



**BOARD OF DIRECTORS
SAN LORENZO VALLEY WATER DISTRICT
MINUTES
April 18, 2019**

Thursday, April 18, 2019 at 5:30 p.m., SLVWD, 13057 Highway 9, Boulder Creek, CA 95006.

1. Convene Meeting 5:30 p.m.
Roll Call: Smallman, Fultz, Swan, Henry
Staff: R. Rogers, H. Hossack
2. Additions and Deletions to Closed Session Agenda: None
3. Oral Communications Regarding Items in Closed Session: None
4. Adjournment to Closed Session 5:31 p.m.
 - a. CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION
Government Code Section 54956.9(d)(1)
Holloway v. Showcase Realty Agents, Inc. et al.
(Santa Cruz Superior Court Case No. CV180394; 6th District Court of Appeal Case Nos. H044505, H044800).
 - b. CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION
Government Code Section 54956.9(d)(1)
Vierra v. San Lorenzo Valley Water District, et al.
(Santa Cruz Superior Court Case No. 18CV00890)
5. Convene to Open Session at 6:30 p.m.
6. Report of Actions Taken in Closed Session
L. Henry said there is nothing to report out from Closed Session.
7. Roll Call: Smallman, Fultz, Swan & Henry were present.
Staff: R. Rogers, S. Hill, J. Michelsen, D. Langfield, H. Hossack
8. Additions and Deletions to Open Session Agenda: R. Rogers welcomed Darren Langfield, our new District engineer.
9. Oral Communications:
L. Henry explained that the public may have 5 minutes for public comment on anything that pertains to the District.

J. Gomez, Lompico-read from a prepared statement. She said that the rule limiting a citizen to serve on only one of the committees seemed contrived to her. She feels that this Board is only offering civility and public engagement to its supporters. This Board's president tried to make enemies with her and her family by filing a false and vexatious complaint against my husband with his employer the Santa Cruz Police Department. In doing so you have effectively taken away his right to participate here. She believed the complaint was in retaliation for a letter her husband sent to the Diversity Center. The letter was attached to the complaint. She can't imagine what the tax payer funded investigators must have thought when they realized someone was complaining about one of their officers for standing up for a persecuted minority community. Pres. Henry insults both her husband and Margaret Bruce by claiming their motivation was political. The letter you are proposing to send to the Press Banner is a stunning and shameless attempt at false equivalency. A wise and mature Board would be thanking Margaret Bruce for her years of dedication and service, and wishing her well. With respect to the complaint against her husband, she would like the Board President to be advised that he is an honorable and courageous person who has served and protected for nearly 15 years. He has received numerous commendations and attended thousands of hours of training on diversity and discrimination, racial profiling, tolerance, mental health and crisis intervention, etc. Det. Gomez has been involved with the Diversity Center and knows the training is useful and effective. She said she will continue to attend meetings and advocate for environmental issues. She encourages this Board to treat all of their customers and volunteers with dignity, respect and appreciation.

B. Fultz asked if her complaint was against the Board. He didn't understand.

J. Gomez explained that the Board President submitted a false and vicious complaint against her husband with his employer, the Santa Cruz Police Dept. She believes the Board President was acting out of retaliation for her husband speaking out against hate. She didn't submit the complaint on behalf of the Board.

10. Unfinished Business:

a. CLASSIC WATERSHED EDUCATION GRANT PROGRAM - 2018 FINAL REPORTS

J. Michelsen explained this item. Last year the Board awarded a number of Classic Watershed Education Grants and 2 of the applicants have completed their contracts and submitted reports. J. Cursio, science teacher from the elementary school with 130 kids and 99 parents on Science Night. The Banana Slug String Band for multiple water conservation and watershed performances at multiple schools throughout the San Lorenzo Valley. The District grants 90% of the total contract at the beginning and the final 10% is granted after a final report is received. Staff is asking the Board to accept the final reports.

A motion was made to accept the reports by Dir. Swan. The motion was seconded.

