



## NOTICE OF ADMINISTRATION COMMITTEE MEETING

Covering Policy, Administration and Community  
Relations/Communications

**NOTICE IS HEREBY GIVEN** that the San Lorenzo Valley Water District has called a meeting of the Administration Committee to be held on **Wednesday, February 5, 2020 9:30am**, at the Operations Building, 13057 Highway 9, Boulder Creek, California.

### AGENDA

1. Convene Meeting/Roll Call
2. Oral Communications  
*This portion of the agenda is reserved for Oral Communications by the public for items which are not on the Agenda. Please understand that California law (The Brown Act) limits what the Board can do regarding issues raised during Oral Communication. No action or discussion may occur on issues outside of those already listed on today's agenda. Any person may address the Committee at this time, on any subject that lies within the jurisdiction of the District. Normally, presentations must not exceed five (5) minutes in length, and individuals may only speak once during Oral Communications. Any Director may request that the matter be placed on a future agenda or staff may be directed to provide a brief response.*
3. Old Business:  
*Members of the public will be given the opportunity to address each scheduled item prior to Committee action. The Chairperson of the Committee may establish a time limit for members of the public to address the Committee on agenda items.*
  - A. REVIEW OF THE GRAND JURY REPORT 2017-18  
Discussion by the Committee regarding a review of SLVWD's implementation of its response to the Grand Jury Report.
4. New Business: None  
*Members of the public will be given the opportunity to address each scheduled item prior to Committee action. The Chairperson of the Committee may establish a time limit for members of the public to address the Committee on agenda items.*
5. Informational Material: None.
6. Adjournment

*In compliance with the requirements of Title II of the American Disabilities Act of 1990, the San Lorenzo Valley Water District requires that any person in need of any type of special equipment, assistance or accommodation(s) in order to communicate at the District's Public Meeting can contact the District Office at (831) 338-2153 a minimum of 72 hours prior to the scheduled meeting.*

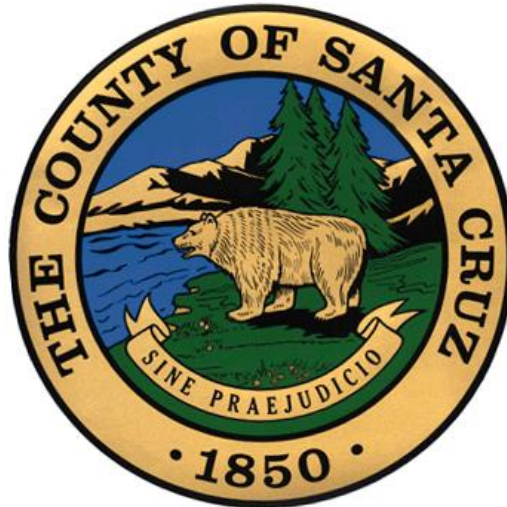
*Agenda documents, including materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet, are available for public inspection and may be reviewed at the office of the District Secretary, 13060 Highway 9, Boulder Creek, CA 95006 during normal business hours. Such documents may also be available on the District website at [www.slvwd.com](http://www.slvwd.com) subject to staff's ability to post the documents before the meeting.*

Certification of Posting

I hereby certify that on January 31, 2020 I posted a copy of the foregoing agenda in the outside display case at the District Office, 13060 Highway 9, Boulder Creek, California, said time being at least 72 hours in advance of the meeting of the Admin Committee of the San Lorenzo Valley Water District in compliance with California Government Code Section 54956.

Executed at Boulder Creek, California, on January 31, 2020.

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Holly B. Hossack, District Secretary  
San Lorenzo Valley Water District



## **San Lorenzo Valley Water District**

### **Encouraging the Flow of Information to the Public**

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#### **Summary**

Since mid-2016 the San Lorenzo Valley Water District (SLVWD or District) has struggled to address public concerns about a number of controversial issues. The administration of the Lompico surcharge and capital projects, use of glyphosate in the watershed, and a lawsuit involving a former Board member, were among the issues that drew sharp criticism from citizen groups and the press. The criticisms tested the capacity of the District's representatives to maintain productive and civil interactions with the community and, at times, with one another.

Although the Lompico surcharge has now been eliminated, other disputes and communication challenges remain. Issues such as the District's handling of legal matters, management of the Lompico Assessment District and capital projects, and support for the Lompico citizen oversight committee continue to be divisive. In addition, District changes to meeting practices in 2017 have reduced public access to the debate and decision-making process and compromised the community's understanding of the issues.

Better communication on difficult matters, an informed and effective Assessment District oversight committee, and an unwavering commitment to public access, will enable greater transparency and may restore trust and foster better relationships within the SLVWD community.

## Role of the Grand Jury

A special note: The Grand Jury conducts all investigations in a confidential manner. Witnesses are admonished not to disclose their contacts with the Grand Jury. In the course of this investigation, however, several interested parties made public statements asserting that an investigation was underway, including speculation about the likely focus and outcome. Thus, it is appropriate to clarify the proper role of the Grand Jury, including its statutory limitations.

The primary function of a civil grand jury is to investigate the function of local government agencies, publish its findings, and recommend ways to improve governmental operations.<sup>[1]</sup>

The Grand Jury has no power to remedy individual situations. It cannot vindicate the positions of aggrieved parties nor right past wrongs. The strength of a grand jury investigative report comes from informing the public about the practices of local governmental bodies, with the expectation that an informed public will ensure effective government.

## Background

The Santa Cruz County Civil Grand Jury issued a report in 2014 regarding the San Lorenzo Valley Water District's lack of transparency in dealing with the public.<sup>[2]</sup> In the wake of that report, the District made a number of positive changes to expand access to the workings of the District, including providing better information in its annual reports and arranging for Community Television of Santa Cruz County (CTV) to record video of all regular Board of Directors meetings. It also made notable organizational and administrative changes. It brought in new senior staff in 2015; it completed its annexation of the Lompico County Water District in 2016; and in the Fall of 2017, it obtained a significant increase in water rates, paving the way for a 10-year capital improvement program to upgrade infrastructure throughout the District.

Since 2016 the District has come under fire again for its lack of transparency. The key issues concern the administration of the conditions of the Lompico merger, as well as the District's handling of several controversial matters. The Grand Jury sought to understand public concerns and to investigate the District's current standards for accountability and transparency.

## **LCWD-SLVWD Merger**

Financial problems, an aging infrastructure, and the threat of state intervention obliged the Lompico County Water District (LCWD) to look to SLVWD for help in 2013. After two years of complex negotiations, SLVWD agreed to annex LCWD if Lompico ratepayers would pass a bond issue to fund infrastructure improvements, and agree to pay a surcharge to cover extra costs related to integrating Lompico operations into SLVWD. The conditions were laid out formally in [Resolution 953-A](#), which all parties refer to as the “merger agreement.” Similarly, while the transaction is more correctly termed an annexation, all parties refer to it as the “merger.”

