



BOARD OF DIRECTORS  
SAN LORENZO VALLEY WATER DISTRICT  
AGENDA  
October 20, 2016

**MISSION STATEMENT:** Our Mission is to provide our customers and future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding service and community relations; to manage and protect the environmental health of the aquifers and watersheds; and to ensure the fiscal vitality of the San Lorenzo Valley Water District.

Notice is hereby given that a regular meeting of the Board of Directors of the San Lorenzo Valley Water District will be held on **Thursday, October 20, 2016 at 6:00 p.m.**, at the Operations Building, 13057 Highway 9, Boulder Creek, California.

*In compliance with the requirements of Title II of the American Disabilities Act of 1990, the San Lorenzo Valley Water District requests 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 Secretary's Office at (831) 430-4636 a minimum of 72 hours prior to the scheduled meeting.*

*Agenda documents, including materials related to an item on this agenda submitted to the Board of Directors 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 are also 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.*

1. Convene Meeting/Roll Call

2. Additions and Deletions to Agenda:

*Additions to the Agenda, if any, may only be made in accordance with California Government Code Section 54954.2 (Ralph M. Brown Act) which includes, but is not limited to, additions for which the need to take action is declared to have arisen after the agenda was posted, as determined by a two-thirds vote of the Board of Directors (or if less than two-thirds of the members are present, a unanimous vote of those members present).*

3. Oral Communications:

*This portion of the agenda is reserved for Oral Communications by the public for items which are on the Closed Session portion of the Agenda. Any person may address the Board of Directors at this time, on Closed Session items. Normally, presentations must not exceed three (3) minutes in length, and individuals may only speak once during Oral Communications. No actions may be taken by the Board of Directors on any Oral Communications presented; however, the Board of Directors may request that the matter be placed on a future agenda. Please state your name and town/city of residence at the beginning of your statement for the record.*

4. Adjournment to Closed Session:  
*At any time during the regular session, the Board may adjourn to Closed Session in compliance with, and as authorized by, California Government Code Section 54956.9 and Brown Act, Government Code Section 54950. Members of the public will be given the opportunity to address any scheduled item prior to adjourning to closed session.*
  - a. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION  
Government Code Section 54956.9(d)(1)  
Case Number CV180394-Bruce Holloway, Plaintiff, v. Terry Vierra; San Lorenzo Valley Water District; Showcase Realty Agents, Inc.; Gregory Dildine; Edwige Dildine; and Does 1 to 25, Defendants.
  - b. CONFERENCE WITH LABOR NEGOTIATORS  
Government Code Section 54957.6  
Agency designated representative: Brian Lee  
Employee Organizations: Classified Employees Unit and Management, Advisory and Confidential Employees Unit
  - c. CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION  
Paragraph (1) of subdivision (d) of Government Code Section 54956.9  
Name of Case: Charlene DeBert v. SLVWD
5. Convene to Open Session at 7:00 p.m. (time certain)
6. Report of Actions Taken
7. Additions and Deletions to Agenda:  
*Additions to the Agenda, if any, may only be made in accordance with California Government Code Section 54954.2 (Ralph M. Brown Act) which includes, but is not limited to, additions for which the need to take action is declared to have arisen after the agenda was posted, as determined by a two-thirds vote of the Board of Directors (or if less than two-thirds of the members are present, a unanimous vote of those members present).*
8. 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 Board of Directors at this time, on any subject that lies within the jurisdiction of the District. Normally, presentations must not exceed three (3) 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.*
9. Written Communications: None

10. 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 Board member may request that an item be withdrawn from the Consent Agenda for separate discussion.*

- a. MINUTES OF THE BOARD OF DIRECTORS MEETING FROM SEPTEMBER 15, 2016  
Consideration and possible action by the Board to approve minutes for the September 15, 2016 Board of Directors meeting.
- b. BILL LIST FOR PERIOD ENDING OCTOBER 6, 2016  
Consideration and possible action by the Board to approve the Bill List for the period ending October 6, 2016.
- c. FINANCIAL SUMMARY FOR PERIOD ENDING 8/31/16  
Consideration and possible action by the Board regarding the Financial Summary for period ending 8/31/16.
- d. LEAK ADJUSTMENT REPORT - FIRST QUARTER 2016/17  
Consideration and possible action by the Board regarding the Leak Adjustment Report - 1<sup>st</sup> Quarter 2016/17.
- e. CONFLICT OF INTEREST CODE  
Discussion and possible action by the Board regarding the Conflict of Interest Code.

11. Unfinished Business: None

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

12. New Business:

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

- a. LOMPICO MERGER AGREEMENT-RESOLUTION NO. 31 (13-14)  
Discussion and possible action by the Board regarding the Lompico Merger Agreement-Resolution No. 31 (13-14).

13. District Manager Reports:

*Information reports by the District Manager, Staff, Committee and Board of Directors.*

a. MANAGER

- (1) Department Status Reports

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

- (i) Q & A from prior Board Meetings
- (ii) Finance
- (iii) Operations

b. COMMITTEE/DIRECTOR REPORTS:

- (1) Future Committee Agenda Items
- (2) Committee Meeting Notes

14. Informational Material:

- a. Intertie #2 - Santa Cruz Sentinel 10.4.16

15. Adjournment

**Certification of Posting**

I hereby certify that on October 14, 2016 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 Board of Directors of the San Lorenzo Valley Water District (Government Code Section 54954.2).

Executed at Boulder Creek, California on October 14, 2016

\_\_\_\_\_  
Holly B. Morrison, Dist. Secretary  
San Lorenzo Valley Water Dist.

**SAN LORENZO VALLEY WATER DISTRICT  
BOARD MEETING MINUTES**

September 15, 2016

6:00 p.m.

**CONVENE MEETING/ROLL CALL:**

President Brown convened the meeting at 6:00 p.m.

Drs. Hammer, Baughman and Ratcliffe were present. District Manager Lee and Legal Counsel Armento were also present.

The Board voted 4 - 0 in favor of excusing the absence of Director Bruce.

**ORAL COMMUNICATION:** None

**ADJOURNMENT TO CLOSED SESSION:**

President Brown adjourned to closed session at 6:02 p.m.

**RECONVENE TO OPEN SESSION:**

Pres. Brown reconvened the meeting to open session at 7:00 p.m.

**REPORT ACTIONS TAKEN IN CLOSED SESSION:** None

**ADDITIONS AND DELETIONS TO AGENDA:**

District Manager Lee requested that the Board move item 13b in front of 10a.

**ORAL COMMUNICATIONS:**

Debra Loewen, Lompico, addressed the Board regarding what she believes are holes in the knowledge of the Board regarding the Lompico surcharge.

Director Ratcliffe noted that the item is not agendized.

Director Baughman thanked her for her presentation of information.

Ed Freck, Felton, SLVWD customer, addressed the Board to say that he also thought the Lompico surcharge should be reduced.

Lois Henry, Lompico, addressed the Board to say that the previous Board recognized that there would be unexpected costs with the Lompico merger.

Dir. Ratcliffe made the point that the Board is prohibited from discussing anything that is not agendized.

Pres. Brown said that he would like to agendize this item for a future Board of Directors meeting.

**WRITTEN COMMUNICATION:**

Pres. Brown noted that the letter from Debra Loewen is in the written communication.

**DISTRICT MANAGER REPORTS:**

Toni Norton, chair of the Lompico Oversight Committee, shared information from the first meeting of the Lompico Oversight Committee. Lydia Hammack is vice chair. DM Lee officiated the meeting and they went over the basic information and rules for running a committee. They will hold their next meeting on October 6, 2016 at 8:00 am.

**CONSENT AGENDA:**

DM Lee requested that item 10f be removed from the Consent Agenda. The actual Conflict of Interest Code was not included in the Board packet so he would like to bring it back at another BoD meeting.

- 10a MINUTES FROM SEPTEMBER 1, 2016 BoD
- 10b BILL LIST FOR PERIOD ENDING SEPTEMBER 15, 2016
- 10c FINANCIAL SUMMARY FOR PERIOD ENDING JULY 31, 2016
- 10d PAST DUE POLICY - RULES & REGULATIONS
- 10e RATES AND CHARGES

**ROLL CALL:**

Ayes: Hammer, Baughman, Ratcliffe, Brown  
Noes:  
Abstain:  
Absent: Bruce

**UNFINISHED BUSINESS:**

- 11a CANCELLATION OF REGULARLY SCHEDULED BoD MEETING ON OCTOBER 6, 2016

DM Lee would like to change the staff recommendation to cancel the October 6, 2016 regular BoD meeting to a Special Meeting and to have just a single item, the inaugural presentation of the Fall Creek video produced by Roberta and Fred McPherson.

Dir. Baughman noted that there is symposium that he would like to attend that day.

Dir. Ratcliffe said that the symposium is not in conflict, it is over by 5:00 pm.

DM Lee said that there will not be a Close Session item on the agenda. It will be a single item Special meeting.

Bruce Holloway, Boulder Creek, asked if the October 13, 2016 Special meeting will include CTV.

Pres. Brown explained that we will be guests at that meeting and that it is up to Scotts Valley Water District.

**NEW BUSINESS:**

**12a SANTA CRUZ INTERGRATED REGIONAL WATER MANAGEMENT PLAN**

DM Lee explained that the IRWMP is a regional effort to go after grants and funding and for Santa Cruz to speak as a singular voice for water management. The District has not been a signatory due to the lack of an UWMP. Staff strongly recommends that we join the group. There is a cost associated with the joining, \$10,000 annual management fee.

Dir. Hammer made a motion to approve the \$10,000 fee to join the IRWMP.

Dir. Baughman said that he thinks it's a great idea.

Mark Lee, Ben Lomond, suggested that the District not approve this and allow more public review. He's concerned that others will get our water.

Bruce Holloway, Boulder Creek, said that he thinks that the District should have a place at the IRWMP table.

Dir. Ratcliffe noted past projects by the IRWMP.

**ROLL CALL:**

Ayes: Baughman, Brown, Ratcliffe, Hammer

Noes:

Abstain:

Absent: Bruce

**12b DRAFT GROUNDWATER SUSTAINABILITY AGENCY JOINT POWERS  
AUTHORITY REVIEW**

DM Lee explained the item. Final JPA should be available in November. There will be 3 inner seats, SLVWD, SVWD and the County, two from each agency. The County may not want 2 seats. Each agency will have veto control all decisions must be unanimous. There will also be an outer circle consisting of Mt. Hermon, City of Scotts Valley and well owners.

Dir. Baughman explained the discussion at the committee regarding the inner and outer members.

Dir. Hammer said that he thinks that well owners should have a say. He would like to stay with the \$50,000 not \$100,000.

Pres. Brown questioned if there should be a public hearing before forming the JPA.

Mark Lee, Ben Lomond, addressed the Board to say that there should be open discussion on the process.

Bruce Holloway, Boulder Creek, said that the Library formed a JPA but it didn't work. He is confused about the inner & outer ring and the 3<sup>rd</sup> tier. He also said that he thinks that Board members picking their own Board members is a terrible policy, they should be picking representative members. He also took issue with the 4 year term. He voiced his opinion on allowing the City of Santa Cruz and the City of Scotts Valley into the JPA.

DM Lee clarified that there are members and then there are Board of Directors. The Mid-County JPA is forging the trail for this process.

Beth Hollenbeck, Felton, would like to see the public being able to weigh-in.

#### 12c GIS/CAD TECHNICIAN JOB DESCRIPTION

DM Lee explained the item. Staff is recommending that the Board eliminate the Engineer/GIS Manager position and replace it with the GIS/CAD Tech. Specialist. The District is urgently in need of this position.

Dir. Ratcliffe said that she thinks this is appropriate.

Dir. Hammer questioned the funding for the position.

DM Lee said that the Eng. Mgr. in the budget.

Dir. Hammer made a motion to approve.

#### ROLL CALL:

Ayes: Baughman, Brown, Ratcliffe, Hammer

Noes:

Abstain:

Absent: Bruce

#### 12d ELECTRICIAN I & II JOB DESCRIPTION

DM Lee explained this item. It was very hard to fill the previously approved Electrician position. Experience was not equal to the current electrician. This is a way to recognize the experience and expertise of the current electrician on staff.

Pres. Brown noted that this plays into succession planning.

Dir. Hammer made a motion to approve.