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

b. LETTER TO PRESS BANNER

G. Nicholls explained the item. The letter is attached to the packet for the Board's review and amendments.

B. Fultz questioned if the letter is coming from the entire Board and should the entire Board be on the signature.

G. Nicholls asked the Board how they would like the letter signed.

B. Fultz said it needs to be a broad statement.

D. Loewen appreciates the letter and agrees it should come from the entire Board. She also suggested the Dist. Counsel and Dist. Manager also sign the letter.

J. Gomez said she thinks it's a terrible letter. She said it is unnecessary, mean spirited and disrespectful

B. Nahrwold-Ben Lomond, said she agreed with the letter. She said that at past Board meetings M. Bruce was disrespectful.

B. Fultz said none of this has been fun for anybody. The letter is not meant to be spiteful. It's defending the integrity of the Board members who were attacked in social media. Attacks and disparagement have to be addressed.

B. Fultz made a motion to adopt the letter with the amendment of being signed by all 4 Board members.

B. Smallman seconded.

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

11. New Business:

a. HYDROGEOLOGIST REQUEST FOR QUALIFICATIONS

J. Michelsen introduced this item. N. Johnson, our hydrogeologist for many years, is no longer available for consultation. An RFQ was prepared for an as needed consulting for a hydrogeologist. We suspect we will be needing consultation regarding the SMGWA, groundwater and surface water sustainability, water supply, conjunctive use, well locations, prepare reports for Board meetings, hydrologic assessments, Water Master Plan, etc.

S. Swan questioned if this person works with SMGWA.

J. Michelsen responded the SMGWA already has a hydrogeologist they are working with. This person would be working on behalf of SLVWD to insure that what the SMGWA is meeting SLVWD's needs.

R. Rogers we would want a second opinion related to the District.

B. Smallman questioned if we are looking for as needed services.

J. Michelsen the contract would be for an annual budgeted amount.

B. Fultz said that he noticed the fee schedule is in the double secret process. He doesn't believe that the District is legally required to follow the Mini Brooks Act. It's a very unsatisfying process. What's the value, what's the price? He would like that to be incorporated into the RFP's and RFQ's.

R. Rogers said basically it's an hourly wage we want from them.

J. Michelsen said we can make change as long as its legal.

L. Henry said that the other issue here is that we have to deal with SMGWA and they have a hydrologist and we need to know for our benefit what a hydrologist has to say, not rely what SMGWA's hydrologist says.

R. Rogers said we have other needs for our own well field, which we evaluate annually. There are regular duties this individual would fulfill.

J. Michelsen said what we are asking is that the Board authorize staff to solicit proposals from qualified consultants to provide as needed hydrogeological services.

B. Smallman made a motion for a request for RFQ for a hydrologist.

B. Fultz seconded

C. Baughman said this is an extremely important function to have in place for the District.

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

b. REDWOOD MOUNTAIN FAIRE SPONSORSHIP

R. Rogers read the staff memo regarding the Redwood Mountain Faire sponsorship.

S. Swann questioned what is included in the sponsorship.

R. Rogers we supply a tank of water. It's approximately a \$2000 value.

S. Swan questioned what does the District get for the \$2000.

R. Rogers said that we have a booth there with a banner with our name.

B. Fultz said that he thought we were being paid for the water.

S. Hill explained that normally a sponsor pays to have a booth there.

J. Coffis, Ben Lomond - presented the Redwood Mountain Faire 10th anniversary 2-day music and art festival. It is a community event for the San Lorenzo Valley and raises \$50,000 each year to give back to the community's schools and non-profit organizations. SLVWD has been a sponsor for all 10 years. The water is very popular at the fair and the program has been emulated by other fairs in the state. This year they will be banning all plastic cups. Feel good for the community. Request for water but he would also like to request a generator.

R. Rogers said we asked about the generator and the response back was that a generator wasn't needed.

J. Coffis said that they usually have a backup generator.

B. Fultz questioned what is the policy for participation in these kinds of events.

R. Rogers said that to his knowledge we don't have a written policy. Usually a case by case request comes to the Board.

B. Fultz questioned if we get requests.

B. Smallman said that we don't want to have a fair and have people selling plastic bottles of water. Community involvement like this is priceless. It only costs each customer \$.25 per year.