A bond issue to provide SLVWD with immediate funding for the Lompico infrastructure projects failed by a narrow margin in 2015. The parties then agreed to the formation of an assessment district as a “similar revenue instrument” which would collect the required funds over a 10-year period. In addition, the parties retained the requirement that SLVWD would create a “Lompico oversight committee.”<sup>[3]</sup> The assessment district passed in a new ballot measure in March 2016, clearing the way for the merger on June 1, 2016.

By October 2016, Lompico ratepayers were already arguing that changed financial circumstances had reduced the need for the surcharge specified in Resolution 953-A. First, during the year between the failure of the bond initiative vote and the success of the assessment district vote, LCWD passed a significant rate hike, which put it in better financial shape than the merger agreement had contemplated.<sup>[4]</sup> Second, SLVWD decided to immediately install a temporary supervisory control and data acquisition (SCADA) system and replace water meters. Those actions substantially reduced the financial burden of integrating and operating the Lompico service area by eliminating the need for workers to monitor water storage tank levels and read the meters in Lompico manually.<sup>[5]</sup>

Lompico ratepayers requested a speedy review of the 5-year surcharge, with the goal of bringing the surcharge to an early end. For its part, the District asserted that it needed time to understand the Lompico audited financial statements and future demands. The surcharge review process began ten months later, in April 2017. Over the months of discussions about the surcharge, the public and the District traded accusations that the other was not listening. Civility declined.

While the surcharge involved several hundred thousand dollars over five years, an early controversy arose over a set of mapping charges for three Zayante parcels totalling just \$20,847.<sup>[6] [7] [8]</sup> The charges were not part of the Lompico merger, but the District included them in the original computation of LCWD’s transferred liabilities anyway.<sup>[9] [10] [11]</sup> Including these mapping charges meant that Lompico ratepayers would pay for them indirectly through the monthly surcharge. Later, in the course of forecasting whether the surcharge was still needed, the District removed the mapping charges, but did not publicize the change to concerned citizens. The surcharge issue eventually came to a resolution, but because of communication issues, like the Zayante mapping charges, mistrust and dialog problems remained.

Another condition of the merger, the 10-year Assessment District, provided \$2.75 million to fund a set of capital improvement projects specified in the accompanying Engineer's Report.<sup>[12]</sup> It also provided for the collection of an additional \$183,000 for interest payments on anticipated loans taken against future Assessment District collections. The Engineer's Report lists the Lompico capital improvement projects and the estimated cost of each project. It contains few other details about the projects or their implementation.

Since the merger, District representatives and members of the public have raised financial issues not addressed in either the merger agreement or the Engineer's Report. These concerns include questions about what adjustments are possible under the Assessment District (AD) if some projects come in substantially over or under budget, or if the District obtains grants to fund any of the listed projects.<sup>[13]</sup><sup>[14]</sup> Other questions have focused on the disposition of the funds collected over the years for loan interest if no loans are obtained.<sup>[15]</sup> Still other financial concerns are centered on what would happen with the designated AD funds if a listed project is later determined to be unnecessary.<sup>[16]</sup>

The construction timeline has been another area of concern. Public discussions and presentations before the merger had laid out the District's plans to start the Lompico projects shortly after the merger, with funding coming from loans taken out against the AD.<sup>[17]</sup><sup>[18]</sup> After the merger however, the District staff investigated loan funding and reported back that it found fewer acceptable loan opportunities than it had anticipated. Instead, the District opted for pay-as-you-go construction funding for most years, with a possible bridge loan in years four through seven.<sup>[19]</sup><sup>[20]</sup>

In September 2017 the District was successful in obtaining substantial increases in water rates for the next five years to fund capital improvements. This success allowed the District to update its Capital Improvement Program (CIP) to go forward on several critical, long-delayed pre-merger projects.

The new CIP, introduced in November 2017, specifies all District projects for the next 10 years, including all of the Lompico projects identified in the Assessment District Engineer's Report.<sup>[21]</sup> The CIP assigns priority rankings to each project. Under this new plan, Lompico projects are still scheduled to be completed within 10 years, but have a lower priority for completion than a number of projects in other service areas.<sup>[22]</sup>

Lompico ratepayers have expressed their concerns that the lower priority ranking of the Assessment District projects might lead to delays and higher construction costs, with a possible consequence that some of the AD projects might not be done.

### ***Lompico Assessment District Oversight Committee (LADOC)***

The LCWD-SLVWD merger agreement required the formation of a "bond oversight committee." To address that requirement, the District created an oversight committee, later named the Lompico Assessment District Oversight Committee (LADOC), consisting of five citizens from the Lompico service area. The responsibilities and boundaries of LADOC's role were the subject of early debate.

SLVWD updated its policy manual to add the new oversight committee.<sup>[23]</sup> It then solicited applicants.<sup>[24]</sup> The policy manual described the committee's role in broad terms:

*The Committee shall be responsible to review matters of stewardship, design, construction, replacement, and repair of the District facilities and property directly related to Assessment District 2016-1, the Lompico Service Area.*<sup>[25]</sup>

LADOC's opening meeting was August 23, 2016. At its second meeting, held on October 6, 2016, the committee decided to pursue several open questions and issues that appeared to fall under its purview. Less than two weeks later, at the October 16, 2016 Board of Directors meeting, the Board debated the reduction of LADOC's duties,<sup>[26]</sup> by changing the description of its role to one which it said more closely resembled the wording of the merger agreement.<sup>[27]</sup> At the next Board meeting, the SLVWD policy manual was amended to read:

*The Committee shall be responsible to review matters of revenue and expenses directly related to Assessment District 2016-1 projects.*<sup>[28] [29]</sup>

District representatives refer to this one sentence description of the responsibilities of LADOC as the LADOC "charter."<sup>[30]</sup> The responsibilities of LADOC continue to be the subject of discussion and disagreement.<sup>[31]</sup>

### **Public Meetings and Other Communication Practices**

SLVWD is responsible for setting the tone for communications with the public.<sup>[32]</sup> The communication environment includes the policies and procedures for Board meetings and other interactions with the public. The communication environment also encompasses the care the District takes to provide an atmosphere conducive to public engagement.

