



**BOARD OF DIRECTORS
SAN LORENZO VALLEY WATER
DISTRICT
REGULAR MEETING
MINUTES
SEPTEMBER 7, 2023**

Thursday, September 7, 2023, at 6:30 p.m., SLVWD Conference Room, 12788 Highway 9, Boulder Creek, and via videoconference and teleconference.

1. **Convene Meeting: 5:31 P.M.**
Roll Call

Board Members Present:

Mark Smolley, President

Jayne Ackemann, Director

Bob Fultz, Director

Gail Mahood, Director*- confirmed that no one is in the room with her

Jeff Hill, Vice President - sent an email saying he is running late

Staff Present:

Barbara Brenner, District Counsel*

Holly Hossack, District Secretary

Scott Mattoch, Network Specialist

Garrett Roffe, Engineering Manager

*Attended virtually

1. **Changes to Closed Session Agenda:** None
2. **Oral Communications Regarding Items in Closed Session:** None
3. **Adjournment to Closed Session:** 5:34 p.m.
4. **Re-Convene Meeting: 6:30 p.m.**
Roll Call

Board Members Present:

Mark Smolley, President

Jeff Hill, Vice President - joined by phone 5:45 p.m., arrived in person 5:55

Jayne Ackemann, Director

Bob Fultz, Director

Gail Mahood, Director*

Staff Present:

Barbara Brenner, District Counsel*

Rick Rogers, District Manager
Kendra Reed, Director of Finance & Business Services
Holly Hossack, District Secretary
Scott Mattoch, Network Specialist
Garrett Roffe, Engineering Manager

*Attended virtually

6. **Report of Actions Taken in Closed Session:** None

7. **Changes to the Agenda:** None

8. **Oral Communications:**

Masood, Boulder Brook Village, addressed the Board regarding improvements being made but not where he wants it. The area affected by the fire is being missed.

Pres. Smolley explained that because this is not on the agenda the Board cannot discuss his concerns. He suggested that Masood contact R. Rogers.

Mr. Collier, West Park Ave., addressed the Board about the proposed pump house to be installed at West Park & Ridge. He requested a “noise study”.

R. Rogers said that we have ordered an acoustic analysis of the pump station. It will be on the Engineering & Environmental Committee, September 14th at 8:30 a.m.

A. Layng, corrected that the time of the E & E Committee is 9:00 a.m.

9. **Unfinished Business:** None

10. **New Business:**

a. **COST OF SERVICE ANALYSIS AND RATE DESIGN STUDY**

K. Reed introduced and explained this item. Sudhir Pardiwala, with Raftelis, presented the Cost of Service Analysis Financial Plans.

Discussion by the Board regarding:

- It's important to recognize the effect of the CZU Fire on the District's finances
- Why not have a higher percentage increase to catch up and then steady increase of lower percentage
- Minimize impact to the customers with a steady increase
- Timing of rate increases
- Conflation of numbers - difference between Operating & Capital expenses

- Complete transparency - when can the model be available to Board and public
- Reserve numbers include the debt financing
- Designation of reserves funding
- Rate increases go to Operating not to Capital
- B & F Committee to discuss Operating v. Capital with Raftelis
- Fixed expenses - 94% in the District
- Steady rate of increase
- Revenue v. Expenses - all of fixed costs with fixed charges
- Low income customers would have large bills with fixed charges spread evenly
- Cost of water is low, the cost of treatment and delivery is high
- Current rates are 37% fixed charges
- Most utilities are 30-50% fixed charges
- Compared to other water districts these numbers are normal except that we don't purchase outside water
- Variable v. fixed and the tiered rates
- Understanding the model, we are looking at tonight

B. Holloway, Boulder Creek, said he is concerned about the eagerness to borrow more money. There is still money not spent that we have already borrowed. PGE doesn't have fixed charges on their bills.

O. Hogsett, Bear Creek Estates, questioned if the numbers were weighted. Loss of revenue due to conservation.

V. Wright, Felton, thanked the Board and the presenter. She questioned water and wastewater. 56 homes in Bear Creek Estates pay for wastewater.

T. Fredericks, Felton, said he was a former CalAm customer and he noted that after 14 years the cost of water with SLVWD finally caught up to what he used to pay with CalAm, thank you.

J. Mosher, Felton, appreciates the hard work of the Board. Questioned if there is a clear line between operating and capital expenses. There is so much recovery going on. He urged the Board to support low income households. Consider moderating the increases so the we are at the target and not over the target for reserves in the future.

S. Wilbur, Bear Creek Estates, questioned the numbers used for the total expenses for the wastewater system. The total BCEWW expenses \$173K with water charges. Reserves are being built up to meet expenses. K. Reed will get contact Stacy and answer specific questions.

A. Layng, Boulder Creek, was shocked to see that the sewer system has been out of compliance since 2016. Continue going for grants!

Discussion by the Board regarding:

- Separating Operating from Capital expenses gives operating margin that pays off the debt
- The last 2 rate increases were sold on Capital expenses
- Repairs and Capital improvements are needed
- This is a discussion about the financial plan tonight, the study will expand at future meetings

No action will be taken tonight. Another presentation will be next week - basically the same presentation.

- b. **COMPENSATION STUDY REQUEST FOR PROPOSALS REVIEW**
R. Rogers introduced and explained this item.

Discussion by the Board regarding:

- Expedite - minimum posting time
- Benchmarking analysis not found in this RFP
- There are a lot of job classifications
- Release of RFP timing - this item may or may not be needed for the rate study
- Change the consultant selection rankings
- Noted "cut and paste" errors
- Benchmarking
- Ad Hoc team, consisting of employee representatives, the District Manager, and District Counsel (the employee representatives need to be replaced)

A motion was made and seconded that the draft request for proposal as amended with comments from the Board be released and bids to be solicited for a complete comprehensive salary benchmark study.

Four Board members voted yes, Director Fultz voted no. The motion passed.

11. **Consent Agenda:**

- a. **BOARD OF DIRECTORS MINUTES 8.17.23**
Director Fultz request that the minutes be pulled and that 3 words be added to item 10c. Dir. Fultz was upset this item was not bid on per Board policy.

A motion was made and seconded to change the 8.17.23 Board of Directors meeting minutes the words per Board policy be add after Dir. Fultz was upset this item was not bid on.

Four Board members voted yes, Dir. Mahood abstained since she was not in attendance at that meeting. The motion passed.


b. SPECIAL BOARD OF DIRECTORS MINUTES 8.30.23 - Approved

12. **Written Communication:** None

13. **Informational Material:** None

14. **Adjournment:** 8:47 p.m.

Minutes approved: 10/5/23


Holly B. Hossack, District Secretary