B. Fultz questioned are there no cups at all.

J. Coffis explained that there will be cups in the first aid station. For people that have zero other options and need hydration. You bring your own water bottle. The point is we are reducing waste. No plastic cups will be used for beer either.

N. Macy explained it's \$10 for your first alcoholic beverage and that included the glass.

S. Swan questioned where do the glasses come from. He would be interested in selling the glasses in our water booth.

J. Coffis said the total operating budget for this faire is \$150,000 and it generates \$50,000 for community projects.

S. Swan said that the Faire can pay \$2000 and the District will provide the water.

J. Coffis said that if the District doesn't sponsor the water they will have to find someone else to. The faire has to have water.

B. Smallman said environmentally we are setting an example to the community.

B. Fultz questioned how does the staff situation work for this.

R. Rogers said that staff preps the tank during regular working hours. On the weekend we set it up so that the on call staff will stop by while he is out on a call, so that it's part of the 2-hour minimum. Or some of the staff go to the faire and they will keep an eye on the tank. Staff does not man the water booth.

J. Coffis said that the faire staff the water booth with volunteers with Boy Scouts and Girl Scouts and other volunteers that receive grants from the faire.

S. Swan questioned if Scotts Valley Water District has provided water.

J. Coffis other community orgs there for outreach.

J. Mosher is supportive of community better than bottled. Positive. Magnet need water. Appreciated.

D. Loewen says the question from the community. Is it's the water. Suggested that RMF

J. Coffis said that since the faire is in the San Lorenzo Valley they have never asked Scotts Valley for water. He believes that they have an event in Scotts Valley the same weekend. The faire has several community outreach sponsors from agencies in Santa Cruz County.

J. Mosher-Felton, spoke in support of the faire and for the District to continue the sponsorship. This is an amazing event that gives the District an opportunity to send an important message to the

community that we have high quality water that's better than what you buy in a bottle. It's important to have free water at the event.

D. Loewen said it's not free water the District is paying for it.

J. Coffis said the faire is the only annual event in the valley where you can see 50-60% of the population in one place.

B. Fultz questioned if there is a water connection at the Roaring Camp.

R. Rogers said not at this time. They have their own source but it is not very good and they are in the process of annexing into the SLVWD. Right now they are out of our service area. They have inadequate water and electricity supplies. Their water is not potable.

B. Smallman made a motion to approve the cost of supplying water for the 2019 Redwood Mountain Faire.

L. Henry seconded.

Dir. Smallman voted in favor of the motion, all others voted no. Motion fails.

c. SANTA CRUZ COUNTY PARKS USE OF GLYPHOSATE

R. Rogers introduced this item. It has come to the District's attention that the County Parks has or plans to use glyphosate on the easement property. The District has banned the use of glyosphate and does not wish for it to be used on the easement property. A letter was sent to the County requesting that the County not use glyphosate on District property.

B. Fultz questioned if there is nothing in the easement that is explicit about following District policies. Can we ask for an amendment?

R. Rogers said we can always ask. We haven't heard back from the County. He hoped that they would honor our request. He has heard both that they have already used it and that they will not use it. Nothing in writing for clarification.

G. Nicholls said that the use of glyphosate would be outside of the scope of the current easement.

B. Fultz questioned if we can make it explicit not implicit.

G. Nicholls said it's fair to say the County should not be using glyphosate on District property.

B. Fultz read from the easement.

B. Smallman said the use of glyphosate doesn't bode well for the County.

R. Moran-Ben Lomond, said he has been in contact with Santa Cruz County. He said they have not used it yet.

J. Mosher representing the Felton Library Friends read a letter from the Felton Library Friends.

D. Loewen said she would like the Board to follow the recommendation to add the ban on the use of glyphosate all easement property as soon as possible.