Communication problems came to the forefront in 2017. The District received public criticism not only for its handling of several controversial matters, but also for its handling of the resulting public fallout. During the same period, the District also instituted changes to its meeting practices that had the effect of reducing public participation and understanding. Among other changes, the District switched from holding mostly regular meetings of the Board to holding mostly special meetings of the Board, which were far less likely to be video recorded by Community TV.<sup>[33] [34]</sup> It also switched from detailed minutes to brief "action minutes."<sup>[35]</sup>

## Scope of Grand Jury Investigation

From July 2017 through April 2018, the Grand Jury looked into SLVWD interactions with the public in three broad areas:

- Assessment District 2016-1, including:
  - the planning and execution of the capital improvement projects for the Lompico service area pursuant to the LCWD-SLVWD merger agreement
  - the ranking and integration of Assessment District projects into the District-wide CIP plan
- Lompico Assessment District Oversight Committee (LADOC):
  - the responsibilities of the committee established to oversee the Assessment District collections and project expenditures
  - District support of the oversight committee
- the communication environment, including:
  - District practices related to public access, transparency, financial oversight, civility and decorum, and
  - handling of controversial matters

## *Methodology and Approach*

The Grand Jury:

- conducted a series of interviews with individuals affiliated with SLVWD as well as with District ratepayers and others with relevant knowledge
- reviewed internal SLVWD documents and communications among SLVWD Board and staff, as well as SLVWD communications with the public
- reviewed agendas, minutes, meeting notes, and where available, videos and audios of the meetings of the SLVWD Board of Directors and its five committees
- attended meetings of the SLVWD Board and its committees
- reviewed documents and other materials related to the merger of LCWD and SLVWD
- reviewed SLVWD policy and procedure manuals, as well as resolutions and proposals concerning changes to these documents
- reviewed audited financial statements, forecasts, interim financial reports, bill lists, studies (e.g. water rates), and similar financial materials
- reviewed strategic plans, capital improvement project plans, requests for proposals (RFPs), engineering reports, [Gantt charts](#), and similar technical materials
- conducted online research about SLVWD, LCWD, and other local water districts, as well as research about assessment districts and oversight committees
- reviewed applicable California codes and regulations



## Investigation

### ***Assessment District 2016-1***

In its investigation of the Assessment District (AD), the Grand Jury found notable differences in understanding among District representatives regarding the construction strategy for the AD's projects, including District plans in the event of project delays, cost differences, or possible changes in projects undertaken.

While the District recognizes that AD funds may be used only for the benefit of Lompico, understandings differ among decision makers on what flexibility exists under the AD as written. Varying interpretations of the Assessment District terms have, in several cases, led to conflicting assertions made to the Grand Jury or to the public, about:

- the process for changing or removing projects from the Engineer's Report list<sup>[36]</sup>
- the possibility of reducing Assessment District collections in later years<sup>[37]</sup>
- ending the Assessment District early<sup>[38] [39] [40]</sup>
- whether the AD is collecting interest on a future loan<sup>[41]</sup>
- whether obtaining a loan against the AD is required<sup>[42]</sup>
- using the \$183,000 collected for loan interest for other AD expenses<sup>[43]</sup>
- returning unused funds to the ratepayers<sup>[44] [45]</sup>
- postponing the completion of Assessment District capital projects beyond ten years<sup>[46]</sup>

The Grand Jury has found that, nearly two years after the merger, District representatives still communicate differing views of the AD and its projects. The varying interpretations have caused public concern, and warrant serious and sustained discussion.

### ***Capital Improvement Program (CIP)***

The District-wide Capital Improvement Program introduced in November 2017 has presented another communication challenge. The District used a priority rating system to rank each capital project, which resulted in a timetable for the execution of each project on the list. The CIP assumes, however, that there are no differences between Lompico and non-Lompico projects except for the funding source; that is, that the projects for which Lompico ratepayers pay an extra assessment have no special status. In contrast, Lompico ratepayers contend that they gave their vote to accept the Assessment District in exchange for the District's promise to complete the specific projects listed in the Engineer's Report in an expeditious manner.<sup>[47]</sup>

The November 2017 Capital Improvement Program still meets expectations to do all AD projects and to do them within 10 years of the merger, but it also incorporates delays of five months to three years for several AD projects. (See Table A below.) The substantial increase in water rates, passed in September 2017, has allowed several pre-merger capital projects to go forward immediately. Now those projects and the AD projects must vie for the time and attention of the small professional staff who will manage the District strategy for permitting, planning, construction, and financing of multiple projects.

The following table, Table A, shows the original and changed estimated start dates for all of the Assessment District projects listed in the Engineer's Report.

**Table A: Scheduled Start Dates for AD Projects in 2017 District Gantt Charts**

Assessment District Projects <sup>[48]</sup>	Cost (\$)	Project Timeline (Gantt) 2/01/17 <sup>[49]</sup>	Project Timeline (Gantt-CIP) 11/16/17 <sup>[50]</sup>	Approximate Months early / (delayed)
Service Line and Meter Replacements	862,500			
Meters & Private PRVs		7/1/16	7/1/16	0
Laterals		4/3/17	4/3/17	0
Tank Replacement	682,500			
Lewis		1/18/17	11/13/17	(10)
Madrone		7/20/20	12/7/20	(5)
Kaski		7/10/23	6/19/23	1
PRV Replacement	358,000	4/3/17	1/1/18	(8)
Refurbish Mill Creek WTP	105,000	7/19/21	7/15/24	(36)
Distribution System Interconnection	301,000	7/17/17	8/6/18	(13)
SCADA System	441,000*	7/22/19	7/22/19	0

\*Includes \$19,540 for a temporary SCADA, not addressed in the Engineer's Report, installed in 2016 <sup>[51]</sup>

### ***Lompico Assessment District Oversight Committee (LADOC)***

The parties to the merger of LCWD and SLVWD agreed to keep the original wording of the merger agreement, Resolution 953-A, to avoid renegotiations that would have delayed the merger.<sup>[52]</sup> <sup>[53]</sup> Instead, the stakeholders relied on one another to honor the intent of the merger agreement, even if the words did not fully match the actual elements of the merger.<sup>[54]</sup> <sup>[55]</sup>

A condition of the merger, Section 7(B) of Resolution 953-A, required the formation of a “bond oversight committee.”<sup>[56]</sup> A bond oversight committee has clearly recognized duties and responsibilities. The California Taskforce on Bond Accountability identifies guidelines for local agencies to follow<sup>[57]</sup> regarding the establishment and maintenance of “internal control systems to account for and report on the expenditure of funds.”<sup>[58]</sup>

By requiring the formation of a bond oversight committee, the merger agreement, in effect, required a formal control system to ensure fiduciary care of the funds collected. The parties agreed that the Assessment District was a “similar revenue instrument” to a bond. The Grand Jury found no evidence to suggest that the parties agreed to a lower standard of oversight and fiduciary care for the Assessment District than the accepted standards for oversight of the proceeds of a bond issue.

Guidelines, charters, and bylaws from a variety of organizations addressing both bonds<sup>[59] [60] [61]</sup> and assessment districts<sup>[62] [63]</sup> show oversight responsibilities and practices that reflect the same concerns for the fiduciary care of funds. The state Taskforce on Bond Accountability describes several responsibilities for bond oversight, including creating a transparent control environment; assessing, monitoring and mitigating risk; and maintaining internal controls to ensure that the agency is “properly receiving, managing, and disbursing bond funds.”<sup>[64]</sup>

Creating the control environment is key to all of the oversight responsibilities. The control environment prescribes seating qualified people, providing them with appropriate policies and procedures to direct their efforts, and granting them the authority they need to perform the oversight role.

