



**SPECIAL
BOARD OF DIRECTORS
SAN LORENZO VALLEY WATER DISTRICT
MINUTES
May 29, 2019**

Wednesday, May 29, 2019 at 5:30 p.m., SLVWD, 13057 Highway 9, Boulder Creek, CA 95006.

1. Convene Meeting 5:30 p.m.
Roll Call: Smallman absent. Fultz, Henry, Farris & Swan present
Staff: R. Rogers-District Manager, H. 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 5:33 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. Reconvene to Open Session at 6:30 p.m.
Roll Call: Smallman, Farris, Fultz, Henry & Swan
Staff: R. Rogers, H. Hossack, J. Michelsen-Environmental Programs Manager, S. Hill-Director of Finance and Business Services, J. Furtado-Director of Operations, D. Langfield-Engineering Manager
6. Report of Actions Taken in Closed Session
There were no reportable actions taken by the Board.
Pres. Henry commented that the Board is waiting for one signature and then the law suits will be done. All of the information will be released as soon as all signatures have been recorded. She then apologized, on behalf of the Board, that they canceled the May 16, 2019 Board meeting at the last minute. They had been in court all day finishing up the lawsuit.
7. Additions and Deletions to Agenda: None

8. Oral Communications:

J. Hendricks, Boulder Creek-read her letter regarding the Redwood Mountain Faire (the letter is in the agenda packet). She hoped that the District would reconsider sponsorship of the Faire.

L. Ford, Felton-concerned about fire protection and water service on District lands. Specifically worried about the upcoming fire season and how prepared the District is for a catastrophic event.

B. Hanson, Felton-said if the water conservation program is cut the planning for fire protection will be suspended indefinitely.

T. Nelson, Lompico - said that she is a fan of the Redwood Mountain Faire but the water district not a private corporation. The money they spend is rate payers' money.

A. Krostue-She said that it seems the Board is encouraging people to use more water and she is very much against that.

unidentified woman from Felton-She said that the water district is one of the two public entities in the area, she was part of a private corporation that had no concern for the community. Denying the Redwood Mtn. Faire is setting up the District as an entity outside of the community.

Pres. Henry responded that the Redwood Mtn. Faire would have only been \$2000 this year but what do you think \$2000 might buy for this District? It Could buy a fire hydrant and we can use a lot of fire hydrants. She doesn't know why people think we are telling them to use more water.

unidentified woman continued that all of the Environmental projects are less than 1% of the budget.

unidentified woman said that she also saw that the Board said use more water. Another woman agreed that she had seen it also.

9. Unfinished Business:

Members of the public will be given the opportunity to address each scheduled item prior to Board deliberations. The Chairperson of the Board may establish a time limit for members of the public to address the Board on agenda.

a. GRAND JURY

G. Nicholls introduced this item. She explained that the District received a follow up request from the Grand Jury in the month of April asking how the District is implanting the Grand Jury's recommendations. She has included a response in the agenda packet. The Grand Jury granted a request for an extension to respond until June 10th.

T. Norton, LADOC Chair-She said that there is a misunderstanding regarding items on response.

1. Change the response to say that the annual report will be completed by the end of the calendar year.

2. On Response 5 there was not a charter writing workshop, there was a workshop that allowed the public to engage in the process of what they would like to see in the charter. It was not training.

3. Confirms that the LADOC received Brown Act training but has not received assessment district training.

G. Nicholls responded that she will make the changes to the draft response.

R. Moran, Ben Lomond-asked for summary of training for Board, senior staff and committee members.

Pres. Henry said that they can all use training and have had Brown Act training but haven't had an opportunity to complete any other training at this time.

D. Loewen, Lompico-She reiterated that the LADOC, the Board and staff needs training on assessment district. LADOC should also have a greater presence on the website.

Pres. Henry said if anybody knows anyone that can give training on assessment districts, please contact the Board.

B. Fultz agreed with Pres. Henry. Noted that there has been significant progress made in working with the Lompico community.

b. SAN LORENZO VALLEY WATER DISTRICT CONFLICT OF INTEREST CODE UPDATE

G. Nicholls introduced this item. At the end of last year, the Board approved the Conflict of Interest Code but due to ongoing issues related to the COI Code the County decided to put its review on hold. Tonight you are seeing a revision of the COI. The only new change from the COI Code approved in 2018 is that we added an asterisks on Exhibit 1 to indicate that Board members and the District Manager are subject to 87200, reporting the nature of any conflict out to the public when they recuse themselves because of a conflict of interest.