B. Nahrwold said the District needs to stand firm on the ban of glyphosate.

B. Fultz said he personally would like to amend the easement.

G. Nicholls said we don't need a motion; we'll just ask the County.

d. DRAFT FISCAL YEAR 2019/2020 PROPOSED BUDGET - REVENUE & EXPENSES

S. Hill introduced this item. The B & F Committee met on April 9th and went over the numbers. High level operating revenues are forecasted to be \$10.8 million. Proposed operating expenses is \$8.3 million, leaving an operating income of approx. \$2.5 million. Non-operating revenue of \$1.3 million, non-operating expenses of \$1.1 million, overall increase is forecasted to be \$2.7 million.

B. Smallman questioned if the Board needs to take action on this tonight.

S. Hill said that this is a draft so it will go back to the B & F Committee. She is asking the Board for direction on environmental expenses.

S. Hill explained that she is looking for direction. They removed things from the budget that they know the Board doesn't support. Is it a no spend, some spend?

B. Smallman would like to go item by item and discuss as a Board.

R. Rogers said that he would like to hear from the full Board on the draft budget.

B. Smallman said the fish monitoring program is money well spent, just for water quality alone.

L. Henry said the Board has a lot of things they have to do. There's 5 years of deferred maintenance. There's not enough money to fix the infrastructure, for emergencies, or just funds to run the District. We need millions of dollars to fix things. You have to start somewhere. Reserves need to be better. This is a water district and we need to provide water to the community.

B. Fultz said he ran some numbers using last year's budget. He would like to see the budget go down from last year.

L. Henry said she thought it was a 4% increase but you say it's a 10% increase.

B. Fultz said he is having a hard time following it the way it is formatted.

S. Hill said you have a full year with an engineer.

B. Fultz said it's clear that the District needs to move from a pure operating focus to an engineering/construction focus. Rate payers are looking at these numbers and know inflation isn't going up as fast as the expenses or the amount of money they are having to pay for this. And it's not clear exactly what the ROI was for each of these years.

S. Hill said this is not a typical ROI business. When you have spikes in operating expenses because you had a horrible winter with massive amounts of pipe breaks, you're not going to find ROIs on every single thing.

B. Fultz said that needs to be broken out separately.

S. Hill explained the audit v. budget

S. Swan said they are asking for general direction from the Board. We want the operating expenses to decrease by 10%, let them figure it out. He would like to see the numbers without the upcoming rate increase.

S. Hill she would like the Board to be mindful of all of the different buckets. A lot of the expenses are fixed. expenses, you're talking about laying off employees to see those kinds of results. We can pull out some of the more discretionary, for example training, conferences, memberships, etc. The budget does assume a 3% cost increase for labor. She wants to get a feeling from the whole Board and see if we can get an idea of what we can do to drill down at the next B & F.

B. Smallman said that \$90,000 is \$11.39/per customer for the year. He said he has savvy business plans saving millions of dollars.

L. Henry our biggest expense is staff. We can't reduce staff. The State has been on top of SLVWD for years about not having adequate field staff. We finally have adequate field staff, so who are you going to get rid of?

B. Fultz said he thinks that the Board should look at what kind of changes we can make in how we do business. Is it in the best interest of the District to own the watershed property? In light of rapidly accelerating expenses we owe it to our ratepayers to say we did a deeper dive on this. He would like to see a flat or -5% budget.

L. Henry said we can ask Stephanie to do a flat budget and see what it gets us. Or down 5%, how do we accomplish that?

S. Hill said she can do something along those lines. Look at gas prices, we don't have control over that.

S. Swan said he doesn't know why we don't look into increasing the revenue. He thinks we should put together a committee that looks into opportunities to increase revenue.

S. Hill said that a public member of the Admin Committee suggested PR campaign about how good our water is.

S. Swan said that's the kind of thinking that gets you started maximizing revenue opportunities.

S. Hill said the Strategic Plan can be a strong guiding point.

B. Smallman said again the small amount of \$90,000, the benefits speak for itself.

L. Farris questioned the capital budget roll out date. Time is of the essence because it is a significant part of the budget.

S. Hill said that she will have the capital budget at the May 7th Budget & Finance Committee. She added that she sees an end in sight, the District has been working off of a staffing study since 2016 that's where a lot of the positions were discussed. Compared to the prior budget it will put the District up to 36 employees total. She sees the larger increases coming to an end.