#### ROLL CALL:

Ayes: Baughman, Brown, Ratcliffe, Hammer

Noes:

Abstain:

Absent: Bruce



**DISTRICT MANAGER REPORTS (cont.):**

DM Lee announced that there will be a ribbon cutting ceremony for Intertie #2 on September 28<sup>th</sup> (time to be determined).

**Finance**

DM Lee shared highlights from the status report.

Pres. Brown noted the consequences of a main break on the Customer Service department.

**Operations**

Pres. Brown noted that Lompico is still receiving a lot of water. He also questioned the earthquake readiness of the Lompico storage tank.

DM Lee said that will stay the case until the water contamination in Lompico is taken care of. Responded that there is budget for upgrading Lompico equipment.

**INFORMATIONAL MATERIAL:**

No comments

**ADJOURNMENT:**

President Brown adjourned the meeting at 8:42 p.m.

**Accounts Payable**  
**Outstanding Invoices**

User: KendraNegro  
Printed: 10/6/2016 - 1:22 PM  
Date Type: JE Date  
Date Range: 09/09/2016 to 10/06/2016

**BILL LIST SUMMARY**  
Check Register Total : \$399,833.55  
AP Outstanding Total: \$39,392.65  
Payroll 9/14: \$91,807.50  
Payroll 9/28: \$98,393.75  
**TOTAL FOR APPROVAL: \$629,427.45**



13060 Highway 9  
Boulder Creek, CA 95006-9119  
(831) 338-2153 phone  
(831) 338-7986 fax

<b>Vendor</b>						
<b>Account Number</b>	<b>JE Date</b>	<b>Invoice Date</b>	<b>Invoice No</b>	<b>Journal Entry</b>	<b>Amount</b>	<b>Description</b>
00047 - SOIL CONTROL LAB						
01-800-5202	10/5/2016	9/30/2016	6090903	00021-04-2017	145.00	GENERAL PHYSICAL
Task Label:		Type:	PO Number:	0000100704		
Total for Vendor 00047 - SOIL CONTROL LAB:					145.00	
00058 - IHWY, INC.						
01-100-5200	10/5/2016	10/1/2016	12206	00021-04-2017	25.00	BUSINESS HOSTING
Task Label:		Type:	PO Number:	0000100733		
Total for Vendor 00058 - IHWY, INC.:					25.00	
00080 - GRANITE CONSTRUCTION CO						
01-400-5300	10/5/2016	9/21/2016	1054414	00021-04-2017	185.11	HOT MIX., AGG BASE
Total for Vendor 00080 - GRANITE CONSTRUCTION CO:					185.11	
00171 - SCOTTS VALLEY WATER DISTRICT						
01-100-5200	10/5/2016	9/30/2016	32	00021-04-2017	1,196.81	HYDROMETRICS INV 2016183_SANTA MARGARITA BOUNDARY REVISION
Total for Vendor 00171 - SCOTTS VALLEY WATER DISTRICT:					1,196.81	
00234 - CITY OF SCOTTS VALLEY						
01-800-5300	10/5/2016	9/28/2016	092816	00021-04-2017	79.00	SEWER CHARGES_07/15/16 - 09/15/16
Total for Vendor 00234 - CITY OF SCOTTS VALLEY:					79.00	
00263 - RAYNE WATER CONDITIONING						
01-800-5200	10/5/2016	9/30/2016	093016	00021-04-2017	31.75	WATER CONDITIONER SVC
Task Label:		Type:	PO Number:	0000100703		
Total for Vendor 00263 - RAYNE WATER CONDITIONING:					31.75	

**Vendor**

Account Number	JE Date	Invoice Date	Invoice No	Journal Entry	Amount	Description
00342 - BRASS KEY LOCKSMITH						
01-400-5300	10/5/2016	9/30/2016	946325	00021-04-2017	393.51	DITRICT LOCKS_VARIOUS LOCATIONS
Total for Vendor 00342 - BRASS KEY LOCKSMITH:					393.51	
00365 - FREITAS + FREITAS						
01-100-5200	10/5/2016	9/30/2016	16009	00021-04-2017	2,684.52	LOMPICO/CREEKWOOD MAIN REPLACEMENT
Task Label: CAP-1516009A		Type: S	PO Number:			
Total for Vendor 00365 - FREITAS + FREITAS:					2,684.52	
00450 - EUROFINS EATON ANALYTICAL, INC						
01-800-5202	10/5/2016	10/3/2016	284638	00021-04-2017	605.00	LOMPICO CREEK WATER ANALYSIS
Task Label: EXP-1516004A		Type: E	PO Number: 0000100701			
01-800-5202	10/5/2016	10/4/2016	284875	00021-04-2017	60.00	ARSENIC TOTALS_PASO, BOB'S LN
Task Label:		Type:	PO Number: 0000100701			
Total for Vendor 00450 - EUROFINS EATON ANALYTICAL, INC:					665.00	
00550 - HACH COMPANY						
01-800-5300	10/5/2016	9/21/2016	10118110	00021-04-2017	85.80	WTP SUPPLIES
Task Label:		Type:	PO Number: 0000100702			
Total for Vendor 00550 - HACH COMPANY:					85.80	
00599 - WEX BANK						
01-800-5410	10/5/2016	9/30/2016	47063143	00021-04-2017	1,365.86	FUEL_WTP
01-400-5410	10/5/2016	9/30/2016	47063143	00021-04-2017	2,908.44	FUEL_OPS
Total for Vendor 00599 - WEX BANK:					4,274.30	
00711 - ROBERTS & BRUNE CO.						
01-400-5300	10/5/2016	9/30/2016	S1593263.001	00021-04-2017	588.25	MATCO FLG SWING CHECK VALVE
Task Label:		Type:	PO Number: 0000100785			
01-400-5300	10/5/2016	9/30/2016	S1597222.002	00021-04-2017	695.61	MATCO FLG SWING CHECK VALVE
Total for Vendor 00711 - ROBERTS & BRUNE CO.:					1,283.86	
00721 - UNITED SITE SVCS.,INC						
01-400-5200	10/5/2016	9/19/2016	4465015	00021-04-2017	157.18	PORTO-TOILET
Task Label:		Type:	PO Number: 0000100697			
Total for Vendor 00721 - UNITED SITE SVCS.,INC:					157.18	

**Vendor**

Account Number	JE Date	Invoice Date	Invoice No	Journal Entry	Amount	Description
<b>00750 - FEDAK &amp; BROWN, LLP</b>						
01-200-5201	10/5/2016	9/30/2016	093016	00021-04-2017	8,000.00	AUDIT SERVICES_SEPT 2016_LOMPICO
Task Label: EXP-1516004A		Type: E	PO Number:			
01-200-5201	10/5/2016	9/30/2016	93016	00021-04-2017	5,000.00	AUDIT SERVICES_SEPT 2016_SLVWD
<b>Total for Vendor 00750 - FEDAK &amp; BROWN, LLP:</b>					<b>13,000.00</b>	
<b>00953 - THE HOSE SHOP</b>						
01-800-5300	10/5/2016	9/26/2016	391081	00021-04-2017	25.08	MISC WTP PARTS
<b>Total for Vendor 00953 - THE HOSE SHOP:</b>					<b>25.08</b>	
<b>10067 - NBS</b>						
01-100-5200	10/5/2016	9/13/2016	916000003	00021-04-2017	1,250.00	ADMIN CONSULTING SERVICES
Task Label: EXP-1516003A		Type: E	PO Number:			
01-100-5200	10/5/2016	9/20/2016	916000135	00021-04-2017	770.93	QUARTERLY ADMIN FEES 10/1-12/31/16
Task Label: EXP-1516003A		Type: E	PO Number:			
01-100-5200	10/5/2016	9/20/2016	916000135	00021-04-2017	1,156.42	QUARTERLY ADMIN FEES 10/1-12/31/16
Task Label: EXP-1516004A		Type: E	PO Number:			
01-100-5200	10/5/2016	9/28/2016	916000345	00021-04-2017	5,580.00	CONSULTING SERVICES THROUGH 9/30/16
Task Label: EXP-1516002A		Type: E	PO Number:			
<b>Total for Vendor 10067 - NBS:</b>					<b>8,757.35</b>	
<b>10094 - YSI INCORPORATED, A XYLEM BRAND</b>						
02-600-5300	10/5/2016	9/26/2016	660959	00021-04-2017	290.72	PRO SERIES DO CABLE
Task Label:		Type:	PO Number:	0000100784		
02-600-5300	10/5/2016	9/26/2016	660959	00021-04-2017	197.47	PRO SERIES DO SENSOR4
Task Label:		Type:	PO Number:	0000100784		
02-600-5300	10/5/2016	9/26/2016	660959	00021-04-2017	127.26	ECO-SENSE PH PEN TESTER
Task Label:		Type:	PO Number:	0000100784		
02-600-5300	10/5/2016	9/26/2016	660959	00021-04-2017	614.36	PRO 20 DUSSIKVED 02 METER
Task Label:		Type:	PO Number:	0000100784		
<b>Total for Vendor 10094 - YSI INCORPORATED, A XYLEM BRAND:</b>					<b>1,229.81</b>	
<b>10097 - JOSEPH BEASLEY</b>						
01-400-5300	10/5/2016	9/28/2016	092816	00021-04-2017	1,350.00	HAUL OUT CHARGES
<b>Total for Vendor 10097 - JOSEPH BEASLEY:</b>					<b>1,350.00</b>	
<b>10099 - DAWN WASHBURN</b>						
01-100-5200	10/5/2016	9/29/2016	0000001	00021-04-2017	3,823.57	DRAFT, PRINT EMPLOYEE HANDBOOK

Vendor	Account Number	JE Date	Invoice Date	Invoice No	Journal Entry	Amount	Description
Total for Vendor 10099 - DAWN WASHBURN:						3,823.57	
Report Total:						39,392.65	

# Accounts Payable

## Checks by Date - Detail by Check Number

User: KendraNegro  
Printed: 10/6/2016 1:21 PM



13060 Highway 9  
Boulder Creek, CA 95006-9119  
(831) 338-2153 phone  
(831) 338-7986 fax

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
11733	10023 2995070	AT & T CAPITAL SERVICES, INC V2 SYSTEM MAINTENANCE	09/13/2016		396.07
				Total for Check Number 11733:	0.00 396.07
11734	UB*00170	WILLIAM CODIGA Refund Check	09/13/2016		37.50
				Total for Check Number 11734:	0.00 37.50
11735	00444 082616 082616	COSTCO-CAPITAL ONE COMMERCIAL OFFICE SUPPLIES_ADMIN OFFICE SUPPLIES_FINANCE	09/13/2016		122.51 73.60
				Total for Check Number 11735:	0.00 196.11
11736	10005 102220731	ICMA RETIREMENT C/O M & T RETIRI RETIREMENT WITHHOLDING	09/13/2016		1,635.00
				Total for Check Number 11736:	0.00 1,635.00
11737	00054 082816 082816 082816 082816 082916 82916	PACIFIC GAS & ELECTRIC GAS/ELECTRIC CHARGES_BCEWW GAS/ELECTRIC CHARGES_WT GAS/ELECTRIC CHARGES_ADMIN GAS/ELECTRIC CHARGES_OPS ELECTRIC CHARGES_19 SUMMIT AVE ELECTRIC CHARGES_1150 REBECCA DR	09/13/2016		263.64 26,527.30 978.07 8,451.84 742.39 57.20
				Total for Check Number 11737:	0.00 37,020.44
11738	00044 083016 083016 083016	STAPLES OFFICE SUPPLIES_ADMIN OFFICE SUPPLIES_WTP OFFICE SUPPLIES_FINANCE	09/13/2016		348.01 184.24 182.07
				Total for Check Number 11738:	0.00 714.32
11739	00065 11286	T & P SALES COUPLING GASKETS 3/4" X 1/16"	09/13/2016		246.05
				Total for Check Number 11739:	0.00 246.05
11740	00362 ACC23923 ACC24063 ACC24063 ACC24225 ACC24225	ACCELA, INC #774375 10% FINAL MILESTONE SERVICES # OF ACTIVE ACCOUNTS WEB PAYMENT TRANSACTION FEES # OF ACTIVE ACCOUNTS WEB PAYMENT TRANSACTION FEES	09/16/2016		10,806.00 185.00 1,879.00 185.00 1,887.00