B. Fultz for clarification questioned, if there was a conflict of interest it will not be sufficient to say there is a conflict of interest, the Board and District Manager have to say what the conflict of interest is.

G. Nicholls said that is correct. The disclosure would have to be verbal at a public meeting.

Pres. Henry questioned if this needs to be voted on.

B. Fultz questioned if we need to discuss if we vote on alternative one or two?

The Board and staff discussed the alternatives.

Dir. Smallman made a motion to adopt alternative one.

Pres. Henry seconded the motion.

Smallman, Farris, Fultz, Henry, Swan voted in favor of the motion. Motion passed.

c. BOARD COMMITTEE ASSIGNMENTS

Pres. Henry recommended L. Farris for Engineering and Environmental Committees, and alternate on the SMGWA Board.

L. Farris agreed to serve in all three positions

Pres. Henry said that is her recommendation.

B. Fultz made a motion that L. Farris be appointed to the Engineering and Environmental Committees and the alternate on the Santa Margarita Groundwater Agency.

B. Smallman seconded

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

10. New Business:

a. RESOLUTION OF APPRECIATION FOR MARGARET BRUCE

Dist. Secretary read the Resolution of Appreciation.

B. Fultz made a motion to adopt Resolution No. 32 (18-19) Resolution of Appreciation for M. Bruce.

L. Farris seconded the motion.

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

b. FISCAL YEAR 2019/20 BUDGET REVIEW

S. Hill introduced the budget. From the original pass there was approx. \$180,000 taken out of the budget. \$138,000 was taken out after the last Board meeting. An additional \$177,000 was removed from the budget. Staff identified other areas for cuts but felt it was a Board decision.

Board and staff discussed options for a flat budget.

S. Hill explained why staff wasn't able to put together a -5% budget. There are conflicts with the current Board and the Strategic Plan. Staff needs direction. Hiring of employees and funding of different things have been based on the District's Strategic Plan. Water Districts have a high level of fixed costs. Employees are the largest increase to the expenses.

Board and staff discussed the Strategic Plan component to budget. Staff feels that they cannot make any more cuts without cutting staff to reach -5% budget. Health and safety is an issue when staff cuts are made. One of the Board requested a listing of projects to be done with estimates of costs.

L. Farris asked are we talking about budget strategy in general or specific line items?

S. Hill explained this is the FY2019-20 Budget. Some of what needs to be discussed is in the future, the Master Plan, the Strategic Plan, the CIP planning. Things that need to be integrated into next year's budget. We should start the discussion and then get some Board opinions.

L. Farris said he would like to start with a general discussion on budget. His opinion is that he would like to thank everyone for letters on budget reduction proposals, he is listening. When budgeting think about:

1. Infrastructure
2. Deferred maintenance
3. Skill sets for Dist. so we don't need outside consultants

He would like to address the noble causes from public and step back to see the bigger picture. Over the last 12 years the revenue has dramatically increased but so have expenses.

We can keep doing what we're doing. We can borrow money to complete the CIP. We can bring costs down.

L. Henry says we have to cut costs not staff.

B. Smallman said budget strategy for infrastructure. We need to spend smartly. Community and environmental cuts in the proposed budget. We can save money if we focus on infrastructure improvements.

S. Swan said that at the last Board meeting the Board specifically provided that guidance that staff show us a flat budget and show us a budget with -5%. Whether it's realistic is not the question. Let the Board make the decision.

S. Hill moved on to the next section. She explained that we should have \$357,000 in reserves.

B. Fultz said, you are saying that we have about \$2.5 million for next year that we can allocate for something other than operating the system.

S. Hill corrected that we have \$2.5 million in the bank.

Discussion by Board and staff regarding reserves.

S. Hill continued with the budget.

Discussion by Board and staff regarding the sewer fund and operating revenue.

B. Smallman said it's important to note that just because funds are budgeted to a project doesn't mean they will be spent.