Experts on oversight committees advise that members of these committees receive training, along with others in their agency who will play a role in the administration of the funds.<sup>[65] [66]</sup> LADOC members have not received formal training in assessment districts, or in other key areas, such as special district governance and meeting management.<sup>[67]</sup> For the first 14 months of its existence, the committee also did not receive support from senior financial staff, who might have provided valuable guidance in the absence of relevant formal training.<sup>[68]</sup>

The District policy manual describes LADOC’s responsibilities in one sentence, without supporting details. In contrast, expert groups provide detailed guidelines for oversight efforts.<sup>[69]</sup>

#### *Oversight Committee Duties and Support* <sup>[70] [71] [72] [73] [74]</sup>

At minimum, adequate guidance and support for LADOC would include:

- Comprehensive orientation prior to beginning work
- Members handbook of key documents, including items such as a LADOC charter (description of duties), the Engineer’s Report, relevant resolutions,<sup>[75] [76] [77] [78]</sup> relevant District policies and procedures, project descriptions, budgets and schedules, financial reports, minutes of prior meetings, guides to Brown Act and parliamentary procedures
- Regular meeting schedule, at least quarterly

Expected duties of the oversight committee would include:

- Tracking expenditures of assessment proceeds back to the capital improvement plan
- Actively reviewing and reporting on the proper expenditure of assessment money for the Lompico construction and replacement projects listed in the Engineer’s Report
- Maintaining a committee webpage with (1) detailed information about the progress of each project, (2) committee minutes, and (3) materials it has received
- Preparing and publishing an annual report for ratepayers

Expected duties of the District would include:

- Providing timely, comprehensive data to the oversight committee, including financial reports that display original budget, current budget, actual expenditures, budget balance, and approved commitments to projects to date across all fiscal years
- Providing technical and administrative assistance

As listed above, one of the expected duties of an oversight committee is the production of an annual report. LADOC did not produce such a report, nor did the Board request that LADOC produce one.

In April 2017 the Board received a staff memo indicating that it would be “appropriate for the full Board to periodically review progress” of LADOC and to “provide guidance regarding committee functions, goals and objectives.”<sup>[79]</sup> Other communications indicated that senior staff declined to attend LADOC meetings beginning in April 2017.<sup>[80]</sup> LADOC meeting notes and internal emails from April 2017, and subsequent Grand Jury interviews, confirm that LADOC sought more support from the Board and staff, but the District did not have the resolve to provide effective support.<sup>[81]</sup> <sup>[82]</sup> <sup>[83]</sup> The Grand Jury also determined that opinions differ within the District concerning the utility of LADOC and its appropriate responsibilities as a standing committee.<sup>[84]</sup>

In October 2017, the Board considered a staff memo proposing to restrict LADOC meetings and responsibilities further -- that is, to a once-a-year, after-the-fact review of AD project expenditures.<sup>[85]</sup> While the Board did not accept the proposal, the ensuing debate made clear that the District has not granted LADOC the authority to perform the oversight role that Resolution 953-A required. The debate also illustrated the District’s lack of recognition that it has an obligation to support a fully functioning oversight committee.<sup>[86]</sup>

In sum, the Grand Jury found that the lack of consensus about the role of LADOC, combined with insufficient training and lack of effective support, prevented LADOC from fulfilling its responsibilities in its first year of existence.

### ***Public Meetings and Other Communications***

Meeting practices are key communication elements. Policies and procedures that promote public understanding and participation in Board and committee meetings create a trust environment. Policies and procedures that tend to restrict public understanding and participation risk public complaints and a breakdown in civility and decorum in times of controversy.

The Grand Jury looked at meeting and communication practices of nearby water districts and compared them to SLVWD’s practices in 2016 and 2017. It found that in 2016, the District excelled in practices such as publishing comprehensive minutes and arranging for Community TV filming of regular Board meetings. Unfortunately, in 2017, both the written and electronic recording of District meetings took a step backwards.

### *Recording Board Proceedings – Videos and Published Minutes*

In 2016 the District held 24 Board of Directors meetings – 21 regular Board meetings and four special Board meetings with limited agendas. Of those 24 meetings, Community Television of Santa Cruz County (CTV) recorded 19. In contrast, in 2017 the District held 30 Board of Directors meetings – 10 regular Board meetings and 20 special Board meetings. CTV recorded just 13 of the 30 Board meetings, mostly the regular Board meetings.

As Table B shows, CTV recorded only three of the 20 special Board meetings in 2017. Two of the unrecorded special meetings had multi-item agendas indistinguishable from regular meeting agendas. The relative lack of CTV coverage of special meetings reduced access to ratepayers who could not attend those meetings.

**Table B: Regular and Special Board of Directors Meetings, 2016 and 2017**

	2016	2017
<b>Regular Board of Directors Meetings</b>	21	10
-- Minutes Posted on SLVWD website	21	10
-- CTV Videos Posted on SLVWD website	18	9
-- CTV Videos Available at CTV	18	10
<b>Special Board of Directors Meetings</b>	4	20
-- Limited Agenda	4	15
-- Full (multi-item) Agenda	0	5
-- Minutes Posted on SLVWD website	3	19
-- CTV Videos Posted on SLVWD website	0	2
-- CTV Videos Available at CTV	1	3
<b>Total Board of Directors Meetings</b>	24	30
CTV Videos Available at CTV	19	13
% of Meeting Videos	79%	43%

In 2016 the District produced detailed minutes of the Board of Directors meetings. With the January 17, 2017 Board of Directors meeting, the District switched to “action minutes,” which do not provide any insight into the decisions because they omit the Board discussions and details of public input.

The 2017 elimination of detailed minutes, combined with the relative lack of CTV coverage of the numerous special meetings, reduced publicly available sources of information about District issues for all ratepayers not in attendance at the meetings.

### *Recording Board Proceedings -- Audio recordings*

In late 2017, the District began recording audios of all Board and committee meetings. While the District currently has no written retention policy for audios, it informed the Grand Jury that it destroys all audios after 30 days pursuant to Government Code section 54953.5, subdivision (b). That section provides for a minimum retention period of 30 days; it does not *require* destruction of the media after 30 days or at any particular time in the future.<sup>[87]</sup>

The Board of Directors meeting of November 9, 2017 illustrates the communication problems that the stated destruction practice creates.<sup>[88]</sup> CTV did not record that meeting. The meeting included a discussion of proposed changes to rates and charges for the Bear Creek Wastewater Enterprise. In the absence of either a recording of the proceedings or detailed meeting minutes, ratepayers not in attendance are unable to access the important discussions that took place.

