



**MINUTES
BOARD OF DIRECTORS
SAN LORENZO VALLEY WATER DISTRICT
AGENDA
September 5, 2019**

Thursday, September 5, 2019 at 6:30 p.m., SLVWD, 13057 Highway 9, Boulder Creek, CA 95006.

1. Convene Meeting at 6:30 p.m. Pres. Henry called for a moment of silence in honor of the people who died in the dive boat off of Santa Barbara on Labor Day 9.2.19.

Roll Call: R. Moran, Pres. Henry, B. Fultz and L. Farris were present.

All present voted to excuse S. Swan from tonight's meeting.

Staff: R. Rogers, S. Hill, D. Langfield, J. Furtado, H. Hossack were present.

District Counsel G. Nicholls was on the phone.

2. Additions and Deletions to Agenda: none

3. Oral Communications:

L. Henry explained the Oral Communications process.

unidentified man, questioned why the BoD meets so frequently.

L. Henry responded to the man.

Elaine Fresco-Felton, questioned the plans for replacing Environmental Programs Manager.

L. Henry said that they are working on it.

M. Lee-Ben Lomond, said he would like to have a summary of what is going on with the regional water agency reporting to the Engineering Committee.

L. Henry responded that Santa Margarita isn't doing a whole lot.

A. Benkert-Ben Lomond, questioned the cancelling of Admin Committee meetings. Out of the 7 meetings since March, 3 have been cancelled.

T. Heaney-Santa Cruz, he said he sent a letter to the Board. He is a trustee with the Durst Family Trust. He said he would like to work with the Enviro Committee. He is also concerned about Homeland Security.

4. Unfinished Business:

- a. BOARD POLICY MANUAL UPDATE

R. Rogers introduced the Board Policy Manual update requested and prepared by Director Fultz.

B. Fultz proposed 3 changes to the Board Policy Manual; a change to the calendar, a change in stipends for Special meetings, and a change to the Conflict of Interest Code making it a more robust discussion before the District is involved.

L. Farris said he would change the meeting stipends to \$50 for the Board meetings.

R. Moran agrees to reducing the stipends but he doesn't think it should be 50%.

L. Henry said that this should have gone to the Admin Committee. She also has changes she would like to make.

B. Fultz said that these items need to be brought to the Board first and then sent to the Committee. If you want Board members to be able to take things to committee that should be clarified in the bylaws.

Discussion by the Board and public regarding clarification of who can take items to committee.

Discussion by the Board and public regarding voting on items on the agenda.

P. Gelblum-Boulder Creek, said he has a couple substantive comments regarding the Conflict of Interest change. First, he doesn't think it's appropriate to discuss in public any possible litigation. Second, regarding what the Board needs to do before agreeing to defend. No evidence of fraud or malicious intent is an inappropriate standard.

C. Baughman agrees this needs to go to committee for discussion for appropriateness.

V. Champlin says that a Board member not on the Admin Committee referring an item to the Admin Committee might be a serial communication.

L. Farris said that the subject is changes to the Board Policy Manual, now we're talking about whether it should go back to committee. We're way off topic.

M. Lee-Ben Lomond, said this is not as complicated as it should be.

B. Fultz said he said there is no language in the Board Policy Manual that states a Board member can submit something directly to a committee.

L. Henry asked what does the Board wish to do?

L. Farris recommends that the changes to the BPM go to committee.

G. Nicholls recommends this item be formalized with a motion and a vote.

L. Farris made a motion to take the discussion of the changes to the Board Policy Manual back to the Admin Committee.

L. Henry seconded the motion.

R. Moran recommended that the Board set a time limit for this item to stay in committee.

G. Nicholls said that sounded like a substituted motion.

L. Farris amended the motion to change the stipend section from \$100 to \$50.

L. Henry said she has things she would like to change also. Let's just go back to Admin Committee.

L. Farris said he was wrong and wants to go back to the original motion.

All present voted in favor of the motion. Motion passed.

b. REVISED FALL CREEK FISH LADDER CONTRACT

R. Rogers introduced this item.

B. Fultz asked about the cost of this.

Discussion by Board and staff regarding the cost.

R. Moran recommends going forward with this contract.

R. Rogers said that the District has been working on this since 2013.

L. Henry said she would like the fish to get back to the way they were in 1971 when she first moved here.

M. Lee-Ben Lomond, questioned changes in costs to the contract.

R. Rogers explained that this contract is for design only for construction of the actual fish ladder.

R. Moran made a motion to approve the recommendation and go forward with the contract.

B. Fultz seconded.

G. Nicholls said to clarify, the Board should authorize the District Manager to sign the contract.

R. Moran amended his motion to approve the recommendation and authorize the District Manager to enter in contract with Waterways.

All present voted in favor of the motion. Motion passed.

c. SCHEDULED RATE INCREASE

R. Rogers introduced this item. He read the memo.

B. Fultz proposes that the Board freeze the volumetric rates in 2020 and leave them at \$10.83/unit. It will result in \$247,000 less revenue.