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
			Total for Check Number 11740:	0.00	14,942.00
11741	00785 SLVWD-OLY-12	REGIONAL WATER MANAGEMENT SERVICES RENDERED 2/1/15 - 6/30/16	09/16/2016		2,330.70
			Total for Check Number 11741:	0.00	2,330.70
11742	00183 54298	SDRMA WORKER'S COMP_7/1/15 - 6/30/16_LOMPIC	09/16/2016		13,206.20
			Total for Check Number 11742:	0.00	13,206.20
11743	10095 1 1	CHRIS ST. GERMAIN ACCOUNTING_LCWD FYE 6/30/15 ACCOUNTING_LCWD FYE 6/30/16	09/16/2016		461.25 888.75
			Total for Check Number 11743:	0.00	1,350.00
11744	00362 22430	ACCELA, INC #774375 CONTRACT MAINTENANCE_ ALL DEPART	09/16/2016 VOID	21,357.00	
			Total for Check Number 11744:	21,357.00	0.00
11745	00589 7203	ALLARD'S SEPTIC HOLDING TANK/HAUL AWAY_KIRBY	09/16/2016		300.00
			Total for Check Number 11745:	0.00	300.00
11746	00729 6090979	ALPHA ANALYTICAL LABS BCEWW MONITORING	09/16/2016		390.00
			Total for Check Number 11746:	0.00	390.00
11747	10025 80008170	BADGER METER, INC ORION CELLULAR SERVICE	09/16/2016		463.69
			Total for Check Number 11747:	0.00	463.69
11748	00609 216018-0816	BALANCE HYDROLOGICS, INC STREAM GAGING THROUGH AUGUST 2016	09/16/2016		8,763.10
			Total for Check Number 11748:	0.00	8,763.10
11749	00145 306145	BATTERIES PLUS BATTERIES FOR UPS	09/16/2016		73.93
			Total for Check Number 11749:	0.00	73.93
11750	00342 945087	BRASS KEY LOCKSMITH RE-KEY 12788 HWY 9	09/16/2016		161.80
			Total for Check Number 11750:	0.00	161.80
11751	00137 81261 81277	BRINK'S TROPHY SHOPPE NAME PLATES_LOMPICO OVERSIGHT CO DESK PLATE HOLDERS_LOMPICO OVERSI	09/16/2016		78.84 64.37
			Total for Check Number 11751:	0.00	143.21
11752	00273 81719517 81719517	CORELOGIC, INC. REALQUEST_FINANCE REALQUEST_ENG	09/16/2016		93.75 93.75

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
			Total for Check Number 11752:	0.00	187.50
11753	00037 082216	COUNTY OF SANTA CRUZ BUILDING MAINTENANCE_LOMPICO	09/16/2016		20.00
			Total for Check Number 11753:	0.00	20.00
11754	00076 670256	ERNIE'S AUTO CENTER MIRROR_V#309	09/16/2016		68.89
			Total for Check Number 11754:	0.00	68.89
11755	00343 53802 53874	ERNIE'S SERVICE CENTER OIL CHANGE_v#249 STARTER, OIL CHANGE	09/16/2016		65.96 440.16
			Total for Check Number 11755:	0.00	506.12
11756	00450 278785 278786 279035 279041 279046 279669 279701	EUROFINS EATON ANALYTICAL, INC WATER ANALYSIS_OLY 2,3 WATER ANALYSIS WATER ANALYSIS_VARIOUS LOCATIONS WATER ANALYSIS_VIEW CIRCLE, 7301 HW WATER ANALYSIS_235 MIRAFLORES WATER ANALYSIS_SWEETWATER, CLEAR WATER ANALYSIS_FALL CREEK, BULL CR	09/16/2016		30.00 15.00 800.00 400.00 200.00 400.00 300.00
			Total for Check Number 11756:	0.00	2,145.00
11757	00118 64198449	FARMER BROTHERS COFFEE COFFEE & SUPPLIES	09/16/2016		72.55
			Total for Check Number 11757:	0.00	72.55
11758	00204 55838 55838	FEDERAL EXPRESS CORP SHIPPING SERVICE SHIPPING SERVICE	09/16/2016		41.98 71.50
			Total for Check Number 11758:	0.00	113.48
11759	00329 9201946314	GRAINGER WTP SUPPLIES_SOAP, FOLDING STEP	09/16/2016		403.36
			Total for Check Number 11759:	0.00	403.36
11760	00058 12206	IHWY, INC. BUSINESS HOSTING	09/16/2016		25.00
			Total for Check Number 11760:	0.00	25.00
11761	00695 082216	PAUL JENSEN SURVEY WORK TO PREPSRE EASEMENT	09/16/2016		585.00
			Total for Check Number 11761:	0.00	585.00
11762	00511 103549 103549	MUNIQUP, LLC SCADA CONTROLS COAX CABLE	09/16/2016		8,246.81 227.21
			Total for Check Number 11762:	0.00	8,474.02
11763	00478	MWH AMERICAS	09/16/2016		



Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
	1722773	CONSULTING SERVICES THROUGH 8/12/16			3,857.50
			Total for Check Number 11763:	0.00	3,857.50
11764	10067 81600055	NBS OLY MUTUAL_CONSULTING SERVICES FC	09/16/2016		1,250.00
			Total for Check Number 11764:	0.00	1,250.00
11765	00944 20038 2062	PDN CONSULTING MONTHLY BACK-UP & ANTI VIRUS CREATE A G DRIVE	09/16/2016		415.00 107.50
			Total for Check Number 11765:	0.00	522.50
11766	00569 3100437191	PITNEY BOWES GLOBAL FIN.LLC MAIL MACHINE LEASE_06/30/16 - 09/29/16	09/16/2016		465.56
			Total for Check Number 11766:	0.00	465.56
11767	00263 082216	RAYNE WATER CONDITIONING WATER CONDITIONER SVC	09/16/2016		31.75
			Total for Check Number 11767:	0.00	31.75
11768	00032 ZA17005488	SENSUS EQUIPMENT MAINTENANCE_AUTO READ	09/16/2016		368.76
			Total for Check Number 11768:	0.00	368.76
11769	00047 6080403 6080404 6080775 6080776 6081018 6081019 6081021 6081022	SOIL CONTROL LAB WATER ANALYSIS_TOTAL PHOSPHATE WATER ANALYSIS_METALS DIGESTION,TC WATER ANALYSIS_TOTAL PHOSPHATE WATER ANALYSIS_METALS DIGESTION, M WATER ANALYSIS_GEN PHYSICAL WATER ANALYSIS_TOTAL PHOSPHATE WATER ANALYSIS_ALKALINITY WATER ANALYSIS_GEN PHYSICAL	09/16/2016		78.00 37.00 78.00 37.00 145.00 78.00 86.00 29.00
			Total for Check Number 11769:	0.00	568.00
11770	00266 357602198	TERMINIX PEST CONTROL_ADMIN BUILDING	09/16/2016		125.00
			Total for Check Number 11770:	0.00	125.00
11771	00727 79589729 79682219	ULINE SHIPPING SUPPLIES BLUE SUPER FLEX GLOVES GOJO FOAMING SOAP	09/16/2016		182.55 88.83
			Total for Check Number 11771:	0.00	271.38
11772	00721 4372064	UNITED SITE SVCS.,INC PORTO-TOILET	09/16/2016		157.18
			Total for Check Number 11772:	0.00	157.18
11773	00362 ACC22091 ACC22091 ACC22430	ACCELA, INC #774375 WEB PAYMENTS_ONLINE-BILL.COM WEB PAYMENTS_ONLINE-BILL.COM FINANCE APPLICATION MAINTENANCE	09/16/2016		185.00 2,054.00 9,240.00

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
	ACC22430	AP WORKFLOW MAINTENANCE			808.50
	ACC22430	PO WORKFLOW MAINTENANCE			808.50
	ACC22430	ACCOUNTS RECEIVABLE MAINTENANCE			1,155.00
	ACC22430	UTILITY BILLING MAINTENANCE			4,620.00
	ACC22430	FLEET MAINTENANCE			3,465.00
	ACC22430	POSTAL LINK/CERTIFICATION			1,260.00
	ACC23618	WEB PAYMENTS WITH ONLINE-BILLS.CO?			185.00
	ACC23618	WEB PAYMENTS WITH ONLINE-BILLS.CO?			2,048.00
	ACC24373	SOFTWARE SUBSCRIPTION			283.50
	ACC24373	SSL DATA ENCRPTION, CERT RENEWAL			126.00
	ACC24373	WEB SERVER HOSTING			630.00
			Total for Check Number 11773:	0.00	26,868.50
11774	00055	AT&T	09/16/2016		
	090116	TELEPHONE CHARGES_BCEWW			330.64
	090116	TELEPHONE CHARGES_WTP			1,658.63
	090116	TELEPHONE CHARGES_OPS			3,214.14
	090116	TELEPHONE CHARGES_ADMIN			150.58
			Total for Check Number 11774:	0.00	5,353.99
11775	00378	BANK OF THE WEST	09/16/2016		
	082816	LUNCHEON MEETING			8.61
	082816	CLOUD SERVICE			153.45
	082816	UNIFORMS			879.36
	082816	MAIL CHIMP SERVICES			50.00
	082816	SECURITY CAMERAS			587.96
	082816	WATER CONSERVATION SIGNS			1,600.00
	082816	WATER CONSERVATION SIGNS			1,606.39
	082816	CONFERENCE			1,160.00
	082816	LUNCHEON MEETING			13.79
			Total for Check Number 11775:	0.00	6,059.56
11776	00034	DAVE BASLER	09/16/2016		
	090716	EMPLOYEE REIMBURSEMENT			135.06
			Total for Check Number 11776:	0.00	135.06
11777	01050	COLONIAL LIFE	09/16/2016		
	803404	SUPPLEMENTAL INSURANCE			515.55
			Total for Check Number 11777:	0.00	515.55
11778	00788	COMCAST	09/16/2016		
	090316	INTERENT SERVICE_545 FALL CREEK DR			162.12
			Total for Check Number 11778:	0.00	162.12
11779	UB*00171	Christine Hall Refund Check	09/16/2016		
			Total for Check Number 11779:	0.00	32.79
11780	00208	LEONARD KUHNLEIN	09/16/2016		
	090616	EMPLOYEE REIMBURSEMENT			119.36
			Total for Check Number 11780:	0.00	119.36
11781	10018	HOLLY MORRISON	09/16/2016		
	090716	TRAVEL, SUPPLIES			71.73

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
			Total for Check Number 11781:	0.00	71.73
11782	00054 090216	PACIFIC GAS & ELECTRIC ELECTRIC CHARGES_140 ELENA CT	09/16/2016		9.53
			Total for Check Number 11782:	0.00	9.53
11783	00599 46704888 46704888	WEX BANK FUEL_OPS FUEL_WTP	09/16/2016		3,537.92 1,229.27
			Total for Check Number 11783:	0.00	4,767.19
11784	00074 161021	A SIGN ASAP! VINYL STICKERS	09/22/2016		1,109.25
			Total for Check Number 11784:	0.00	1,109.25
11785	00767 930991751	ANTHEM BLUE CROSS MEDICARERX_RETIRED EMPLOYEE	09/22/2016		132.00
			Total for Check Number 11785:	0.00	132.00
11786	00309 091116 091116 091116	AT&T IP SERVICES IP SERVICES_OPS IP SERVICES_WTP IP SERVICES_ADMIN	09/22/2016		242.42 242.42 242.41
			Total for Check Number 11786:	0.00	727.25
11787	00687 090516 090616 090716	AT&T U-VERSE INTERNET SERVICE_13057 HWY 9 INTERNET SERVICE_MANANA WOODS INTERNET SERVICE_345 QUAIL TERRACE	09/22/2016		70.00 80.00 70.00
			Total for Check Number 11787:	0.00	220.00
11788	00788 090416 091116	COMCAST INTERNET SERVICE_LOMPICO INTERNET SERVICE_23 SUMMIT AVE	09/22/2016		86.13 138.92
			Total for Check Number 11788:	0.00	225.05
11789	UB*00172	Patrick Demont Refund Check Refund Check	09/22/2016		48.93 33.82
			Total for Check Number 11789:	0.00	82.75
11790	UB*00173	CONRAD HARDING Refund Check Refund Check Refund Check	09/22/2016		3,366.00 1,131.57 297.00
			Total for Check Number 11790:	0.00	4,794.57
11791	10005 102228119	ICMA RETIREMENT C/O M & T RETIRI RETIREMENT WITHHOLDING	09/22/2016		1,635.00
			Total for Check Number 11791:	0.00	1,635.00
11792	00247	INDEPENDENT ELECTRIC SUPPLY	09/22/2016		

