



**BOARD OF DIRECTORS
SAN LORENZO VALLEY WATER
DISTRICT
MINUTES
May 20, 2021**

Thursday, May 20, 2021, at 5:30 p.m., via videoconference and teleconference.

1. Convene Meeting/Roll Call

Board Members Present:

Gail Mahood, President
Lois Henry, Vice President
Bob Fultz, Director
Mark Smolley, Director

Staff Present:

Rick Rogers, District Manager
Gina Nicholls, District Counsel
Holly Hossack, District Secretary

2. Additions and Deletions to Closed Session Agenda: None

3. Oral Communications Regarding Items in Closed Session: None

4. Adjournment to Closed Session: 5:32 p.m.

a. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

County of Santa Cruz v. San Lorenzo Valley Water District, Santa Cruz Superior Court Case No. 21CV00188 (re: Bear Creek Road)
Gov. Code section 54956.9(d)(1)

5. Convene to Open Session: 6:34 p.m.

6. Report of Actions Taken in Closed Session:

The Board voted unanimously to make a statement out of closed session about the lawsuit that was recently filed by the County of Santa Cruz against the District. The public may be aware that the County has sued the District regarding a roadway failure that occurred on Bear Creek Road in January 2020. The District strongly believes it is not at fault, and has submitted a claim to the County for damages to its pipeline. In the meantime, the District's risk management provider SDRMA has appointed lawyers to defend the District against the County's lawsuit. Litigation strategy is confidential and privileged. Nonetheless the District will try to release any public information about the lawsuit as it becomes available.

7. Roll Call

Board Members Present:

Gail Mahood, President
Lois Henry, Vice President
Bob Fultz, Director
Mark Smolley, Director

Staff Present:

Rick Rogers, District Manager
Gina Nicholls, District Counsel
Holly Hossack, District Secretary
Stephanie Hill, Director of Finance & Business Services
James Furtado, Director of Operations
Josh Wolff, Engineering Manager

8. Additions and Deletions:

Move 11b. Fire Recovery Surcharge up in the agenda to after 10a. Draft FY 2021-2023 Biennial Budget.
Delete items 10d. and 10e. from the agenda.

9. Oral Communications:

R. Moran made a public comment regarding Badger Meters.

10. New Business:

a. DRAFT FY 2021-2023 Biennial Budget

S. Hill introduced this item to the Board. She said that more detail information is available on the website.

Discussion by the Board and staff regarding appreciation of staff's effort on the budget, low consumption due to drought, fire loss consumption, conservation goals, unaccounted for water loss, CIP heavy construction schedule, Special Projects Manager position, budget related to fire management plan, and "reserves".

M. Lee made a public comment questioning the short falls forecasted this year and the fire recovery surcharge.

S. Hill responded that the estimated actuals are coming in close to the budget.

B. Fultz read a statement regarding the really good things in the budget but there are things that are not good in this budget, including the increase in head count and operating expenses. This is unsustainable. The budget does not address long term obligations.

G. Mahood responded that Dir. Fultz has said this many times but has never finished with suggestions on how to reduce the operating

budget. She requested consistency and concrete suggestions on how we can change the trajectory that he thinks is so damaging.

B. Fultz requested that the following be added to the minutes: *B. Fultz responded that it is the Board's job to set policy for budget increases, not direct staff on how to meet that target, and we have not done that.*

Discussion by the Board regarding this issue.

11. Unfinished Business:

b. FIRE RECOVERY SURCHARGE

R. Rogers introduced this item and read from the staff memo.

G Nicholls explained the Prop 218 process.

Greg Clumpner with NBS said he is available to answer questions.

Discussion by the Board and staff regarding the surcharge, money from FEMA, tracking of the surcharge funds, and the language for the Prop 218 notice.

G. Mahood made a motion to direct the staff to accept the NBS technical memorandum and direct staff to move forward with the Prop 218 process including scheduling a public hearing and mailing Proposition 218 Notices as required by law and establish a restricted account for those funds that can be used only to pay for CZU repairs and recovery.

B. Thomas made a public comment asking about District Counsel's response to the motion made by G. Mahood.

M. Lee made a public comment regarding the lack of public discussion on this subject.

Discussion by the Board and staff regarding the process, public outreach, and Prop 218 law.

C. Dzendzel made a public comment regarding the website access.

B. Thomas made a public comment again questioned Dist. Counsel's response to the motion.

A. Layng made a public comment regarding the website access and the surcharge to the schools.

G. Nicholls said that the motion should read "only for CZU repairs and recovery". Also that "restricted account" should be approved by staff for compliance. Finally, funds coming in need to be addressed also.

Discussion by the Board and staff regarding a restricted account, early termination of surcharge, rate increase to schools, surcharge in the current budget, and language sent to customers should make clear that this surcharge will only be used for CZU repairs and recovery.

M. Smolley made the motion to direct the staff to accept the NBS technical memorandum and direct staff to move forward with the Prop 218 process including scheduling a public hearing and mailing Proposition 218 Notices as required by law and establish a restricted account for those funds that can be used only to pay for CZU repairs and recovery.