L. Henry said she would like to know how that will affect our loan.

R. Rogers said staff is not prepared tonight to look at finances and rate reductions. Perhaps this is something to send to the Finance Committee for further review.

S. Hill said that we looked at budget forecast without the rate increases and it showed it was not financially feasible. She will have to confer with Counsel on what that will mean for the loan.

L. Henry said we passed the budget based on the rate increase. It might affect the loan and the budget.

B. Fultz said we'll have to find more cost reductions.

R. Rogers said he would have concerns about more cost reductions. I would refer this to the Finance Committee. We can't recommend further cuts for this fiscal year.

B. Fultz questioned if we have time to do that before the increase goes into effect.

R. Rogers said probably not. We'll have to call a special meeting.

B. Fultz is happy to take this to the Finance Committee but it will have to be faster than the next scheduled meeting.

R. Moran said he knows we've tried to increase our reserves; what effect will this have on our goal of building reserves? He would like to know the effect on the loan, budget and reserves.

B. Fultz said our current debt ratio is about 2.5 and the covenant we signed requires 1.25. There is an explicit paragraph in the agreement that says it contemplates if surpluses are returned to the ratepayers. We will probably reduce what goes into reserves.

L. Farris said he would recommend that we follow District Manager's recommendation and take no action on the rate increase.

R. Moran said the Board has made great strides in the direction of funding. He appreciates what the Board has done in reducing costs.

L. Henry said she doesn't think this is the time to do this. While she was running for the Board she never promised that we would cut rates. Customer base determines the rates. She said she can't go for this rate reduction right now.

B. Fultz said this would mean a reduction in money for reserves but the infrastructure won't be affected. We have a very large set of unknown numbers out there. We're going to have a very difficult conversation with the rate payers. He thinks we should do everything we can to support people who struggle with their water bills.

L. Henry said she believes in reserves for a rainy day.

B. Fultz agrees that the District needs reserves.

R. Rogers said that staff put together a budget with the rate increases. The Board adopted that budget. He thinks the District should move ahead with the increase. He doesn't see anywhere in the budget where cuts can be made unless they look at staff reductions, that's where feels this is going and he has real issues with that.

S. Hill thought this item on the agenda was only informational. To remind people that the rate increase they voted for is coming up. We just cancelled the Budget & Finance Committee that was scheduled for Sept. 3rd, that would have been the appropriate meeting to bring this up.

L. Farris said his top priority is the rate payers followed by District staff. He believes the public is behind the infrastructure upgrades.

Rebecca-Ben Lomond, she appreciates the regard for rate payers and feels concern about infrastructure and cuts to environmental programs. Without environmental programs we don't have water. Paying for the water and the environment is important. There are other things that can be done to help people that are struggling with their water bills.

E. Fresco-Felton, said she is confused by this proposal. You cut a lot of environmental programs and now you say we have enough money; we don't need a rate increase. What is going on?

M. Lee said there's a balance that need we need to look for. It includes making sure that people with low and moderate income can afford water. He agrees with B. Fultz.

P. Gelblum questioned if Mr. Fultz's proposal was in the Board packet. If not, it's not topic for discussion tonight.

G. Nicholls said that the discussion is within the scope of the agenda item. But there is no specific action that can be taken tonight.

J. Martin-Felton, said that Bob seems to be a sane person but his proposal sounds insane to her.

R. Campbell-Felton, said he knows about the infrastructure. It's a wreck! Longer we wait the more it's going to cost.

Cynthia-Felton, said doesn't think the District is a charity organization. It's not just the water that's expensive here. We can't afford to not have water.

V. Champlin a lot of people don't understand what has been happening. If you're not going to discuss affordability you can't discuss rate increases.

R. Rune-Felton, this increase was approved, the budget was approved, stick with it and don't try to change it unless there was an unanticipated reason that comes up.

A. Benkert-Ben Lomond, said to bring this up at this stage is irresponsible and disrespectful of the staff. They've gone through the process and done the cuts. They've put the budget together and now at the last minute you bring up suspending the rate increase that was voted on by the public.

L. Henry said we have to move on now. She is not going to refer this to the Budget & Finance Committee.

B. Fultz said then he will put it on the next agenda as an action item unless R. Moran says he doesn't want that to happen.

R. Moran said it's not something he wants to do.

d. BOARD MEMBER COMMITTEE ASSIGNMENTS

L. Henry introduced this item. We have a new Director and need to make changes to committees. She proposed the following:

L. Farris & R. Moran on the Environmental Committee

L. Farris & R. Moran on the Engineering Committee

L. Farris & L. Henry on the SMGWA Board with R. Moran as the alternate
All other committees will remain the same.

C. Baughman said he thinks Lew will be great on the SMGWA and the other appointments are reasonable.

G. Nicholls said that the committee appointments should be confirmed with a motion and vote.

L. Farris made a motion to accept committee assignments as stated by Pres. Henry.

R. Moran seconded the motion.

All present voted in favor of the motion. Motion passed.

5. New Business:

a. DRAFT STRATEGIC PLAN FROM B. FULTZ

L. Henry introduced this item.

B. Fultz said that he recalled a March 21st BoD where he volunteered to bring back a draft of the Strategic Plan. At the time the alternative was to spend about \$10,000 on a consultant and he thought that was not a good use of money.

L. Henry said she doesn't recall ever asking you to write this policy. This plan is a collaboration between Board, staff, and public.

Discussion by the Board regarding this item.

E. Fresco- Felton, said she had no idea it was being done. It should have been addressed in committee.

L. Farris said social media was used instead of going to the source.

V. Wright-Felton, said that her business is working on strategic plans, part of the process is listening to the public. It's disconcerting to see one person just change the mission.

A. Benkert appreciates that Bob tried to jump start the project. This was talked about this in the Admin Committee a couple of months ago. The best step would have been to take this draft back to the Admin Committee.

unidentified high school student said that preserving the watershed should not have been taken out of the strategic plan. He wants a safe watershed.

C. Finney-Boulder Creek, said she will volunteer her professional services in editing and proof reading. She listed several specific issues with the document.

B. Springer-Felton, said that she believes that Bob meant well. The correct process would have been to bring to the Board just the statement, I would like to review the Strategic Plan, do others care. What is the process we want to use to review the Strategic Plan? This needs to be a complete and to have all of the stakeholders involved.

P. Gelblum read into the record a letter signed by several people.
(attached)

V. Champlin disagrees with everything Peter said. Mostly because it is argument by distraction. That's not a legitimate form of discourse. His mission statement is better than the old statement, in his opinion.

C. Baughman, asked that this please be sent back to the Admin Committee.

R. Rune-Felton, said likes the current mission statement. This is very important to her and why she is here. She thinks that B. Fultz's mission statement is a fundamental change in philosophy and doesn't reflect the public.

B. Fultz said the process is not clear in the Board Policy Manual. This document was never approved. He ran on a change platform. His intent was to begin the discussion.

L. Henry she heard that this should be taken to committee.

R. Moran said he liked what he heard tonight. We heard things that need to be heard. He said this needs to go to the Environmental Committee and the Admin Committee.

Discussion by the Board regarding where to go with this document.

S. Hill suggested that the draft be deconstructed and have the Admin Committee help create the outline and then start with a Board workshop.

Discussion by Board and staff regarding the Strategic Plan workshop.

G. Nicholls said it would not be a Brown Act problem to send the policy to all of the committees at the same time, as long as the members of the committees don't cross discuss the issue.

G. Nicholls said this item doesn't need a motion.

b. 2018/19 ANNUAL REIMBURSEMENT OF DISTRICT EMPLOYEES

S. Hill introduced this item as part of Government Code requirements.

B. Fultz made a motion to accept this item as recorded.

L. Farris seconded the motion.

All present voted in favor of the motion. Motion passed.

6. Adjournment 8:53 p.m.

September 3, 2019

Dear SLV Water Board of Directors,

The San Lorenzo Valley Water District Board of Directors packet for the Thursday, September 5, 2019, meeting contains a draft revision to the District's mission and strategic plan. This revision was created by one Board member without public involvement and recommends radical changes to the District's vision and operations.

For example, the current mission is to "provide customers and future generations reliable, safe, high quality water at an equitable price." The new, draft version would drop "future generations" from the mission and replace "equitable price" with "lowest possible sustainable price." The current mission is to "manage and protect the environmental health of the aquifers and watershed". The new, draft version would drop the obligation to "manage and protect the environmental health of the watershed", and instead only protect the land and aquifer upon which the District's water sources depend and facilities reside. This change could have dramatic implications for ownership of lands by the District, and loss of control over the conservation of those lands.

We strongly believe that any revision to the District's mission should occur only after ample opportunity for public input and review. This is particularly the case when the Board is considering a profound departure from the District's historic mission to manage and protect our watershed for future generations. We therefore urge the Board to table the draft proposal and not consider it at the Board level until it has solicited public comments.

We recommend the following:

1. Clearly identify any proposed changes and provide reasons the Board is considering those changes;
2. Hold public meetings for discussion regarding the mission and strategic plan;
3. Survey SLV Water District customers asking for public comment on their highest priorities for the Water District;
4. Promote through mailings, social media, and the website that the SLVWD is soliciting public comments for shaping the SLVWD's mission and strategic plan;

In addition, the current Strategic Plan guides the agency through 2021. The current Strategic Plan included the skills of an experienced outside consultant, and involvement from the public, staff, SLVWD Board Committees, and the full Board of Directors. We would like to know why the Board feels that a significant revision is needed at this time, why it is not following established planning processes, and what changes to District operations or management of watershed lands and facilities are anticipated.

Signed by San Lorenzo Valley Water District Customers,

Chuck Baughman

Elva Bolin

Larry Ford

Elaine Fresco

Jerry and Sheila De Lany

Cynthia Dzendzel

Peter Gelblum

Jenni Gomez

Alexis Krostue

Nancy Macy

Roberta McPherson

Jim Mosher

Debbie Rice

Barbara Sprenger

Lee Summers

Donna Ziel

Lea Watson

Beckett Glass