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
	S102867456.001	TRANSIENT PROTECTOR_LOMPICO			577.34
	S102867456.002	PUMP CONTROL_LOMPICO			2,904.71
			Total for Check Number 11792:	0.00	3,482.05
11793	10081 9239	INFRASTRUCTURE ENGINEERING CO BCEWW IMPROVEMENTS	09/22/2016		1,043.00
			Total for Check Number 11793:	0.00	1,043.00
11794	00336 AUGUST 16	LAND TRUST OF SANTA CRUZ CNTY OLYMPIA PATROL SERVICE	09/22/2016		850.80
			Total for Check Number 11794:	0.00	850.80
11795	00539 0816SLV	MILLER-MAXFIELD, INC PUBLIC OUTREACH CONSULTING SVCS F	09/22/2016		1,300.00
			Total for Check Number 11795:	0.00	1,300.00
11796	10067 81600089 81600090	NBS SERVICES THROUGH 8/31/16 SERVICES THROUGH 8/31/16	09/22/2016		3,075.00 13,023.00
			Total for Check Number 11796:	0.00	16,098.00
11797	00409 091116	PURCHASE POWER POSTAGE FOR MAIL MACHINE	09/22/2016		548.06
			Total for Check Number 11797:	0.00	548.06
11798	00942 8191601	TRIAD ELECTRIC NEW CAMERA INSTALLATION	09/22/2016		1,894.00
			Total for Check Number 11798:	0.00	1,894.00
11799	10072 2174	WATER SYSTEMS CONSULTING, INC SLVWD UWMP 2015_8/1 - 8/31/16	09/22/2016		4,598.75
			Total for Check Number 11799:	0.00	4,598.75
11800	00545 974300	AFLAC SUPPLEMENTAL INSURANCE_SEPT 2016	10/04/2016		445.52
			Total for Check Number 11800:	0.00	445.52
11801	00057 OCT 2016	AFSCME COUNCIL 57 UNION DUES	10/04/2016		855.20
			Total for Check Number 11801:	0.00	855.20
11802	00055 091916 91916	AT&T TELEPHONE SERVICE_FELTON ACRES TELEPHONE SERVICE_LOMPICO	10/04/2016		85.85 235.83
			Total for Check Number 11802:	0.00	321.68
11803	00309 9192016 9192016 9192016	AT&T IP SERVICES IP SERVICES_ADMIN IP SERVICES_OPS IP SERVICES_WTP	10/04/2016		381.50 381.50 381.49

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
			Total for Check Number 11803:	0.00	1,144.49
11804	00115 OCT 2016	ATKINSON-FARASYN LEGAL SERVICES	10/04/2016		3,500.00
			Total for Check Number 11804:	0.00	3,500.00
11805	00099 OCT 2016	JOEL BUSA CALPERS MEDICAL	10/04/2016		125.00
			Total for Check Number 11805:	0.00	125.00
11806	00178 OCT 2016 OCT 2016 OCT 2016 OCT 2016 OCT 2016 OCT 2016 OCT 2016 OCT 2016	CALPERS MEDICAL INSURANCE_OPS MEDICAL INSURANCE_DEPENDENT WITH MEDICAL INSURANCE_WTP MEDICAL INSURANCE_W.SHED MEDICAL INSURANCE_ADMIN MEDICAL INSURANCE_RETIRED EMPLOY MEDICAL INSURANCE_FINANCE MEDICAL INSURANCE_RETIRED EMPLOY	10/04/2016		18,053.60 3,909.40 7,438.40 1,708.00 3,068.00 600.00 5,645.00 133.23
			Total for Check Number 11806:	0.00	40,555.63
11807	00363 SEPT 2016	CINCINNATI LIFE INSURANCE CO LIFE INSURANCE_SEPT 2016	10/04/2016		42.00
			Total for Check Number 11807:	0.00	42.00
11808	00788 091616 091916	COMCAST INTERNET SERVICE_264 ORCHARD DR INTERNET SERVICE_7400 HWY 9	10/04/2016		136.08 141.08
			Total for Check Number 11808:	0.00	277.16
11809	UB*00175	Stacy Connolly Refund Check	10/04/2016		7.93
			Total for Check Number 11809:	0.00	7.93
11810	00757 091216	JOE DAVIS EMPLOYEE REIMBURSEMENT	10/04/2016		132.55
			Total for Check Number 11810:	0.00	132.55
11811	00212 092716	COUNTY OF SANTA CRUZ ENVIRONM HAZMAT FEES_LOMPICO	10/04/2016		568.00
			Total for Check Number 11811:	0.00	568.00
11812	UB*00174	Daniel Holsapple Refund Check Refund Check	10/04/2016		5.52 21.02
			Total for Check Number 11812:	0.00	26.54
11813	10096 2016-1	JONES HALL LEGAL SERVICES_LOMPICO ASSESSMEN1	10/04/2016		10,000.00
			Total for Check Number 11813:	0.00	10,000.00
11814	00313	MET LIFE	10/04/2016		

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
	OCT 2016	LIFE INSURANCE_ADMIN			33.30
	OCT 2016	DISABILITY INSURANCE_WSHED			41.61
	OCT 2016	DENTAL INSURANCE_WSHED			122.14
	OCT 2016	LIFE INSURANCE_WTP			129.87
	OCT 2016	DENTAL INSURANCE_FINANCE			731.26
	OCT 2016	LIFE INSURANCE_OPS			203.13
	OCT 2016	DENTAL INSURANCE_ADMIN			243.49
	OCT 2016	LIFE INSURANCE_FINANCE			83.25
	OCT 2016	DISABILITY INSURANCE_OPS			340.26
	OCT 2016	DENTAL INSURANCE_WTP			915.29
	OCT 2016	DISABILITY INSURANCE_FINANCE			145.24
	OCT 2016	LIFE INSURANCE_WSHED			16.65
	OCT 2016	DENTAL INSURANCE_OPS			1,877.45
	OCT 2016	DISABILITY INSURANCE_ADMIN			75.95
	OCT 2016	DISABILITY INSURANCE_WTP			255.89
			Total for Check Number 11814:	0.00	5,214.78
11815	00662 OCT 2016	JAMES A. MUELLER CALPERS MEDICAL	10/04/2016		50.00
			Total for Check Number 11815:	0.00	50.00
11816	00011 091316 91316 91316 91316 91316	VERIZON WIRELESS TABLET CHARGES CELL PHONE CHARGES_ENG CELL PHONE CHARGES_WTP CELL PHONE CHARGES_OPS CELL PHONE CHARGES_ADMIN	10/04/2016		325.71 85.46 314.21 635.77 85.46
			Total for Check Number 11816:	0.00	1,446.61
11817	00729 6092515	ALPHA ANALYTICAL LABS BCEWW MONITORING	10/04/2016		926.00
			Total for Check Number 11817:	0.00	926.00
11818	01026 5003457	BANK OF THE WEST MANANA WOODS ESCROW AGREEMENT	10/04/2016		5,000.00
			Total for Check Number 11818:	0.00	5,000.00
11819	00220 28910	BAY BUILDING JANITORIAL,INC JANITORIAL SERVICES	10/04/2016		424.42
			Total for Check Number 11819:	0.00	424.42
11820	00566 16090	C S S C ANSWERING SERVICE	10/04/2016		284.07
			Total for Check Number 11820:	0.00	284.07
11821	00415 OCT 2016 OCT 2016 OCT 2016	CA BANK & TRUST/GOV SVC DEPT 1976 SAFE DRINKING WATER BOND PRINC 1976 SAFE DRINKING WATER BOND INTER 1976 SAFE DRINKING WATER BOND BANK	10/04/2016		11,930.97 3,635.46 15.00
			Total for Check Number 11821:	0.00	15,581.43
11822	00174 10053052	CARUS CORPORATION PHOSPHATE FOR KWTP	10/04/2016		2,628.25

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
			Total for Check Number 11822:	0.00	2,628.25
11823	00265 2322	COMMUNITY TELEVISION REGULAR METTING COVERAGE_8/4/16	10/04/2016		177.00
			Total for Check Number 11823:	0.00	177.00
11824	00290 7486 7550	CONTRACTOR COMPLIANCE & MONI INTERTIES 2,3,4_LABOR COMPLIANCE SEI INTERTIES 2,3,4_WAGE ANNUAL REPORT	10/04/2016		22.00 300.00
			Total for Check Number 11824:	0.00	322.00
11825	00703 192223	DATAFLOW BUSINESS SYSTEMS, INC SHIPPING FEE FOR TONER	10/04/2016		7.50
			Total for Check Number 11825:	0.00	7.50
11826	00147 9061607	EMERSON PROCESS MANAGEMENT LYON WTP SCADA	10/04/2016		44,340.62
			Total for Check Number 11826:	0.00	44,340.62
11827	00076 671493	ERNIE'S AUTO CENTER GAS CAP	10/04/2016		17.68
			Total for Check Number 11827:	0.00	17.68
11828	00343 54080 54151 54311 54420 54465	ERNIE'S SERVICE CENTER OIL CHANGE MOTOR MOUNT & BRAKES MAINTENANCE_V#338 BRAKE INSPECTION, REPAIRS_v#341 OIL CHANGE_V#181	10/04/2016		302.13 1,590.77 276.43 464.58 54.78
			Total for Check Number 11828:	0.00	2,688.69
11829	00450 280752 281199 281794 282404 283191 283196 283840	EUROFINS EATON ANALYTICAL, INC WATER ANALYSIS_LAKE BLVD, CREEKWC WATER ANALYSIS_11333 OCEANVIEW SAMPLES_LAKE BLVD LEAD TOTALS @ HYDRANTS_LOMPICO ARSENIC TOTALS_PASO, BOB'S LANE LEAD TOTALS_LOMPICO LEAD TOTAL ICAP/MS_LOMPICO	10/04/2016		400.00 150.00 40.00 100.00 60.00 50.00 80.00
			Total for Check Number 11829:	0.00	880.00
11830	00118 64577748	FARMER BROTHERS COFFEE COFFEE & SUPPLIES	10/04/2016		101.80
			Total for Check Number 11830:	0.00	101.80
11831	00204 5-554-97165	FEDERAL EXPRESS CORP POSTAGE FEE	10/04/2016		50.77
			Total for Check Number 11831:	0.00	50.77
11832	00164 953178 953273	FIRST ALARM ALARM SERVICES ALARM SERVICES	10/04/2016		90.06 115.38

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
	953365	ALARM SERVICES			511.59
	954906	ALARM SERVICES			333.57
	954907	ALARM SERVICES			279.24
	954908	ALARM SERVICES			162.30
	954909	ALARM SERVICES			159.00
	954910	ALARM SERVICES			160.62
			Total for Check Number 11832:	0.00	1,811.76
11833	00365	FREITAS + FREITAS	10/04/2016		
	14012	SWIM TANK REPLACEMENT PROJECT_8/1			797.50
	16009	LOMPICO RD MAIN REPLACEMENT_8/1 - 8			3,622.02
	16014	ENCROACHMENT PERMIT APPLICATION			3,875.56
			Total for Check Number 11833:	0.00	8,295.08
11834	00329	GRAINGER	10/04/2016		
	9218579788	HAND DRUM PUMP			311.56
			Total for Check Number 11834:	0.00	311.56
11835	00080	GRANITE CONSTRUCTION CO	10/04/2016		
	1049603	FILL SAND, BASE ROCK			135.10
			Total for Check Number 11835:	0.00	135.10
11836	00016	GREENWASTE RECOVERY,INC	10/04/2016		
	2297459	TRASH/RECYCLE/YARDWASTE SERVICE			270.65
			Total for Check Number 11836:	0.00	270.65
11837	00550	HACH COMPANY	10/04/2016		
	10120314	WTP SUPPLIES			633.34
			Total for Check Number 11837:	0.00	633.34
11838	00367	INFOSEND, INC	10/04/2016		
	110196	STATEMENT POSTAGE			2,718.40
	110196	MAILING SERVICES			1,169.06
			Total for Check Number 11838:	0.00	3,887.46
11839	01047	JANE ORBUCH	10/04/2016		
	092016	90% PAYMENT OF GRANT CONTRACT			2,700.00
			Total for Check Number 11839:	0.00	2,700.00
11840	00233	LADD'S AUTO BODY & TOWING	10/04/2016		
	70758	TOW TRUCK_ W.PARK TO GRAHAM HILL			150.00
			Total for Check Number 11840:	0.00	150.00
11841	00006	MATHESON TRI-GAS, INC.	10/04/2016		
	13995217	COMPRESSED GAS			65.80
			Total for Check Number 11841:	0.00	65.80
11842	00977	MCMASTER-CARR	10/04/2016		
	78683791	GATE LATCH FOR ADMIN DOOR			36.13
			Total for Check Number 11842:	0.00	36.13
11843	00082	MID VALLEY SUPPLY	10/04/2016		



Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
	203504	PAPER TOWELS			73.61
			Total for Check Number 11843:	0.00	73.61
11844	00283 092116	MOUNTAIN MECHANICS NEW FUEL PUMP, OIL CHANGE	10/04/2016		819.81
			Total for Check Number 11844:	0.00	819.81
11845	01075 6904	MPRESS DIGITAL, INC WATER CONSERVATION POSTCARDS	10/04/2016		110.06
			Total for Check Number 11845:	0.00	110.06
11846	10067 916000031	NBS PROFESSIONAL SERVICES THROUGH 9/30/	10/04/2016		6,263.00
			Total for Check Number 11846:	0.00	6,263.00
11847	10088 852015502	NICHOLS CONSULTING ENGINEERS NORTH, SOUTH INTERTIE_GRAHAM HILL	10/04/2016		1,369.19
			Total for Check Number 11847:	0.00	1,369.19
11848	10001 756314	RUTAN AND TUCKER, LLP LEGAL SERVICES RENDERED THROUGH 8	10/04/2016		7,815.04
			Total for Check Number 11848:	0.00	7,815.04
11849	00153 459027	SANTA CRUZ ELECTRONICS ELECTRICAL WIRE FOR SCADA UPGRADE	10/04/2016		54.56
			Total for Check Number 11849:	0.00	54.56
11850	00032 ZA17008165	SENSUS AUTOREAD SUPPORT RENEWAL	10/04/2016		1,740.94
			Total for Check Number 11850:	0.00	1,740.94
11851	00047 6081020 6090206 6090207 6090282 6090283 6090504 6090505 6090506 6090507 6090702 6090703	SOIL CONTROL LAB METALS DIGESTION , IRON, MANGANESE WATER ANALYSIS_GEN PHYSICAL TOTAL PHOSPHATE WATER ANALYSIS_LOMPICO GEN PHYSIC WATER ANALYSIS_LEWIS WELL 5 GEN PHYSICAL TOTAL PHOSPHATE METALS DIGESTION, MANGANESE- MAN/ 1 GEN PHYSICAL GENERAL PHYSICAL_CANEPA, ELENA TOTAL PHOSPHATE	10/04/2016		147.00 145.00 78.00 116.00 196.00 145.00 78.00 37.00 29.00 145.00 78.00
			Total for Check Number 11851:	0.00	1,194.00
11852	00156 5793	STERLING WATER TECHNOLOGIES 575 LB DRUM POLYMER_KWTP	10/04/2016		2,879.49
			Total for Check Number 11852:	0.00	2,879.49
11853	00368 2016-036	THE WEIST LAW FIRM OLY ASSESSMENT_ BOND COUNSEL SERV	10/04/2016		17,000.00

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
			Total for Check Number 11853:	0.00	17,000.00
11854	00262 04-429	TREBCO HEATING & AIR COND. REPLACED AIR HANDLER TRANSFORMER	10/04/2016		320.50
			Total for Check Number 11854:	0.00	320.50
11855	00727 80248433	ULINE SHIPPING SUPPLIES SUPPLIES FOR KWTP	10/04/2016		178.12
			Total for Check Number 11855:	0.00	178.12
11856	00407 SJ399672 SJ771684	UNIVAR USA DRUM DEPOSIT CREDIT SODIUM HYPOCHLORITE_MULTICHLOR	10/04/2016		-520.00 4,203.86
			Total for Check Number 11856:	0.00	3,683.86
11857	00768 62207	USA BLUEBOOK MISC PARTS FOR KIRBY PLANT	10/04/2016		1,032.99
			Total for Check Number 11857:	0.00	1,032.99
11858	00398 8424754	WATSONVILLE METAL CO.,INC RECYCLE METAL	10/04/2016		600.00
			Total for Check Number 11858:	0.00	600.00
11859	00285 34482	GEORGE H. WILSON, INC 4" X 54" NIPPLE_BLAKE HAMMOND HYDR	10/04/2016		76.28
			Total for Check Number 11859:	0.00	76.28
11860	00130 4607	BOULDER CREEK HARDWARE CHAIN FOR POLE SAW	10/06/2016		13.93
			Total for Check Number 11860:	0.00	13.93
11861	00397 1213957 1213957 1213957 1213957 1213957 1213957 1214000	FERGUSON ENTERPRISES, INC NIPPLE GALV 2" X 2-1/2" NIPPLE GALV 3/4" X 6" NIPPLE BRASS 3/4" X 0" NIPPLE GALV 3/4" X 0" NIPPLE GALV 3/4" X 4" ELL 90 STREET GALV 1/2" MTR CPLG COPR-COPR 3PT 1"	10/06/2016		17.41 14.03 23.38 9.58 8.83 5.52 227.97
			Total for Check Number 11861:	0.00	306.72
11862	00181 120806 120962	LAS ANIMAS CONCRETE 2SK SAND SLURRY 2SK SAND SLURRY_LOMPICO EXPENSES	10/06/2016		356.73 299.78
			Total for Check Number 11862:	0.00	656.51
11863	00582 105384 105589	OLIVE SPRINGS QUARRY 1/2" MED ASPHALT 1/2" MED ASPHALT	10/06/2016		394.67 142.86
			Total for Check Number 11863:	0.00	537.53
11864	00711	ROBERTS & BRUNE CO.	10/06/2016		

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
	S1581965.003	REPAIR CLAMP 2" X 3"			78.62
	S1581965.003	REPAIR CLAMP 4OD" X 3"			109.97
	S1581965.003	FULL CIRCLE 3.96-4.25 7.50"			119.00
	S1581965.003	FULL CIRCLE 3.46-3.70 7.50"			56.31
	S1581965.003	REPAIR CLAMP 1/2" X 3"			52.06
	S1581965.003	REPAIR CLAMP 3/4" X 3"			123.25
	S1581965.003	MTR BOX LID B24D CONCRETE			108.38
	S1581965.003	FULL CIRCLE 2"-3" REDI-CLP 244			102.00
	S1581965.003	MTR BOX LID B-16 C-IRON TR			695.94
	S1581965.003	MTR BOX LID B36 STEEL PLATE			629.00
	S1581965.003	FULL CIRCLE 7.05-7.45 7.50"			76.50
	S1581965.003	REPAIR CLAMP 4OD" X 6"			161.76
	S1581965.003	FULL CIRCLE 1-1/4-3 REDI-CL244			68.53
	S1581965.003	AIR RELIEF VALVE 3/4"			265.63
	S1581965.003	REPAIR CLAMP 6OD" X 3"			20.72
	S1582013.001	ADJUSTED BILL_PARTS			39.23
	S1592985.001	SDR11 IPS PIPE, FLG ADAPTER, RING			266.80
	S1594289.001	FULL CIRCLE 4.45-4.73 7.50" ROMAC			317.73
	S1594289.001	FULL CIRCLE 2.35-2.63 7.50" ROMAC 171-			507.67
			Total for Check Number 11864:	0.00	3,799.10
11865	00142	SAN LORENZO LUMBER	10/06/2016		
	74947	PUSH BROOM			40.50
	77152	1-1/2" GALVANIZED PIPE_MAIN REPIAR			88.94
			Total for Check Number 11865:	0.00	129.44
11866	00125	SCARBOROUGH LUMBER	10/06/2016		
	276718	MISC PVC PARTS_PASO 5 WELL			116.48
	277001	BRACKETS			28.87
	277070	MISC SAMPLING/CLEANING SUPPLIES			58.69
	277322	CHEMICAL PUMPING PARTS			84.19
	277442	IMPACT DRIVER			227.16
	277647	LYON WTP PLANT UPGRADE_PARTS			26.79
	277660	INSECT REPELLANT			24.08
	277809	HYDRANT REPAIR_BLAKE HAMMOND CC			9.62
	356145	MISC HARDWARE			18.22
	356472	BROOM/KWTP			13.55
	356563	AIR COMPRESSOR_MWTP			312.21
	356793	MISC SUPPLIES_KWTP			35.52
	549980	FLASHLIGHT			5.36
	550137	RACHET STRAPS, TIE DOWNS			26.03
	550162	PLASTIC TARPS, SIMPLE GREEN			36.11
	550244	CUT OFF SAW REPAIRS/ASPHALT SAW REI			173.17
	550245	CART SAW SERVICE/WATER CAP AND SHU			47.13
	550325	OPS BUILDING REPAIRS			97.48
	550384	OPS BUILDING TRIM REPAIRS			74.65
	550398	BATTERIES, SUPPLIES			32.33
	550406	OPS BUILDING REPAIRS			92.27
	550454	LYON WTP PARTS			14.31
	550511	V# 485 KEY			7.69
	550518	GLOVES FOR RIVER CLEAN-UP			32.77
	550691	MISC SUPPLIES FOR FIELD SAMPLING			101.97
			Total for Check Number 11866:	0.00	1,696.65
11867	00687	AT&T U-VERSE	10/06/2016		
	091516	INTERNET SERVICE_GRAHAM HILL			70.00
	91516	INTERNET SERVICE_365 MADRONE AVE			57.00

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
			Total for Check Number 11867:	0.00	127.00
11868	01050 914367	COLONIAL LIFE SUPPLEMENTAL INSURANCE_9/14, 9/28	10/06/2016		343.70
			Total for Check Number 11868:	0.00	343.70
11869	00788 092616	COMCAST INTERNET SERVICE_195 KIRBY ST	10/06/2016		151.08
			Total for Check Number 11869:	0.00	151.08
11870	UB*00176	BRIDGET GARDINER Refund Check Refund Check Refund Check	10/06/2016		0.17 0.02 0.04
			Total for Check Number 11870:	0.00	0.23
11871	10098 092816	ANNE HANSON INSTALLATION DEPOSIT REFUND	10/06/2016		1,898.43
			Total for Check Number 11871:	0.00	1,898.43
11872	00054 092516 092616 092716 092716 092716 092716 092716 092716 092816 92816	PACIFIC GAS & ELECTRIC ELECTRIC CHARGES_LAZYWOODS ELECTRIC CHARGES_ZAYANTE & ROSEBI ELECTRIC CHARGES_11590 LAKESHORE ELECTRIC CHARGES_LOMPICO PUMP STA ELECTRIC CHARGES_WEST DR COMMUN. ELECTRIC CHARGES_CARROL AVE ELECTRIC CHARGES_11255 LOMPICO RD ELECTRIC CHARGES_1150 REBECCA DR ELECTRIC CHARGES_19 SUMMIT AVE	10/06/2016		64.85 1,557.45 264.94 267.72 130.25 23.83 210.34 51.71 438.53
			Total for Check Number 11872:	0.00	3,009.62
11873	10004 100515 100515 100515 100515	PETTY CASH - CHELSEA SLADWICK MEALS MEALS SUPPLIES MEAL	10/06/2016		37.78 7.48 27.12 15.00
			Total for Check Number 11873:	0.00	87.38
			Report Total (141 checks):	21,357.00	399,833.55

# CASH REQUIREMENTS

**THIS REPORT SUMMARIZES YOUR PAYROLL TRANSACTIONS FOR THE CHECK DATE 09/14/16. IT DOES NOT REFLECT MISCELLANEOUS ADMINISTRATIVE CHARGES. PLEASE REFER TO YOUR INVOICE(S) FOR THE TOTAL CASH REQUIRED FOR THIS CHECK DATE.**