Discussion by the Board regarding budgeting and items perceived to be zeroed out of the budget.

S. Hill asked if the meeting can continue, we're going to get to everything if we just keep going. She continued with revenue review and expenses. She noted that last year's budget had only have a person in water treatment this year will show the whole year's salaries and benefits.

Pres. Henry noted that we have the same situation with the Engineering Manager.

Discussion by Board and staff regarding Operations budget.

S. Hill continued with the budget.

Discussion by Board and staff regarding SMGWA budget.

S. Hill continued with the budget.

Discussion by Board and staff regarding professional memberships.

S. Hill continued.

Discussion by Board and staff regarding CIP list in relation to Engineering Department and the inventory list of equipment.

S. Hill continued.

Board and staff discussion regarding Engineering equipment.

S. Hill continued.

Discussion by Board and staff regarding gasoline costs.

S. Hill continued with Environmental Dept.

Discussion by Board and staff regarding HCP and Urban Water Management plan.

S. Hill continued with Supply & Treatment and Sewer. Also, Labor detail.

Discussion by Board and staff regarding step increases, health insurance

S. Hill continued with summary of changes.

Discussion by Board and staff regarding cutting back on operating expenses.

S. Hill continued to summary of items to review. Starting with video recordings.

Discussion by Board and staff regarding video recordings and number of Board meetings.

V. Champlin, Brookdale-said that the Grand Jury report said that the big fall out with the 2017 Board was that they had special meetings without video recordings. The Grand Jury also criticized the Board for going from 2 meetings per month to 1 meeting per month.

Discussion by Board and public regarding meetings and video recordings.

Majority of board says to keep CTV

Discussion by Board and staff regarding the number of Board meetings.

S. Hill explained the Facilities Study.

Discussion by Board and staff regarding the Facilities Study. The Board cut the budget for this item.

S. Hill explained the Environmental Dept. budget cuts.

Discussion by Board and staff regarding water conservation cuts and adding back fish monitoring. Also, flat or -5% budget.

S. Hill summarized the discussion; the water conservation position will continue to be unfunded.

Discussion continued with Board and staff. The Board agreed to \$3000 budgeted for the water conservation/rebate program.

Unidentified woman questioned how the water conservation program will be managed without the Water Conservation position.

S. Hill explained that the customer service staff will work with the Environmental Manager to oversee the program.

Discussion continued between Board and staff regarding water conservation program.

D. Loewen asked if there are any state rebate programs.

J. Michelsen said they have been expensed out. We steer callers to rebates with the state when they are available.

Discussion by the Board, staff and public regarding rebate programs and conservation.

S. Hill attempted to summarize budget changes.

R. Rogers suggest that \$3000 could fund a small conservation program. A majority of the Board agreed.

Discussion continued with Board and staff regarding stream monitoring and watershed education grant. The majority of the Board agreed to add \$12,000 to the budget for stream/fish monitoring.

Unidentified woman asked for clarification on the invasive species removal in the Olympia Watershed.

Discussion by the Board and staff regarding the Olympia Watershed and invasive species, blue ribbon report.

S. Hill said next is the Communications Consultant.

Discussion by Board and staff regarding communications to public regarding push for changes to bill pay, new website, etc.

S. Hill moved on to Community Involvement. This includes River Cleanup and Farmers Market tabling.

Discussion by Board and staff regarding community involvement.

S. Hill introduced Smart Utility Billing campaign.

Discussion by Board and staff regarding Redwood Mountain Faire sponsorship for water.

Discussion by Board and staff returned to Smart Utility Billing and IVR Notification.

Pres. Henry turned the gavel over to V. P. Fultz, she isn't feeling well and left at 10:16 p.m.

S. Hill summarized the changes so far; \$8400 was added for 3 more Board meetings, fish monitoring was reduced to \$12,000, Outreach was reduced from \$10,000 to \$3,000.

Discussion continued with Board and staff regarding HCP, Urban Water Management Plan, CEQA reimbursable payment, fish monitoring, Lyon slide, tank replacements and PG&E outages.

B. Fultz questioned what would be involved to redo the Fall Creek water right?

J. Michelsen explained the process.

Discussion by the Board, staff and District Counsel regarding Fall Creek water right.