In the same November 9, 2017 meeting, an exchange among Board members arose over a procedural point addressed in the policy manual. The issue was whether an individual Board member could direct the District Manager to perform an administrative task, or if the task request required Board authorization. Two Board members asserted that Board authorization was not required; the remaining Board members did not challenge the assertion.<sup>[89]</sup> The Grand Jury could verify this exchange on its copy of the audio. In the January 18, 2018 Board of Directors meeting, the procedural issue surfaced again. In this instance however, two other directors made the opposite assertion about policy; that is, that an individual Board member could *not* task the District Manager without Board authorization.<sup>[90]</sup> Without a publicly-available recording of the November 9, 2017 meeting, interested parties cannot verify, or challenge with confidence, possible contradictory assertions or misstatements.

The District's stated destruction practice for audios implies that community members not only need to make a Public Records Request (PRR) for a recording, but need to make it within 30 days. Having to make a PRR creates an impediment to accessing the discussions and information from the meetings.

In February 2018, the Grand Jury observed that the District began a new project to embed the District's official audios in the pdf files of the action minutes which are posted on the SLVWD website. Unfortunately, the embedded recordings do not function consistently across browsers and devices. The current system leaves out the many users of unsupported devices. If the new system can be made more universally accessible, then it could make a positive contribution to public engagement.

### *Communication Environment*

The approved policy manual for 2017 urges District representatives to "Establish and maintain an environment that encourages the open exchange of ideas and information between Board members, staff and the public that is positive, honest, concise, understandable, responsive and cost-efficient."<sup>[91]</sup>

The November 2017 draft revised policy manual proposes similar language to encourage District representatives "(i) to use the Golden Rule (treating others as one would wish to be treated) as a guide in interactions with the media, the SLV community, District management and employees and other Board members and (ii) to speak candidly and forthrightly about the issues in front of the Board of Directors."<sup>[92]</sup>

Both the current and proposed policy manuals clearly encourage civility. In routine meeting settings, District representatives do interact civilly with one another and with the public. In the past two years, however, the District has had to address a number of

difficult and controversial matters. Criticism from the public, at times harsh and personal, and disagreements among the District representatives, created lapses in decorum and civility in a number of public meetings as well as on social media.<sup>[93] [94] [95] [96]</sup> These lapses have led, in turn, to public frustration, and the unwelcome prospect of continuing friction on issues of long-term concern to all parties.

Contentious matters that dominated 2017 and will be of ongoing concern include the following items:

Lompico Merger. After the June 2016 merger, the Lompico surcharge became a divisive issue for more than a year. Although the surcharge has ended, the administration of the Assessment District will be an ongoing activity for eight more years. The issues surrounding the administration and oversight of the Assessment District, especially the decisions necessary for successful completion of the required capital projects, are complex. While the District has the responsibility to create and execute the AD project strategy, transparency dictates regular and substantive communications about that strategy, including changes in timing, funding priorities, and regulatory hurdles.

Legal Fees. In each of the previous three fiscal years, legal fees were under \$100,000. In contrast, in the first four months of the 2017-2018 fiscal year, the District had already spent \$108,000 of its \$140,000 budget on legal fees, much of it related to a long-running set of legal actions involving a former Board member. In anticipation of additional litigation, the District raised its budget for legal fees by \$204,500, to a total of \$344,500.<sup>[97] [98]</sup> Legal fees now represent a material portion of the District's annual budget for administrative professional services. The confidential nature of legal work means that the District has a continuing challenge to explain and justify expensive and controversial legal strategies to an inquiring public.<sup>[99] [100]</sup>

Relationship with Citizen Groups and the Press. The local newspaper, along with other media outlets and citizen groups on social media, were critical of the comportment of District representatives at public meetings throughout 2017. The surcharge, the use of [glyphosate](#) in the watershed, and District spending on legal matters were especially controversial issues. While some critics may leave the scene, the District would be right to anticipate that the press, citizen groups, and new critics will continue to focus on difficult matters that have become contentious.<sup>[101] [102]</sup>

Disagreements among District Representatives. The work of the District cannot proceed effectively without robust discussion. When District representatives fail to maintain civil interactions, however, the public may fear that its interests are at risk. Ratepayers expect discussions at public meetings to focus solely on outcomes, not on personal differences.<sup>[103] [104]</sup>

Personal Expressions. District representatives have the right to put forth their personal views about SLVWD matters in public forums. The policy manual requires only that such expressions be clearly designated as an individual's opinions and not declarations of the District's official views. Regardless of whether that policy is followed, criticism of colleagues in social media may have a negative long-term impact on public perception of, and respect for, all representatives of the District.<sup>[105]</sup>

## Findings

- F1.** The lack of effective communication between the District and the community regarding the administration of the Assessment District has caused public concern regarding the timing and implementation of Assessment District projects.
- F2.** The District has not provided adequate authority, guidance, training, or support to the Lompico Assessment District Oversight Committee (LADOC) to ensure that the committee can fulfill its assessment district oversight responsibilities, thus reducing transparency and accountability to the public.
- F3.** Lack of effective District communication practices has reduced public access to the decision-making process, and contributed to acrimony and on-going relationship challenges with the community, causing stress on elected officials and staff, as well as frustration among ratepayers.

## Recommendations

- R1.** LADOC should produce an annual report detailing the status of Assessment District revenues and expenditures.(F1, F2)
- R2.** The District should schedule annual public study sessions or workshops to review the LADOC annual report and discuss the administration of the Assessment District (AD), in order to provide in depth information to the public about the timing, funding, and execution of AD projects. (F1, F3)
- R3.** The Board and LADOC should work in concert to create a charter for LADOC that describes in detail the committee’s responsibilities and its authority to fulfill its oversight role. (F1, F2)
- R4.** The Board should ensure that LADOC receives adequate professional, technical, and administrative support from the District, as well as the authority to carry out its oversight responsibilities. (F2)
- R5.** The District should provide formal training for all LADOC citizen committee members in governance, meeting management, and the Brown Act. (F2)
- R6.** The District should provide formal training about assessment districts to LADOC members and all others involved in the administration of the Assessment District. (F2)
- R7.** The District should record all Board and committee meetings, and post the recordings online for public access. (F3)
- R8.** The District should provide formal training to all Board and committee members and senior staff on how to communicate with the public on contentious issues. (F1, F3)



## Required Response

<i>Respondent</i>	<i>Findings</i>	<i>Recommendations</i>	<i>Respond Within/ Respond By</i>
San Lorenzo Valley Water District Board of Directors	F1 – F3	R1 – R8	90 Days August 29, 2018