**TRANSACTION DETAIL**

**ELECTRONIC FUNDS TRANSFER** - *Your financial institution will initiate transfer to Paychex at or after 12:01 A.M. on transaction date.*

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>		<b>BANK DRAFT AMOUNTS &amp; OTHER TOTALS</b>
09/13/16	WELLS FARGO BANK, NA	xxxxxx1358	Direct Deposit	Net Pay Allocations	43,166.79	<b>43,166.79</b>
09/13/16	WELLS FARGO BANK, NA	xxxxxx1358	Taxpay®	Employee Withholdings		
				Social Security	5,366.74	
				Medicare	1,356.11	
				Fed Income Tax	10,538.33	
				CA Income Tax	3,213.06	
				CA Disability	732.14	
				<b>Total Withholdings</b>	<b>21,206.38</b>	
				Employer Liabilities		
				Social Security	5,366.76	
				Medicare	1,356.10	
				<b>Total Liabilities</b>	<b>6,722.86</b>	<b>27,929.24</b>
09/13/16	WELLS FARGO BANK, NA	xxxxxx1358	401(k) Traditional	PXROTH 401 EEPO		
				PX401 EECU		
				PX401 ERMTCH		
				PXROTH 401 EECU		
				PX401 ERCUM		
				PX401 EEPRE	898.56	<b>898.56</b>
09/13/16	WELLS FARGO BANK, NA	xxxxxx1358	Section 125	PXDCA EE PRE	443.16	
				PXUME EE PRE	350.00	<b>793.16</b>
<b>EFT FOR 09/13/16</b>						<b>72,787.75</b>
<b>TOTAL EFT (Does not reflect administrative charges)</b>						<b>72,787.75</b>

**NEGOTIABLE CHECKS** - *Check amounts will be debited when payees cash checks. Funds must be available on check date.*

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>		<u>TOTAL</u>
09/14/16	WELLS FARGO BANK, NA	xxxxxx1358	Payroll	Check Amounts	19,019.75	
<b>TOTAL NEGOTIABLE CHECKS</b>						<b>19,019.75</b>

# CASH REQUIREMENTS

**THIS REPORT SUMMARIZES YOUR PAYROLL TRANSACTIONS FOR THE CHECK DATE 09/14/16. IT DOES NOT REFLECT MISCELLANEOUS ADMINISTRATIVE CHARGES. PLEASE REFER TO YOUR INVOICE(S) FOR THE TOTAL CASH REQUIRED FOR THIS CHECK DATE.**

**REMAINING DEDUCTIONS / WITHHOLDINGS / LIABILITIES** - *Paychex does not remit these funds. You must ensure accurate and timely payment of applicable items.*

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>	<u>TOTAL</u>
09/14/16	Refer to your records for account	Information	Payroll	Employee Deductions	
				Advance	855.39
				Aflc/Col Post	55.11
				Aflc/Col Pre	302.75
				Calper 457	125.00
				DPer	6,121.55
				Health	2,007.78
				ICMA	1,635.00
				Life Ins	14.00
				Union dues	427.60
				<b>Total Deductions</b>	<b>11,544.18</b>

----- **TOTAL REMAINING DEDUCTIONS / WITHHOLDINGS / LIABILITIES (Does not reflect administrative charges)** ----- **11,544.18** -----

**PAYCHEX WILL MAKE THESE TAX DEPOSIT(S) ON YOUR BEHALF** - *This information serves as a record of payment.*

<u>DUE DATE</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>	
09/21/16	Taxpay®	FED IT PMT Group	23,984.04
09/21/16	Taxpay®	CA IT PMT Group	3,945.20

# CASH REQUIREMENTS

THIS REPORT SUMMARIZES YOUR PAYROLL TRANSACTIONS FOR THE CHECK DATE 09/28/16. IT DOES NOT REFLECT MISCELLANEOUS ADMINISTRATIVE CHARGES. PLEASE REFER TO YOUR INVOICE(S) FOR THE TOTAL CASH REQUIRED FOR THIS CHECK DATE.

## TRANSACTION DETAIL

**ELECTRONIC FUNDS TRANSFER** - Your financial institution will initiate transfer to Paychex at or after 12:01 A.M. on transaction date.

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>		<b>BANK DRAFT AMOUNTS &amp; OTHER TOTALS</b>
09/27/16	WELLS FARGO BANK, NA	xxxxxx1358	Direct Deposit	Net Pay Allocations	44,312.28	<b>44,312.28</b>
09/27/16	WELLS FARGO BANK, NA	xxxxxx1358	Taxpay®	Employee Withholdings		
				Social Security	5,500.21	
				Medicare	1,444.44	
				Fed Income Tax	11,807.92	
				CA Income Tax	3,694.03	
				CA Disability	790.12	
				<b>Total Withholdings</b>	<b>23,236.72</b>	
				Employer Liabilities		
				Social Security	5,500.21	
				Medicare	1,444.43	
				Fed Unemploy	8.25	
				<b>Total Liabilities</b>	<b>6,952.89</b>	<b>30,189.61</b>
09/27/16	WELLS FARGO BANK, NA	xxxxxx1358	401(k) Traditional	PXROTH 401 EEPO		
				PX401 EECU		
				PX401 ERMTCH		
				PXROTH 401 EECU		
				PX401 ERCUM		
				PX401 EEPRE	898.56	<b>898.56</b>
09/27/16	WELLS FARGO BANK, NA	xxxxxx1358	Section 125	PXDCA EE PRE	443.16	
				PXUME EE PRE	350.00	<b>793.16</b>
				<b>EFT FOR 09/27/16</b>		<b>76,193.61</b>
				<b>TOTAL EFT (Does not reflect administrative charges)</b>		<b>76,193.61</b>

**NEGOTIABLE CHECKS** - Check amounts will be debited when payees cash checks. Funds must be available on check date.

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>		<u>TOTAL</u>
09/28/16	WELLS FARGO BANK, NA	xxxxxx1358	Payroll	Check Amounts	22,200.14	
				<b>TOTAL NEGOTIABLE CHECKS</b>		<b>22,200.14</b>

# CASH REQUIREMENTS

**THIS REPORT SUMMARIZES YOUR PAYROLL TRANSACTIONS FOR THE CHECK DATE 09/28/16. IT DOES NOT REFLECT MISCELLANEOUS ADMINISTRATIVE CHARGES. PLEASE REFER TO YOUR INVOICE(S) FOR THE TOTAL CASH REQUIRED FOR THIS CHECK DATE.**

**REMAINING DEDUCTIONS / WITHHOLDINGS / LIABILITIES** - Paychex does not remit these funds. You must ensure accurate and timely payment of applicable items.

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>	<u>TOTAL</u>
09/28/16	Refer to your records for account	Information	Payroll	Employee Deductions	
				Advance	580.58
				Aflc/Col Post	55.11
				Aflc/Col Pre	302.75
				Calper 457	125.00
				DPer	6,131.90
				Health	2,007.78
				ICMA	1,635.00
				Life Ins	14.00
				Union dues	427.60
				<b>Total Deductions</b>	<b>11,279.72</b>

**TOTAL REMAINING DEDUCTIONS / WITHHOLDINGS / LIABILITIES (Does not reflect administrative charges) 11,279.72**

**PAYCHEX WILL MAKE THESE TAX DEPOSIT(S) ON YOUR BEHALF** - This information serves as a record of payment.

<u>DUE DATE</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>	
10/05/16	Taxpay®	FED IT PMT Group	25,697.21
10/05/16	Taxpay®	CA IT PMT Group	4,484.15



M E M O

TO: Board of Directors  
FROM: District Manager  
SUBJECT: FINANCIAL SUMMARY  
DATE: October 7, 2016

RECOMMENDATION:

It is recommended that the Board of Directors review and file the Financial Summary Report.

BACKGROUND:

The District does a hard year end close, through that process there are yearend expenses that are booked in June and not represented in the monthly expenses. There are also monthly reviews of transactions, so it is not un-common for a prior month balance to change slightly throughout the year as accounts are reconciled.

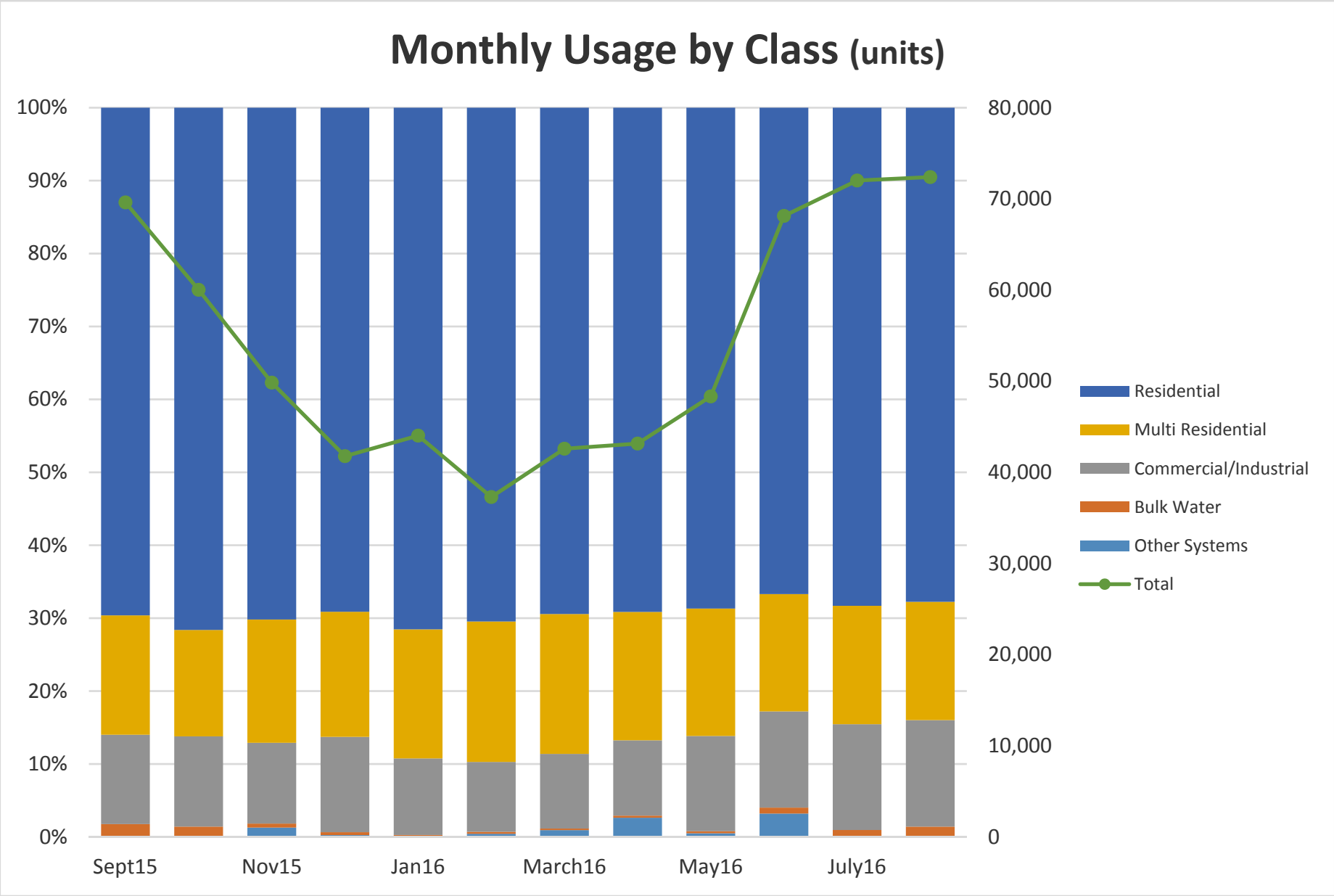
There is a limited August Financial Summary due to the need to make SLV and Lompico audits a top priority. There will be a true up report in November that will have new features and compare Q1 results.