L. Farris questioned if there is anything she needs from the Engineering Committee for the capital budget.

S. Hill responded that Darren and Kirsten are working on timelines.

J. Kendall-Ben Lomond, said that he has been on the wrong end of public services cutting personnel. \$90,000 is less the 1% of the total budget but is wiping out portions of foundational information for monitoring the water supply.

J. Mosher said he is concerned that the District's mission doesn't include preserving and protecting the watershed. Thought this Board said that they could protect the watershed a different way.

C. Baughman said he heard a Board member ask "is it in our best interest to own the watershed". The answer is resoundingly yes. You want to protect your well heads the best way to protect them is to own the land. Without the analysis is it even possible to cut 5% from the budget without cutting staff? Thank you Dir. Henry for recognizing importance of staff.

N. Macy-Boulder Creek, each of you has claimed how important the environment is to you and that you understand the interdependence of the watershed and waterways, you can demonstrate that with the budget. Demonstrate to everyone who believed you when you said that.

D. Loewen she believes that the District has always been compliant with environmental requirements. She doesn't know that our reputation is in danger.

D. Alley, Fishery Biologist, questioned the idea that fisheries monitoring is discretionary. Many agencies have fishery biologists on staff. You can't be in a vacuum; you don't grasp the complexity of environmental regulations. Jen knows how difficult it is to get permits. When you lose trust and confidence from the regulatory agencies you generally have to do more monitoring.

L. Henry said to S. Hill to show the Board some different scenarios.

S. Hill asked if they want her to list things she thinks are yes/no.

R. Rogers said they will send the budget back to the dept. heads for more cuts.

L. Henry show what would happen if we were flat or reduce 5%.

B. Fultz said he understands these conversations are uncomfortable. The ratepayers of this District expect the Board to have these discussions.

B. Smallman said they need more detail on the cuts they discussed.

R. Rogers said expenses for operations of the water system/supply and treatment come before water conservation. Health & safety come first.

B. Fultz said when he looks at leakage and leak detection every year that's a huge savings in water production.

R. Rogers said you won't see the same amount doing it every year. Doing it every 3 years is more of what you get.

S. Swan said I think staff understands what we want to see. Look at what ifs.

L. Henry said she doesn't think we'll be using consultants like we did in the past. We have an engineer now. Why do we need a bunch of consultants?

B. Fultz said there's no difference in the contracted services in the budget.

B. Smallman said with the in-house engineering less money to WSC.

12. Consent Agenda:

- a. MINUTES FROM BOARD OF DIRECTORS MEETING APRIL 4, 2019
The Board accepted the minutes.

13. District Reports:

- DEPARTMENT STATUS REPORTS

Receipt and consideration by the Board of Department Status Reports regarding ongoing projects and other activities.

- Administration/Engineering
- Finance
 - Status Report
 - Bill List

S. Swan questioned the elections charge for \$25,000. It was explained that was what the elections cost.

- Operations
- Environmental
- Legal

R. Rogers suggested that the next meeting on May 2nd move to Highlands Park. The Board prefers to have the meeting at the usual Boardroom.

L. Farris questioned J. Michelsen about several times a month meetings attending Felton Library Friends is that her time or District time. J. Michelsen explained that she had been working on the easement with the Library. That is done now so there won't be so much time on meetings with the Library.

- COMMITTEE REPORTS

- Future Committee Agenda Items
- Committee Meeting Notes/Minutes

- Environmental Committee Minutes 3.21.19

- B. Fultz said he wanted to bring up the Environmental Comm. Zayante Creek project. He has some issues with the indemnity clause.

- Administration Committee Minutes 4.3.19

14. Written Communication: None

15. Informational Material:

- Court of Appeal Decision-Holloway v. Vierra

- B. Fultz is happy that the Court of Appeals Decision is in the packet.

- Director Resigns - Press Banner 3.29.19
- Bruce Resigns - Press Banner 4.5.19

16. Adjournment 8:59 p.m.