## Abbreviations and Definitions

- **CIP:** Capital Improvement Program (also called Capital Improvement Plan)
- **CTV:** Community Television of Santa Cruz County
- **Gantt Chart:** “A Gantt chart is a visual view of tasks scheduled over time.”<sup>[105]</sup>
- **Glyphosate:** “Glyphosate is an herbicide. It is applied to the leaves of plants to kill both broadleaf plants and grasses.”<sup>[106]</sup>
- **LADOC:** Lompico Assessment District Oversight Committee
- **LAFCO:** Local Agency Formation Commission for Santa Cruz County
- **LCWD:** Lompico County Water District
- **Resolution 953-A:** LAFCO resolution (also called the “merger agreement”) approving SLVWD’s annexation of LCWD (also called the “merger”)
- **SCADA:** Supervisory control and data acquisition system
- **SLVWD:** San Lorenzo Valley Water District, also referred to in this report as “the District”

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### **Websites**

Local Agency Formation Commission, Santa Cruz County:

<http://www.santacruzlafco.org/>

San Lorenzo Valley Water District: <http://www.slvwd.com/>



**The 2017–2018 Santa Cruz County Civil Grand Jury  
Requires that the  
San Lorenzo Valley Water District Board of Directors  
Respond to the Findings and Recommendations  
Specified in the Report Titled  
San Lorenzo Valley Water District  
Encouraging the Flow of Information to the Public  
by August 29, 2018**

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When the response is complete, please

1. Email the completed Response Packet as a file attachment to [grandjury@scgrandjury.org](mailto:grandjury@scgrandjury.org), and
2. Print and send a hard copy of the completed Response Packet to

The Honorable Judge John Gallagher  
Santa Cruz Courthouse  
701 Ocean St.  
Santa Cruz, CA 95060

## Instructions for Respondents

California law PC §933.05 (included [below](#)) requires the respondent to a Grand Jury report to comment on each finding and recommendation within a report. Explanations for disagreements and timeframes for further implementation or analysis must be provided. Please follow the format below when preparing the responses.

### **Response Format**

1. For the Findings included in this Response Packet, select one of the following responses and provide the required additional information:
  - a. **AGREE** with the Finding, or
  - b. **PARTIALLY DISAGREE** with the Finding and specify the portion of the Finding that is disputed and include an explanation of the reasons therefor, or
  - c. **DISAGREE** with the Finding and provide an explanation of the reasons therefor.
2. For the Recommendations included in this Response Packet, select one of the following actions and provide the required additional information:
  - a. **HAS BEEN IMPLEMENTED**, with a summary regarding the implemented action, or
  - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE**, with a timeframe or expected date for implementation, or
  - c. **REQUIRES FURTHER ANALYSIS**, with an explanation and the scope and parameters of an analysis or study, and a timeframe for that analysis or study; this timeframe shall not exceed six months from the date of publication of the grand jury report, or
  - d. **WILL NOT BE IMPLEMENTED** because it is not warranted or is not reasonable, with an explanation therefor.

### **Validation**

Date of governing body's response approval: **August 16, 2018**

If you have questions about this response form, please contact the Grand Jury by calling 831-454-2099 or by sending an email to [grandjury@scgrandjury.org](mailto:grandjury@scgrandjury.org).

## Findings

**F1.** The lack of effective communication between the District and the community regarding the administration of the Assessment District has caused public concern regarding the timing and implementation of Assessment District projects.

**AGREE**

**PARTIALLY DISAGREE** – explain the disputed portion

**DISAGREE** – explain why

**Response explanation** (required for a response other than **Agree**):

The San Lorenzo Valley Water District (District) and its Board of Directors (Board) appreciate the work of the Grand Jury and all of the diligence and time invested over the past term. We agree with the finding and believe “lack of effective communication” actually understates the nature of the broader Assessment District No. 16 (AD-16) concerns, which largely center on confusion about the mechanics of the assessment district and unaligned expectations. Much of the confusion relates to the unexpected direction the Lompico County Water District (Lompico) annexation took after the failure of the original attempt to approve a bond to finance it. We agree it is time to clear up the confusion and move forward with a clearer and broader consensus on the workings of AD-16 for the ratepayers in the assessment area.

Our plans to provide effective communications regarding AD-16 going forward are in our responses to R1 and R2. We have added a plan of action addressing the larger issue of AD-16 mechanics in our response to R6.

- F2.** The District has not provided adequate authority, guidance, training, or support to the Lompico Assessment District Oversight Committee (LADOC) to ensure that the committee can fulfill its assessment district oversight responsibilities, thus reducing transparency and accountability to the public.

**AGREE**

**PARTIALLY DISAGREE** – explain the disputed portion

**DISAGREE** – explain why

**Response explanation** (required for a response other than **Agree**):

We appreciate the work of the Grand Jury in highlighting the lack of a detailed Charter for LADOC and the need to provide additional guidance, training, and support to LADOC committee members. In light of the bond/assessment distinction and commonly held misconceptions about assessment districts generally and the specific function of this oversight committee, a one sentence charter for LADOC is clearly insufficient for communicating the responsibilities of LADOC.

A challenge faced by the District in providing more structure for LADOC is the limited availability of precedent for the specific function of this oversight committee. Most of the precedent that is available is for bond oversight, especially school bond oversight, which is governed by detailed requirements set forth in Proposition 39 and the Education Code. Though LADOC originally was conceived of as a bond oversight committee, it is not exactly the same as a bond oversight committee, although many of the same best practices can be adapted or applied.

Our plan and commitment to create a more detailed Charter for LADOC is in our response to R3.

**F3.** Lack of effective District communication practices has reduced public access to the decision-making process, and contributed to acrimony and on-going relationship challenges with the community, causing stress on elected officials and staff, as well as frustration among ratepayers.

**AGREE**

**PARTIALLY DISAGREE** – explain the disputed portion

**DISAGREE** – explain why

**Response explanation** (required for a response other than **Agree**):

We appreciate the work of the Grand Jury and agree with this finding because it highlights an unusual level of acrimony and strained relationships that exist within the District. These issues present significant challenges for all members of the community, including ratepayers, elected officials and staff.

We recognize that a high level of public engagement is desirable in light of public interest and concern regarding the District's activities. Over the past couple of years the District has experimented with a number of ways to try to improve community relations and engagement. These include contracting with Community TV to record regular Board meetings and making these recordings available online. Also, the District switched to action minutes, consistent with best practices, in response to numerous complaints from members of the public resulting from the District's former reliance on detailed meeting minutes.

Not all of the District's efforts to improve communications have been successful. In fact, most efforts have met with mixed reactions. A key challenge is that procedural changes to provide more equal and fair access to all members of the community may be perceived as limiting the participation of others. For example, limiting the time for each speaker at public meetings to three minutes per oral communication period helps to ensure that everyone who wishes to speak gets an equal opportunity to do so. Also, time limitations help prevent meetings from running so long into the night that meaningful attendance becomes prohibitive for some. On the other hand, time limits mean that people who wish to provide more detailed comments or to engage in back and forth dialogue may not have the opportunity to fully engage. There are reasonably held views on both sides of this issue, just as with many other communication challenges. Because of these kinds of challenges, at times the District has vacillated in terms of how best to facilitate communications.

There is no one-size-fits-all solution for these kinds of tensions. The District remains open to new ideas and is willing to experiment and try new things. The ultimate goal shared by all members of the Board is to maximize public engagement in a manner that is workable, legal and fair.

Our plan and commitment to address these issues in a manner that is responsive to the Grand Jury report is in our response to R7 and R8.

## Recommendations

R1. LADOC should produce an annual report detailing the status of Assessment District revenues and expenditures.(F1, F2)

**HAS BEEN IMPLEMENTED** – summarize what has been done

**HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

**REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

**WILL NOT BE IMPLEMENTED** – explain why

### Response explanation, summary, and timeframe:

We are committed to developing a process and format for a LADOC annual report.

The revised Charter and/or new Bylaws for LADOC (see response to R3) will describe the timeframe and process for producing an annual report. The contents of the annual report should be defined jointly by the District and LADOC.

As soon as possible within the next 6 months, staff will help jump start the process of implementing this recommendation by generating a template to help facilitate the first annual report, giving consideration to the California League of Bond Oversight Committees (CaLBOC) best practices for preparation of an annual report regarding school bond oversight. Staff may consider other relevant guidance and samples available from other sources. It will be up to LADOC to develop and write the substantive content of the report. Based on a cursory review of samples, it looks like oversight committee annual reports often have less than 10 substantive pages, such that writing the report need not be an onerous task for LADOC members.

**R2.** The District should schedule annual public study sessions or workshops to review the LADOC annual report and discuss the administration of the Assessment District (AD), in order to provide in depth information to the public about the timing, funding, and execution of AD projects. (F1, F3)

**HAS BEEN IMPLEMENTED** – summarize what has been done

**HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

**REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

**WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

We are committed to scheduling annual workshop-style meetings to review the LADOC annual reports, which will include discussion of current information about the timing, funding, and execution of AD-16 projects.

Upon completion by LADOC of its annual report, the District will make the report available on the LADOC page of the District’s website. Also, the District will schedule a joint meeting of the Board and LADOC for the purpose of having LADOC present its report. The format will include a public-workshop style discussion with Q&A.

We will go further than the Grand Jury’s recommendation by creating high-level project summaries for each discrete AD-16 project. Our goal is to post these summaries on the LADOC web page within the next year. The format and initial content should be reviewed and approved by the Board. The summaries will serve an informational function only. They will not create any new or additional commitments on the part of the District. The summaries will be living documents to be updated periodically as circumstances change.

We will also look into creating a role for designated Board and/or staff members to serve as a liaison with LADOC and its chairperson. The purpose of this new role would be to help improve communications and the flow of information between LADOC and the rest of the District.

We believe it is important to note that comments and questions about the implementation of AD-16 projects, including priority, timeline, bidding and design considerations etc., are within the purview of the Engineering Committee and ultimately the Board. We encourage members of the public to bring these types of issues to the Engineering Committee rather than LADOC.



**R3.** The Board and LADOC should work in concert to create a charter for LADOC that describes in detail the committee’s responsibilities and its authority to fulfill its oversight role. (F1, F2)

**HAS BEEN IMPLEMENTED** – summarize what has been done

**HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

**REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

**WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

We are committed to creating a revised Charter that describes in more detail LADOC’s responsibilities and its authority to fulfill its oversight role.

As soon as possible within the next 6 months we will revise the LADOC Charter to replace its current Charter. A draft will be presented to LADOC for its review and comment and to the Board for approval. The revised Charter will be more specific than the current Charter, keeping in mind that a Charter is intended to be a broad statement of purpose and authority, and the core purpose of a citizens’ oversight committee to advise the public as to whether the assessment district funds are being managed in accordance with law.

We will go further than the Grand Jury’s recommendation by including information in the Charter about LADOC membership, meetings, procedures and functions if such information is not provided by other documents such as the Board Manual or new LADOC Bylaws.

**R4.** The Board should ensure that LADOC receives adequate professional, technical, and administrative support from the District, as well as the authority to carry out its oversight responsibilities. (F2)

**HAS BEEN IMPLEMENTED** – summarize what has been done

**HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

**REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

**WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

Our plan and commitment is described under R3 to produce a revised Charter as soon as possible within the next 6 months that defines the authority of LADOC to carry out its oversight responsibilities.

We are committed to making adequate professional, technical and administrative support available to LADOC from the District. The bond/assessment distinction presents a challenge because many of the professional resources that exist for bond oversight do not translate perfectly to non-bond assessment oversight. We believe the District has professional expertise up to the task of locating appropriate resources, adapting existing resources, or creating new materials as necessary.

**R5.** The District should provide formal training for all LADOC citizen committee members in governance, meeting management, and the Brown Act. (F2)

**HAS BEEN IMPLEMENTED** – summarize what has been done

**HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

**REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

**WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

We are committed to improving the training regimen for Board members and creating one for public members of committees including LADOC.

As soon as possible within the next 6 months, we will make governance, meeting management, and Brown Act training available to all members of the Board and the District’s public committee members. Within a year, we will evaluate and select a means of making such training available on a recurring or ongoing basis. For example, staff may consider creating tailored training materials for in-house use and reproduction versus hiring consultants and/or procuring online subscriptions, etc.

We will go further than the Grand Jury’s recommendation by including government ethics training for public members of committees as part of the training regimen. Ethics training already is a required and made available for Board members.

**R6.** The District should provide formal training about assessment districts to LADOC members and all others involved in the administration of the Assessment District.  
(F2)

**HAS BEEN IMPLEMENTED** – summarize what has been done

**HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

**REQUIRES FURTHER ANALYSIS** – explain scope and timeframe  
(not to exceed six months)

**WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

Our plan and commitment is described under R5 to make training on key topics available to all Board and public committee members, including LADOC members. For Board and LADOC members, we will have additional training about assessment districts.

The bond/assessment distinction presents a challenge because the formal training that exists for bond oversight does not translate perfectly for non-bond assessment district oversight. We believe the District has professional expertise up to the task of locating or adapting existing training, or creating new materials as necessary.

We will go further than the Grand Jury’s recommendation by coming up with a mechanism for posing questions about, e.g., the implications of changes to AD-16 projects, and addressing them.

R7. The District should record all Board and committee meetings, and post the recordings online for public access. (F3)

**HAS BEEN IMPLEMENTED** – summarize what has been done

**HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

**REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)

**WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

We recognize that interested members of the public cannot always attend Board and committee meetings. Accordingly, we are committed to going above and beyond open meeting requirements by recording all Board and committee meetings and posting the recordings online to maximize public access.