STRATEGIC PLAN:

5.1 Fiscal Plan for support of Strategy

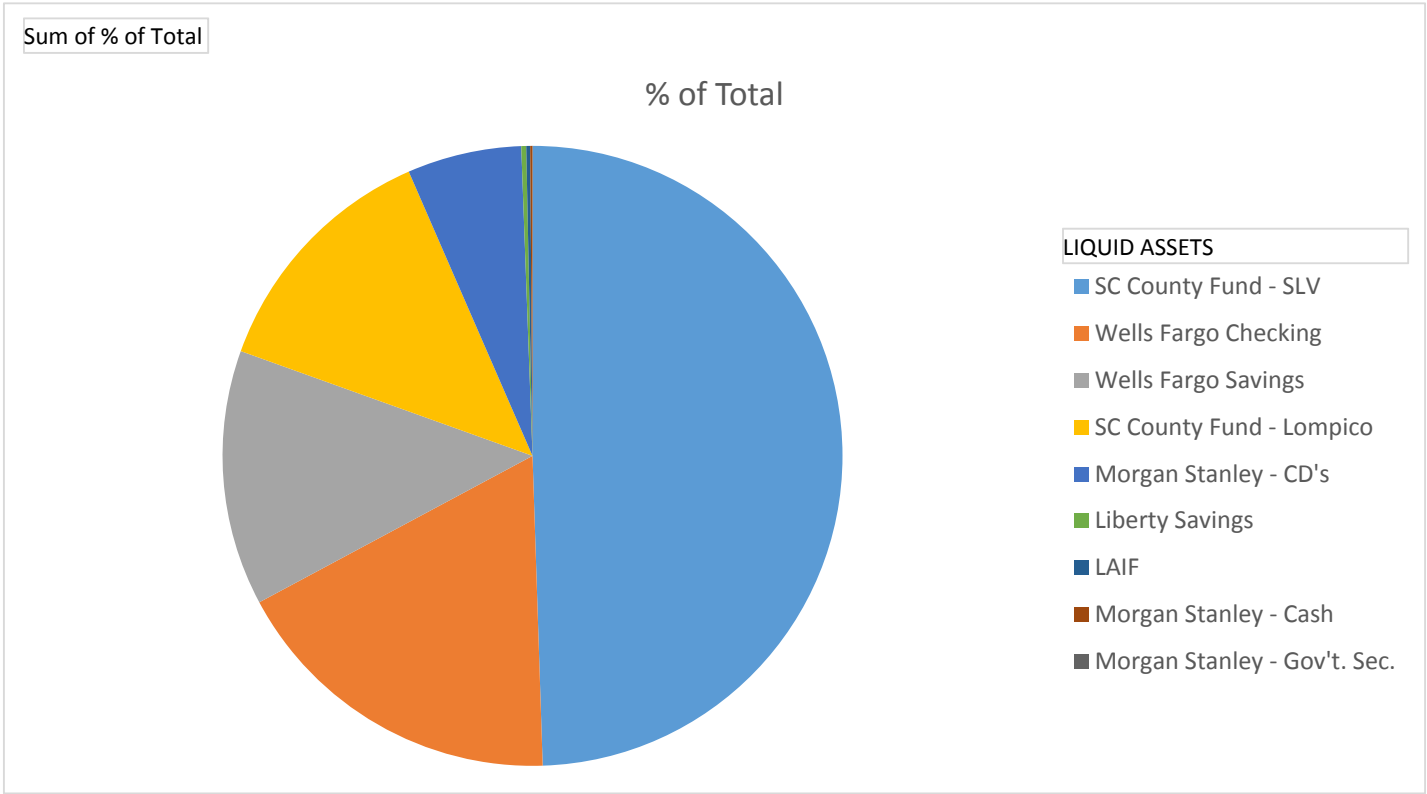
FISCAL IMPACT:

none



**AS OF 8/31/16**

<b>LIQUID ASSETS</b>	<b>\$ Amount</b>	<b>% of Total</b>	<b>Ave Interest Rate</b>
Wells Fargo Checking	297,806	17.7%	0.180%
Wells Fargo Savings	224,151	13.3%	0.260%
Liberty Savings	4,348	0.3%	0.150%
Morgan Stanley - Cash	2,034	0.1%	0.010%
Morgan Stanley - Gov't. Sec.	-	0.0%	0.010%
Morgan Stanley - CD's	100,220	6.0%	0.490%
SC County Fund - SLV	832,672	49.5%	0.683%
SC County Fund - Lompico	218,413	13.0%	0.683%
LAIF	3,367	0.2%	0.460%
	<b>\$ 1,683,012</b>	<b>100%</b>	





## CLIENT STATEMENT | For the Period August 1-31, 2016



**STATEMENT FOR:**  
SAN LORENZO VALLEY WATER DIST

**TOTAL VALUE OF YOUR ACCOUNT** (as of 8/31/16)  
*Includes Accrued Interest*

**\$102,253.69**

*Morgan Stanley Smith Barney LLC. Member SIPC.*

**Your Financial Advisor**

**Christopher Hoe**

Associate Vice President

Christopher.Hoe@morganstanley.com

650 926-7647

**Your Branch**

6004 LA MADRONA DR

SANTA CRUZ, CA 95060-1040

Telephone: 831-440-5200; Alt. Phone: 800-488-3436; Fax: 831-440-5201

020735 MSGDD403

#BWNJGMM



00020735 01 AV 0.373 01 TR 00116 MSGDD403 000000

SAN LORENZO VALLEY WATER DIST

13060 HI GHWAY 9

BOULDER CREEK CA 95006-9119



**Client Service Center** (24 Hours a Day; 7 Days a Week): 800-869-3326

**Access Your Account Online:** [www.morganstanley.com/online](http://www.morganstanley.com/online)



## Standard Disclosures

The following Disclosures are applicable to the enclosed statement(s). Expanded Disclosures are attached to your most recent June and December statement (or your first Statement if you have not received a statement for those months). The Expanded Disclosures are also available by selecting Account Documents when you log on to [www.morganstanley.com/online](http://www.morganstanley.com/online) or, call 800-869-3326.

### Questions?

Questions regarding your account may be directed to your Financial Advisor or the Branch Manager for the branch office where you maintain your account. If you require further assistance, call Client Service Center at (800) 869-3326 or for account-related concerns call our Client Advocate at (866) 227-2256.

### Errors and Inquiries

It is your responsibility to review your statement promptly and to seek immediate clarification about entries that you do not understand or believe were made in error by contacting the Branch Manager of the office where you maintain your account. Oral communications regarding any inaccuracy or discrepancy in this statement should be re-confirmed in writing to further protect your rights, including rights under the Securities Investor Protection Act (SIPA). Your statement will be deemed correct unless we receive a written inquiry of a suspected error. See your account documentation for special rules regarding your rights and responsibilities with respect to erroneous electronic fund transfers, including a description of the transfers covered.

### Availability of Free Credit Balances and Financial Statements

Under the customer protection rules of the SEC [17 CFR §240.15c3-3], we may use funds comprising free credit balances carried for customer accounts here, provided that these funds are payable to customers on demand (i.e., are free of a lien or right of set-off in our favor or on behalf of some third party to whom you have given control). A financial statement of this organization is available for your personal inspection at its offices, or a copy will be mailed to you upon your written request.

### Listed Options

Information with respect to commissions and other charges related to the execution of options transactions has been included in confirmations of such transactions previously furnished to you and such information will be made available to you promptly at your request. Promptly advise us of any material change in your investment objectives or financial situation.

**Important Information if you are a Margin Customer**(not available for certain retirement accounts)

If you have margin privileges, you may borrow money from us in exchange for pledging assets in your accounts as collateral for any outstanding margin loan. The amount you may borrow is based on the

value of the eligible securities in your margin accounts. If a security has eligible shares, the number of shares pledged as collateral will be indicated below the position.

### Margin Interest Charges

We calculate interest charges on margin loans as follows: (1) multiply the applicable margin interest rate by the daily close of business net settled debit balance, and (2) divide by 360 (days). Margin interest accrues daily throughout the month and is added to your debit balance at month-end. The month-end interest charge is the sum of the daily accrued interest calculations for the month. We add the accrued interest to your debit balance and start a new calculation each time the applicable interest rate changes and at the close of every statement month. For interest rate information, log into your Morgan Stanley account at [morganstanley.com/online](http://morganstanley.com/online). Select your account with a Margin agreement and click Interest Rates for more information.

### Information regarding Special Memorandum Account

If you have a Margin Account, this is a combined statement of your Margin Account and Special Memorandum Account maintained for you under Section 220.5 of Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the Special Memorandum Account as required by Regulation T is available for your inspection at your request.

### Important Information About Auction Rate Securities

For certain Auction Rate Securities there is no or limited liquidity. Therefore, the price(s) for these Auction Rate Securities are indicated by N/A (not available). There can be no assurance that a successful auction will occur or that a secondary market exists or will develop for a particular security.

### Structured Investments Risks and Considerations

Structured Investments (Structured Products) are complex products and may be subject to special risks. Investors should consider the concentration risk of owning the related security and their total exposure to any underlying asset. Structured Investments, which may appear in various statement product categories and are identified on the Position Description Details line as "Asset Class: Struct Inv," may not perform in a manner consistent with the statement product category where they appear and therefore may not satisfy portfolio asset allocation needs for that category. For information on the risks and conflicts of interest related to Structured Investments generally, log in to Morgan Stanley Online and go to [www.morganstanley.com/structuredproductsrisksandconflicts](http://www.morganstanley.com/structuredproductsrisksandconflicts).

### Security Measures

This statement features several embedded security elements to safeguard its authenticity. One is a unique security mark—a blue rectangle printed in heat-sensitive ink on the back of every page. When

exposed to warmth, the blue rectangle will disappear, and then reappear.

### SIPC Protection

We are a member of Securities Investor Protection Corporation (SIPC), which protects securities of its customers up to \$500,000 (including \$250,000 for claims for cash). An explanatory brochure is available upon request or at [www.sipc.org](http://www.sipc.org). Losses due to market fluctuation are not protected by SIPC and assets not held with us may not be covered by SIPC protection. To obtain information about SIPC, including an explanatory SIPC brochure, contact SIPC at 1-202-371-8300 or visit [www.sipc.org](http://www.sipc.org).

### Transaction Dates and Conditions

Upon written request, we will furnish the date and time of a transaction and the name of the other party to a transaction. We and/or our affiliates may accept benefits that constitute payment for order flow. Details regarding these benefits and the source and amount of any other remuneration received or to be received by us in connection with any transaction will be furnished upon written request.

### Equity Research Ratings Definitions and Global Investment Manager Analysis Status

Some equity securities may have research ratings from Morgan Stanley & Co. LLC or Morningstar, Inc. Research ratings are the research providers' opinions and not representations or guarantees of performance. For more information about each research provider's rating system, see the Research Ratings on your most recent June or December statement (or your first statement if you have not received a statement for those months), go to [www.morganstanley.com/online](http://www.morganstanley.com/online) or refer to the research provider's research report. Research reports contain more complete information concerning the analyst's views and you should read the entire research report and not infer its contents from the rating alone. If your account contains an advisory component or is an advisory account, a GIMA status will apply.

**Credit Ratings from Moody's Investors Service and Standard & Poor's**  
The credit rating from Moody's Investors Service and Standard & Poor's may be shown for certain securities. All credit ratings represent the opinions of the provider and are not representations or guarantees of performance. Your Financial Advisor will be pleased to provide you with further information or assistance in interpreting these credit ratings.

Revised 08/2016



## Account Summary

Basic Securities Account  
136-022962-098

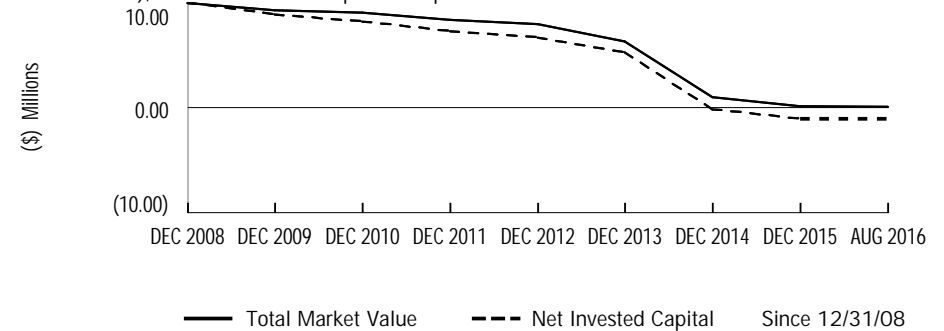
SAN LORENZO VALLEY WATER DIST  
13060 HIGHWAY 9

### CHANGE IN VALUE OF YOUR ACCOUNTS (includes accrued interest)

	This Period (8/1/16-8/31/16)	This Year (1/1/16-8/31/16)
<b>TOTAL BEGINNING VALUE</b>	<b>\$102,190.81</b>	<b>\$136,780.83</b>
Credits	—	—
Debits	—	(35,095.00)
Security Transfers	—	—
<b>Net Credits/Debits/Transfers</b>	<b>—</b>	<b>\$(35,095.00)</b>
<b>Change in Value</b>	<b>62.88</b>	<b>567.86</b>
<b>TOTAL ENDING VALUE</b>	<b>\$102,253.69</b>	<b>\$102,253.69</b>

### CHANGE IN VALUE OVER TIME

The display of market value (total account value) and net invested capital (total amount invested minus total withdrawn), demonstrates the impact of deposits and withdrawals.