S. Hill continued with the budget; Other Possible Revenue Sources, Leak Adjustment Program

Discussion by Board and staff regarding Leak Adjustment program and meter review sizing for fire service, multiple variance program.

Discussion by Board and staff regarding salaries and benefits.

B. Hanson said rate payers understand that rates go up 5% or 3%. Education regarding water conservation is essential.

B. Fultz responded.

11. Consent Agenda:

The Consent Agenda contains items which are considered to be routine in nature and will be adopted by one (1) motion without discussion. Any item on the consent agenda will be moved to the regular agenda upon request from individual Directors or a member of the public.

- a. MINUTES FROM BOARD OF DIRECTORS MEETING MAY 2, 2019
Consideration and possible action by the Board to approve minutes from the May 2, 2019 BoD meeting.
- b. MINUTES FROM SPECIAL BOARD OF DIRECTORS MEETING MAY 15, 2019
Consideration and possible action by the Board to approve minutes from the May 15, 2019 Special BoD meeting.
- c. MINUTES FROM SPECIAL BOARD OF DIRECTORS MEETING MAY 21, 2019
Consideration and possible action by the Board to approve minutes from the May 21, 2019 Special BoD meeting.

All present voted in favor of accepting the Consent Agenda (L. Henry was absent).

The District Reports will be brought forward to the June 6, 2019 Board of Directors agenda.

12. District Reports:

No action will be taken and discussion may be limited at the President's discretion. The District encourages that questions be submitted in writing (bod@slvwd.com) on items listed in the District Reports. Questions submitted, if any, will be posted in the next available District Reports, along with a reply.

- DEPARTMENT STATUS REPORTS
Receipt and consideration by the Board of Department Status Reports regarding ongoing projects and other activities.
 - Engineering
 - Environmental
 - Finance
 - Status Report
 - Quarterly Financial Report
 - Bill List
 - Legal
 - Operations
- COMMITTEE REPORTS

- Future Committee Agenda Items
- Committee Meeting Notes/Minutes
 - B & F Committee Minutes 4.9.19
 - Environmental Committee Minutes 4.11.19
 - LADOC Workshop 4.17.19
 - Admin Committee Minutes 5.1.19
 - B & F Committee Minutes 5.7.19

13. Written Communication:

- Letter to Board from Valley Women's Club-Environmental Committee
- Letter to Board 5.2.19 - Support of B. Hollenbeck
- Email from J. Graham 5.8.19 - Redwood Mountain Faire
- Email from E. Watson 5.8.19 - Redwood Mountain Faire
- Email from V. Wright 5.9.19 - Redwood Mountain Faire
- Email from J. Thayer 5.13.19 - Fish Monitoring
- Email from J. & L. Gomez 5.13.19 - Environmental Programs
- Email from A. Krostue 5.13.19 - Fish Monitoring
- Email from P. Gelblum 5.13.19 - Fish Monitoring
- Email from C. Dzendzel 5.14.19 - Budget Cuts
- Email from J. Parks 5.14.19 - Fish Monitoring
- Email from M. Lee 5.14.19 - Santa Cruz Water Rights
- Email from S. Sakasai 5.14.19 - Fish Monitoring
- Letter from J. Mio 5.14.19 - Fish Monitoring
- Letter from N. Moore 5.14.19 - Budget Cuts
- Email from B. Hanson 5.15.19 - Budget Cuts
- Email from K. Holl 5.15.19 - Fish Monitoring
- Email from L. Watson 5.15.19 - Budget Cuts
- Email from M. Goldberg 5.15.19 - Fish Monitoring
- Email from M. Marzell 5.15.19 - Fish Monitoring
- Email from M. Shargel 5.16.19 - Budget
- Email from R. Brune 5.16.19 - Fish Monitoring
- Email from J. Hendricks 5.16.19 - Redwood Mountain Faire
- Email from S. Ainsworth 5.17.19 - Fish Monitoring
- Email from B. Harris 5.21.19 - Fish Monitoring

14. Informational Material:

- Call for Nominations from LAFCO 4.24.19
- Water District Criticized - SC Sentinel 5.7.19

15. Adjournment 11:01 p.m.