As indicated in the Grand Jury report, the District has been experimenting with a technology solution that embeds links to audio recordings of public meetings into the action minutes. This is an elegant solution that couples the clarity of action minutes with detailed information about what was said during the proceedings. Notwithstanding some technical difficulties encountered by the District in rolling out this new technology, it is very close to being implemented. We believe that this can be done within 6 months to a year.

- R8.** The District should provide formal training to all Board and committee members and senior staff on how to communicate with the public on contentious issues.  
(F1, F3)

**HAS BEEN IMPLEMENTED** – summarize what has been done

**HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe

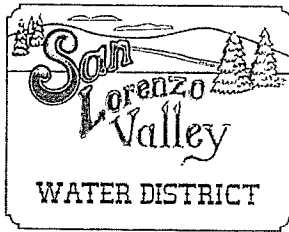
**REQUIRES FURTHER ANALYSIS** – explain scope and timeframe  
(not to exceed six months)

**WILL NOT BE IMPLEMENTED** – explain why

**Response explanation, summary, and timeframe:**

Our plan and commitment is described under R5 and R6 to make training on key topics available to all Board and public committee members. For all Board and committee members and senior staff, we will add training on how to communicate with the public on contentious issues.

A challenge is that the District has previously expressed interest in this type of training but did not locate appropriate resources. With additional effort, we believe that something can be located or adapted for this purpose. Ideally the training would be provided by someone familiar with the local community.



## SAN LORENZO VALLEY WATER DISTRICT

13060 Highway 9 • Boulder Creek, CA 95006-9119

Office (831) 338-2153 • Fax (831) 338-7986

Website: [www.slvwd.com](http://www.slvwd.com)

June 6, 2019

Ms. Peggy Flynn, Foreperson  
 2018-19 Santa Cruz County Grand Jury  
 701 Ocean Street, Room 318-I  
 Santa Cruz, CA 95060  
 Email: [grandjury@scgrandjury.org](mailto:grandjury@scgrandjury.org)

Re: Response to Follow-Up Correspondence from Santa Cruz County Grand Jury,  
 dated April 18, 2019

Dear Ms. Flynn:

The Board of Directors ("Board") of the San Lorenzo Valley Water District ("SLVWD" or "District") is in receipt of your correspondence dated April 18, 2019, which seeks follow-up information about actions taken in response to each of the eight recommendations set forth in the 2017-18 Grand Jury's report entitled, "*Encouraging the Flow of Information to the Public.*" Each recommendation is copied below along with a corresponding status update regarding its implementation.

R1 - Grand Jury Recommendation.

LADOC [short for "Lompico Assessment District Oversight Committee"] should produce an annual report detailing the status of Assessment District revenues and expenditures.

R1 - Status Update.

The LADOC Charter written and adopted by LADOC and approved by the Board on March 21, 2019, establishes a format for the LADOC annual report and states that the report will be completed "as soon as possible after June 30 of each year, presented using preliminary financial data." Thus, the first annual report is anticipated to be completed sometime between June 30 and the end of calendar year 2019. Subsequent annual reports are anticipated to be completed sometime between June 30 and the end of each calendar year.

R2 - Grand Jury Recommendation.

The District should schedule annual public study sessions or workshops to review the LADOC annual report and discuss the administration of the Assessment District (AD), in order to provide in depth information to the public about the timing, funding, and execution of AD projects.

R2 - Status Update.

The District remains committed to scheduling annual workshop-style meetings to review the LADOC annual report following its release. As described above, the first LADOC annual report

is anticipated to be completed sometime between June 30 and the end of calendar year 2019, and the first such workshop-style meeting will follow its release.

R3 - Grand Jury Recommendation.

The Board and LADOC should work in concert to create a charter for LADOC that describes in detail the committee's responsibilities and its authority to fulfill its oversight role.

R3 - Status Update.

As stated above, the LADOC Charter was written and adopted by LADOC and approved by the Board on March 21, 2019. A copy of the LADOC Charter is enclosed with this letter.

R4 - Grand Jury Recommendation.

The Board should ensure that LADOC receives adequate professional, technical, and administrative support from the District, as well as the authority to carry out its oversight responsibilities.

R4 - Status Update.

The LADOC Charter confirms the scope of LADOC's authority and the professional, technical, and administrative support to be provided by the District.

R5 - Grand Jury Recommendation.

The District should provide formal training for all LADOC citizen committee members in governance, meeting management, and the Brown Act.

R5 - Status Update.

The LADOC Charter confirms the District's commitment to provide training to LADOC members on topic including Brown Act, Roberts Rules of Order, Conflict of Interest, and any other training as deemed useful and requested by the Committee. The first such training was offered on January 23, 2019, on Brown Act and Ethics, presented by the Chief Risk Officer of the Special District Risk Management Authority.

R6 - Grand Jury Recommendation.

The District should provide formal training about assessment districts to LADOC members and all others involved in the administration of the Assessment District.

R6 - Status Update.

The LADOC Charter confirms the District's commitment to provide training to LADOC members regarding assessment district procedures upon LADOC's request. The LADOC Chairperson has stated that LADOC will agendize the matter of making such a request for discussion and possible action at LADOC's next committee meeting.

R7 - Grand Jury Recommendation.

The District should record all Board and committee meetings, and post the recordings online for public access.

R7 - Status Update.

The District continues to work with Community Television to videotape its regular Board meetings and to make the videos available online to the public. In January 2019 the Board adopted a revised Policy Manual which increases the number of regular Board meetings from one to two per month. This increased number of regular Board meetings reduces the need for special meetings that generally are not videotaped. (Committee meetings are not videotaped



due to resource constraints.) The revised Board Policy Manual also calls for summary minutes rather than action minutes for all public meetings, and such summary minutes provide more information to members of the public not in attendance. The revised Board Policy Manual and examples of minutes in the new format are attached. Also, the District continues to experiment with technology that embeds links to audio recordings of meetings into the minutes.

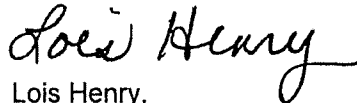
R8 - Grand Jury Recommendation.

The District should provide formal training to all Board and committee members and senior staff on how to communicate with the public on contentious issues.

R8 - Status Update.

The District remains committed to provide training on how to communicate with the public on contentious issues to all Board and Committee members and senior staff. The District has been made aware of potential training resources on this topic, including Jen Davis-Turner consulting, and welcomes any additional suggestions. The District intends to provide such training by the end of this year.

Sincerely,



Lois Henry,  
President, SLVWD Board of Directors

cc: Bob Fultz, Vice President, SLVWD Board of Directors  
Lew Farris, SLVWD Board of Directors  
Bill Smallman, SLVWD Board of Directors  
Steve Swan, SLVWD Board of Directors  
Rick Rogers, District Manager  
Gina Nicholls, District Counsel

Enclosures:

Enclosure A - LADOC Charter  
Enclosure B - Board Policy Manual  
Enclosure C - Meeting Minutes & Agendas