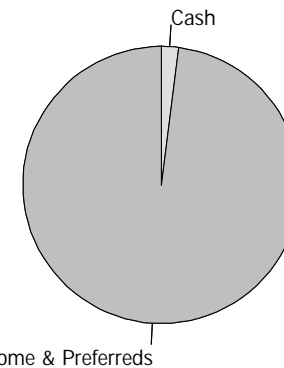


*This graph does not reflect corrections to Net Invested Capital or Market Value made subsequent to the dates depicted. It may exclude transactions in Annuities or positions where we are not the custodian, which could delay the reporting of Market Value or affect the Net Invested Capital.*

### ASSET ALLOCATION (includes accrued interest)

	Market Value	Percentage
Cash	\$2,033.84	1.99
Fixed Income & Preferreds	100,219.85	98.01
<b>TOTAL VALUE</b>	<b>\$102,253.69</b>	<b>100.00%</b>

*FDIC rules apply and Bank Deposits are eligible for FDIC insurance but are not covered by SIPC. Cash and securities (including MMFs) are eligible for SIPC coverage. See Expanded Disclosures. Values may include assets externally held, which are provided to you as a courtesy, and may not be covered by SIPC. For additional information, refer to the corresponding section of this statement.*



*This asset allocation represents holdings on a trade date basis, and projected settled Cash/BDP and MMF balances. These classifications do not constitute a recommendation and may differ from the classification of instruments for regulatory or tax purposes.*

## Account Summary

Basic Securities Account  
136-022962-098

SAN LORENZO VALLEY WATER DIST  
13060 HIGHWAY 9

### BALANCE SHEET (^ includes accrued interest)

	Last Period (as of 7/31/16)	This Period (as of 8/31/16)
Cash, BDP, MMFs	\$1,863.96	\$2,033.84
Certificates of Deposit ^	100,326.85	100,219.85
<b>Total Assets</b>	<b>\$102,190.81</b>	<b>\$102,253.69</b>
<b>Total Liabilities</b> (outstanding balance)	—	—
<b>TOTAL VALUE</b>	<b>\$102,190.81</b>	<b>\$102,253.69</b>

### INCOME AND DISTRIBUTION SUMMARY

	This Period (8/1/16-8/31/16)	This Year (1/1/16-8/31/16)
Interest	\$169.88	\$1,527.49
<b>Total Taxable Income And Distributions</b>	<b>\$169.88</b>	<b>\$1,527.49</b>
<b>Total Tax-Exempt Income</b>	—	—
<b>TOTAL INCOME AND DISTRIBUTIONS</b>	<b>\$169.88</b>	<b>\$1,527.49</b>

*Taxable and tax exempt income classifications are based on the characteristics of the underlying securities and not the taxable status of the account.*

### CASH FLOW

	This Period (8/1/16-8/31/16)	This Year (1/1/16-8/31/16)
<b>OPENING CASH, BDP, MMFs</b>	<b>\$1,863.96</b>	<b>\$601.35</b>
Sales and Redemptions	—	35,000.00
Income and Distributions	169.88	1,527.49
<b>Total Investment Related Activity</b>	<b>\$169.88</b>	<b>\$36,527.49</b>
Electronic Transfers-Debits	—	(35,000.00)
Other Debits	—	(95.00)
<b>Total Cash Related Activity</b>	<b>—</b>	<b>\$(35,095.00)</b>
<b>CLOSING CASH, BDP, MMFs</b>	<b>\$2,033.84</b>	<b>\$2,033.84</b>

### GAIN/(LOSS) SUMMARY

	Realized This Period (8/1/16-8/31/16)	Realized This Year (1/1/16-8/31/16)	Unrealized Inception to Date (as of 8/31/16)
Long-Term Gain	—	—	\$64.00

*The Gain/(Loss) Summary, which may change due to basis adjustments, is provided for informational purposes and should not be used for tax preparation. Refer to Gain/(Loss) in the Expanded Disclosures.*



## Account Detail

Basic Securities Account  
136-022962-098

SAN LORENZO VALLEY WATER DIST  
13060 HIGHWAY 9

**Investment Objectives†:** Capital Appreciation, Income, Aggressive Income, Speculation

**Brokerage Account**

† Inform us if your investment objectives, as defined in the Expanded Disclosures, change.

## HOLDINGS

This section reflects positions purchased/sold on a trade date basis. "Market Value" and "Unrealized Gain/(Loss)" may not reflect the value that could be obtained in the market. Fixed Income securities are sorted by maturity or pre-refunding date, and alphabetically within date. Estimated Annual Income a) is calculated on a pre-tax basis, b) does not include any reduction for applicable non-US withholding taxes, c) may include return of principal or capital gains which could overstate such estimates, and d) for securities that have a defined maturity date within the next 12 months, is reflected only through maturity date. Actual income or yield may be lower or higher than the estimates. Current yield reflects the income generated by an investment, and does not reflect changes in its price. Structured Investments, identified on the Position Description Details line as "Asset Class: Struct Inv," may appear in various statement product categories. When displayed, the accrued interest, annual income and current yield for those with a contingent income feature (e.g., Range Accrual Notes or Contingent Income Notes) are estimates and assume specified accrual conditions are met during the relevant period and payment in full of all contingent interest. For Floating Rate Securities, the accrued interest, annual income and current yield are estimates based on the current floating coupon rate and may not reflect historic rates within the accrual period.

## CASH, BANK DEPOSIT PROGRAM AND MONEY MARKET FUNDS

Cash, Bank Deposit Program, and Money Market Funds are generally displayed on a settlement date basis. You have the right to instruct us to liquidate your bank deposit balance(s) or shares of any money market fund balance(s) at any time and have the proceeds of such liquidation remitted to you. Estimated Annual Income, Accrued Interest, and APY% will only be displayed for fully settled positions.

Description	Market Value	7-Day Current Yield %	Est Ann Income	APY %
MORGAN STANLEY BANK N.A. #	\$2,033.84	—	—	0.010

	Percentage of Holdings	Market Value	Est Ann Income
CASH, BDP, AND MMFs	1.99%	\$2,033.84	\$0.00

# Bank Deposits are held at Morgan Stanley Bank, N.A. and/or Morgan Stanley Private Bank, National Association, affiliates of Morgan Stanley Smith Barney LLC and each a national bank and FDIC member.

## CERTIFICATES OF DEPOSIT

Security Description	Trade Date	Face Value	Orig Unit Cost Adj Unit Cost	Unit Price	Orig Total Cost Adj Total Cost	Market Value	Unrealized Gain/(Loss)	Est Ann Income Accrued Interest	Current Yield %
WORLD FINANCIAL NETWORK BANK (JUMBO) WILMINGTON DE CD	9/13/11	100,000.000	\$100.000 \$100.000	\$100.064	\$100,000.00 \$100,000.00	\$100,064.00	\$64.00 LT	\$167.00 \$155.85	0.16

Coupon Rate 2.000%; Matures 09/21/2016; CUSIP 981999U11

Interest Paid Monthly Oct 02; Yield to Maturity .848%; Issued 09/21/11; Maturity Value = \$100,000.00; Asset Class: FI & Pref



## Account Detail

Basic Securities Account  
136-022962-098

SAN LORENZO VALLEY WATER DIST  
13060 HIGHWAY 9

	Percentage of Holdings	Face Value	Orig Total Cost Adj Total Cost	Market Value	Unrealized Gain/(Loss)	Est Ann Income Accrued Interest	Current Yield %
CERTIFICATES OF DEPOSIT		100,000.000	\$100,000.00 \$100,000.00	\$100,064.00	\$64.00 LT	\$167.00 \$155.85	0.17%
<b>TOTAL CERTIFICATES OF DEPOSIT</b> (includes accrued interest)	<b>98.01%</b>			<b>\$100,219.85</b>			
	Percentage of Holdings		Total Cost	Market Value	Unrealized Gain/(Loss)	Est Ann Income Accrued Interest	Current Yield %
<b>TOTAL MARKET VALUE</b>			<b>\$100,000.00</b>	<b>\$102,097.84</b>	<b>\$64.00 LT</b>	<b>\$167.00 \$155.85</b>	<b>0.16%</b>
<b>TOTAL VALUE</b> (includes accrued interest)	<b>100.00%</b>			<b>\$102,253.69</b>			

Unrealized Gain/(Loss) totals only reflect positions that have both cost basis and market value information available. Cash, MMF, Deposits and positions stating 'Please Provide' or 'Pending Corporate Actions' are not included.

## ALLOCATION OF ASSETS (^ includes accrued interest)

	Cash	Equities	Fixed Income & Preferred Securities	Alternatives	Annuities & Insurance	Structured Investments	Other
Cash, BDP, MMFs	\$2,033.84	—	—	—	—	—	—
Certificates of Deposit ^	—	—	\$100,219.85	—	—	—	—
<b>TOTAL ALLOCATION OF ASSETS ^</b>	<b>\$2,033.84</b>	<b>—</b>	<b>\$100,219.85</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

## ACTIVITY

### CASH FLOW ACTIVITY BY DATE

Activity Date	Settlement Date	Activity Type	Description	Comments	Quantity	Price	Credits/(Debits)
8/2		Interest Income	WORLD JUMBO CD 2000 16SP21	CUSIP: 981999U11			\$169.86
8/31		Interest Income	MORGAN STANLEY BANK N.A. (Period 08/01-08/31)				0.02

**NET CREDITS/(DEBITS) \$169.88**

### MONEY MARKET FUND (MMF) AND BANK DEPOSIT PROGRAM ACTIVITY

Activity Date	Activity Type	Description	Credits/(Debits)
8/2	Automatic Investment	BANK DEPOSIT PROGRAM	\$169.86



## Account Detail

Basic Securities Account  
136-022962-098

SAN LORENZO VALLEY WATER DIST  
13060 HIGHWAY 9

### MONEY MARKET FUND (MMF) AND BANK DEPOSIT PROGRAM ACTIVITY (CONTINUED)

Activity			Credits/(Debits)
Date	Activity Type	Description	
8/31	Automatic Investment	BANK DEPOSIT PROGRAM	0.02
<b>NET ACTIVITY FOR PERIOD</b>			<b>\$169.88</b>

## MESSAGES

### Update to Morgan Stanley's Independent Equity Research Provider

Effective August 2016, Morgan Stanley switched its independent third-party equity research provider from Standard & Poor's (S&P) to Morningstar, the largest independent research provider, whose core competence is to deliver analyst-driven research. This shift demonstrates Morgan Stanley's continued commitment to servicing our clients. Equity Research, content and ratings currently based on S&P will be replaced with Morningstar, while S&P Credit Ratings will continue to be displayed on your statements. Please contact your Financial Advisor or Private Wealth Advisor if you have any questions.

020735 MSGDD403

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**G/L Balances**

Criteria: As Of = 8/31/2016; Fund = 76644

<u>G/L Account</u>	<u>Title</u>	<u>Beginning Balance</u>	<u>Year-To-Date Debits</u>	<u>Year-To-Date Credits</u>	<u>End Balance</u>
Fund 76644 -- SAN LORENZO VALLEY WATER TRUST					
101	EQUITY IN POOLED CASH	828,328.63	4,343.00	0.00	832,671.63
220	DEFERRED CREDITS	(500,000.00)	0.00	0.00	(500,000.00)
344	FUND BALANCE	(328,328.63)	0.26	(4,343.26)	(332,671.63)
Total Fund 76644		<u>0.00</u>	<u>4,343.26</u>	<u>(4,343.26)</u>	<u>0.00</u>

**Local Agency Investment Fund**  
**P.O. