent:	None

PROBATION TANK HABITAT CONSERVATION PLAN

Director Baughman explained why he pulled this item from the Consent Agenda. He said that it is a very good report but he has some questions. He questioned permitting.

Jodi McGraw explained that process.

Mark Lee, Ben Lomond, questioned if there is a budget and schedule established for this project.

Dist. Manager Lee explained that the project is still 16 to 19 months away from beginning the project.

Susanne Schettler, Ben Lomond, said that she is in support of replacing the Probation Tank and the HCP is very thorough, mostly. She said that the plan doesn't address perpetuity as part of the permit.

Director Brown made a motion to approve the Probation Tank Habitat Conservation Plan Administrative Draft.

ROLL CALL:

Ayes:	Hammer, Bruce, Baughman, Ratcliffe, Brown
Noes:	None
Abstain:	None
Absent:	None

LYON SCADA-WAIVE FORMAL BIDDING PROCEDURE

Director of Operations Rogers explained that we have just completed the Kirby Treatment Plant SCADA and we want to integrate the entire system so that they work together. By staying with Emerson, the system at Kirby, we have proprietary software that staff already knows and it interfaces with other systems. Emerson will provide a bid to the Board for approval.

Nick Nicari, Ben Lomond, is concerned about a no bid contract.

Director Brown made a motion to approve Resolution No. 5 Lyon SCADA Waive of Formal Bidding Procedure.

ROLL CALL:

Ayes:	Hammer, Bruce, Baughman, Ratcliffe, Brown
Noes:	None
Abstain:	None
Absent:	None

PROPOSITION 218 PROCESS-CHANGES/UPDATES

District Manager Lee said that the Legislative Committee went through the current procedures for Prop 218 process and made a number of recommendations. The Prop 218 process is the process for the District to follow to raise rates per the State of California. We cannot raise rates without the consent of those that bear that burden. It is a protest vote. Ordinance No. 107 adds 16.10 to Ordinance No. 8. Changes include; renters will be allowed to protest and the Board Secretary will not collect the protests, an independent 3rd party will manage the protests.

President Bruce noted that we have included a protest template.

Dist. Mgr. Lee said that the owner/resident will get 2 letters. This is to make sure that both the owner and the renter receive the information. The current tax roll will be used for the mailing of letters.

Dir. Hammer asked for clarification on the owner/renter issue.

Dist. Mgr. Lee said that if the renter is responsible for paying the water bill and his/her bill is in good standing, both the renter and the owner will have the opportunity to protest the rate increase. There is only one protest vote allowed per parcel.

Dir. Baughman noted that this will make a protest easier. He said this is a significant good faith effort.

Dir. Brown agreed that this is a good step forward.

Carol Severson, Ben Lomond, said that she thinks this is a better way to deal with the renter issue.

Nick Nicari, Ben Lomond, questioned who decides who will replace the District Secretary in the protest process.

Marc Hynes, District Counsel, recommended that the Board waive the reading of the Ordinance beyond the title.

President Bruce made a motion to approve Ordinance No 107 with the waiving of the reading of the Ordinance beyond the title.

ROLL CALL:

Ayes:	Hammer, Baughman, Ratcliffe, Brown, Bruce
Noes:	None
Abstain:	None
Absent:	None

DROUGHT SURCHARGE

District Manager explained that this item is a \$1/unit surcharge due to the drought and conservation reduced revenue. We have projects in the process that need to be funded.

President Bruce noted that this surcharge will not make the District “whole”, it is simply to fund projects already in process.

Dist. Mgr. Lee said that there will be reviews of the surcharge quarterly.

Dir. Brown said that he thinks \$1/unit is reasonable. He likes that it is on the consumption side. It is considered a stop gap solution.

Dir. Ratcliffe said that a lot of people are confusing this Prop 218 process with a general rise in rate. This surcharge is to address specific projects.

President Bruce noted that many other water districts are adopting similar surcharges.

Dir. Baughman said that he thinks this a prudent thing to be doing.

Susanne Schettler, Ben Lomond, requested that the projects to be funded be announced to the public.

Dist. Mgr. Lee said that the District will be sharing all of the information through newsletters, bill inserts, etc.

John Fasolas, Felton, said that he thinks this is a prudent action by the Board but wishes it was higher.

Mark Lee, Ben Lomond, said he understands the reasoning for the \$1 surcharge. He said that the numbers provided by the Finance Manager don't make sense to him. He said that he did the math.

Dir. Ratcliffe explained that the projects are underway now. The surcharge is specific to the revenue shortfall for projects currently underway. Our base rates are higher because of the difficulty of our system.

Dist. Mgr. Lee said that if we are going to compare our rates to other districts we need a full comparison. He took his water bill from Soquel Creek Water District and compared it to what he would pay if he was an SLVWD customer. His water bill would be more than \$20.00 less if he was paying SLVWD rates, a 25% savings.

Director Brown said that the 11% increase was already studied and voted on by the public.

Nick Nicari, thanked the Board for putting the surcharge on the consumption side. He said that it is one increase on top of another increase. When will it end?