J. Ackemann seconded the motion.

B. Fultz proposed an amendment to the motion that the language that staff develops come back to the Board for review and approval.

Discussion by the Board regarding the amendment.

M. Smolley said that the motion stands as originally stated.

ROLL CALL VOTE: MOTION PASSED

AYES:	Mahood, Henry, Ackemann, Smolley
NOES:	Fultz
ABSTAIN:	None

10. New Business (continued):

b. UTILITY BILLING POLICY

S. Hill introduced this item and explained the process for SB 998, eliminating turn-offs, property tax roll for overdue bill, and no longer allowing tenant accounts.

Discussion by the Board and staff SB 998, the property tax rolls for overdue bills, and owner only accounts.

A. Layng made a public comment questioning the Rate Assistance Program.

S. Hill said that the RAP can be passed on to the renters as long as they qualify.

E. Fresco made a comment that she is concerned about water conservation if people aren't paying their own water bill.

S. Hill said that owners will have to address that issue with low flow toilets and faucets, etc. and water allotments.

G. Mahood made a motion to direct staff to develop a formal proposals based on the items below to be voted on by the Board at a future meeting.

1. Evaluate eliminating turn offs for non-payment;
2. Evaluate eliminating the option to have tenant accounts;
3. Propose changing the Rate Assistance to be based on the service address to allow the tenant benefit if they qualify

Discussion by the Board and staff regarding referring this item to the Administration Committee.

B. Fultz revised the motion to direct staff to develop formal proposals based on items 1 through 3 to be considered by the Admin Committee and ultimately voted on by the Board at a future meeting.

M. Smolley seconded the motion.

ROLL CALL VOTE: MOTION PASSED

AYES:	All
NOES:	None
ABSTAIN:	None

c. PAST DUE BILLS

S. Hill introduced this item and read from the memo.

Discussion by the Board and staff regard past due bills, Admin Committee was in favor of this, and concern for late bills going further into debt.

B. Fultz made a motion to reinstate past due process on the utility billing and to continue any related executive orders by the state.

M. Smolley seconded.

ROLL CALL VOTE: MOTION PASSED

AYES:	All
NOES:	None
ABSTAIN:	None

f. EMERGENCY INTERTIE WITH BIG BASIN WATER

R. Rogers introduced this item and read from the memo.

G. Mahood made a change to the recommendation making it clear that the District is not paying for this.

Discussion by the Board and staff regarding concern that the BBWC ignored the State Water Board, paying for water, upfront deposits, staff time costs, request in writing, and the limit of 50 gal. per minute.

L. Ford made a public comment questioning the emergency status.

R. Rogers said that the District will write that into the agreement. This is not a permanent installation and it is interruptable.

Discussion by the Board and staff regarding the specifics of the infrastructure needs and the agreement.

L. Henry made a motion recommending to direct staff to prepare an emergency intertie agreement with Big Basin Water Company for Board review and approval and to proceed with consulting regarding procurement activities needed for design and construction of the intertie with the owner of Big Basin Water Company.

M. Smolley seconded.

ROLL CALL VOTE: MOTION PASSED

AYES:	All
NOES:	None
ABSTAIN:	None

11. Unfinished Business (continued):

a. EXPLORATION OF POSSIBLE CONSOLIDATION

R. Rogers introduced and explained this item. Staff is recommending that the Board refer this item to the Admin Committee for review and preparation of an RFP for a feasibility study on consolidation.

Discussion by the Board and staff regarding the referral to the Admin Committee, the pros and cons, the urgency for looking at this now, need to consolidate for future, and LAFCO.

L. Ford, R. Moran, C. Dzendzel, and J. Mosher made public comments against the consolidation.

R. Rogers suggested that a letter should be sent to Scotts Valley Water District letting them know that the Board has decided not to move forward with the consolidation.

Discussion by the Board regarding communication with Scotts Valley Water District.

M. Smolley made a motion to have the District Manager contact the Scotts Valley Water District's General Manager notifying her that our Board has decided not to move forward with consolidation.

J. Ackemann seconded.

ROLL CALL VOTE: MOTION PASSED

AYES:	All
NOES:	None
ABSTAIN:	None

12. Consent Agenda:

- a. BOARD OF DIRECTORS MEETING MINUTES 4.15.21
- b. BOARD OF DIRECTORS MEETING MINUTES 5.6.21

The Consent Agenda was approved.

13. District Reports:

- **DEPARTMENT STATUS REPORTS**

- Engineering
- Environmental
- Finance & Business
- Legal
- Operations

Discussion by the Board and staff regarding the 5-mile Pipeline, the past due analysis report, and Fall Creek.

- **COMMITTEE REPORTS**

- Future Committee Agenda Items
- Committee Meeting Notes/Minutes
 - Admin Committee Minutes 4.13.21
 - Engineering Committee Minutes 4.20.21
 - B & F Committee Minutes 4.21.21
 - Environmental Committee Minutes 4.12.21
 - LADOC Workshop Minutes 4.21.21
 - Admin Committee Minutes 5.11.21

- **DIRECTORS REPORTS**

- Santa Margarita Groundwater Agency update
G. Mahood reported on the SMGWA.

14. Adjournment: 10:29 p.m.