Pres. Bruce said this is the only business that asks its customer to use less. This Board will be discussing the sunset of the surcharge and will be reviewing the surcharge quarterly.

Dir. Hammer said that the Board has been very transparent regarding the projects for the next 18 to 24 months. The public has said they want the infrastructure repaired or replaced.

Jim Rapoza, Ben Lomond, apologized to the Board for not listening to our consultant and approving the full rate increase that was recommended, when he was on the previous Board. After the last drought, it took 5 - 6 years for the consumption to return to pre-drought amounts.

Dir. Baughman noted that the Finance Committee will be taking a serious look at how to stabilize revenues. This is a short term fix to help keep us solvent.

Dir. Baughman made a motion to approve Resolution No. 7 Notice of Prop 218 Public Hearing regarding the Drought Surcharge.

ROLL CALL:

Ayes:	Hammer, Bruce, Ratcliffe, Brown, Baughman
Noes:	None
Abstain:	None
Absent:	None

MERGER OF SLVWD AND LOMPICO COUNTY WATER DISTRICT

Dist. Manager Lee said that this item is to provide assurances to Lompico that SLVWD will be here for them if they are able to form the assessment district for funding the merger.

Pres. Bruce clarified that the assessment district will take the place of the previous bond that did not pass.

Lois Henry, Lompico County Water District, said that Lompico has 500 hookups and 2 treatment plants. New pipes and hydrants were installed in the late 1970's. In February 2013 the Lompico Country Water Dist. declared a Stage 3 Water Emergency. Whatever happens tonight, she thanks SLVWD for always being there for Lompico. Lompico understands that they will have to bear the cost of the assessment district plus interest.

Director Hammer said that he is extremely supportive of the merger passing tonight and he wants to move forward with this.

Director Brown questioned how we best continue this process.

Director Baughman said that he is very supportive of the resolution before us tonight. He said it works for both SLVWD and Lompico.

Director Ratcliffe said that she liked the plan last time and this is an improved version.

President Bruce said that she is looking forward to an orderly process.

Jim Rapoza, Ben Lomond, said that he believes that this has been in the works for more than 5 years. He encourages all 5 Board members to approve this resolution. He listed advantages for SLVWD.

Charlene DeBert, Boulder Creek, agreed that this is a great deal for SLVWD.

John Fasolas, Felton, said that he hopes that SLVWD will keep some of the Lompico employees for continuity.

Lois Henry, Lompico, said that she hopes that SLVWD will take a good look at Lompico employees.

Ruth Shaw, Lompico, thanked SLVWD for the kindness and generosity that has been shown to Lompico over the years.

District Manager Lee said that this valley is a community and protects its own.

President Bruce made a motion to approve Resolution No. 8 Support of Merger Between SLVWD and Lompico Water District.

ROLL CALL:

Ayes:	Hammer, Baughman, Ratcliffe, Brown, Bruce
Noes:	None
Abstain:	None
Absent:	None

NEW BUSINESS:

BILL LIST FOR PERIOD ENDING August 20, 2015.

Dir. Brown made a motion to approve the August 20, 2015 bill list in the amount of \$966,771.

ROLL CALL:

Ayes:	Hammer, Bruce, Baughman, Ratcliffe, Brown
Noes:	None
Abstain:	None
Absent:	None

ASSOCIATION OF CALIFORNIA WATER AGENCIES-REGION 5 BOARD
ELECTION

President Bruce asked if the Board has any recommendations regarding this item.

Director Baughman has some concerns about an individual on the slate. He said that we don't have to vote on this.

Director Hammer disagreed, he said we have to vote but we don't have to do it tonight.

President Bruce suggested that this item be sent to the Legislation Committee for further discussion and return to the Board at a future meeting.

STATE OF THE DISTRICT ADDRESS ON SEPTEMBER 3, 2015

District Manager Lee says that the intent of this item is to allow the Board to share all of the successes of the District with the public. Each Board member will have 6 minutes to focus on what and why we have been working on. He will send out topics for the Board to consider.

OLYMPIA CIRCLE ASSESSMENT DISTRICT

Dist. Mgr. Lee explained that the Olympia Circle asked to merge with SLVWD. Part of the agreement was that they would form an assessment district to agree to move it on to the tax roll so that we can charge them appropriately.

Dir. Hammer said that it seems straight forward.

Dir. Ratcliffe noted that several parcels have prepaid, but it is a lesser amount.

Dist. Mgr. Lee said that the prepaid amount doesn't include interest.

Dir. Baughman questioned if the Finance Committee needs to create a special reserve fund for this.

Dist. Mgr. Lee will check on that.

Director Hammer made a motion to approve Resolution No. 9 to form an Olympia Circle Assessment District.

ROLL CALL:

Ayes:	Brown, Bruce, Baughman, Ratcliffe, Hammer
Noes:	None
Abstain:	None
Absent:	None

GENERAL MANAGER REPORTS:

District Manager Lee shared highlights of the Finance status report.

Director of Operations Rogers shared highlights of the Operations status report.

COMMITTEE/DIRECTOR REPORTS:

The Committee minutes were discussed and accepted.

ADJOURNMENT:

President Bruce adjourned the meeting at 9:50 p.m.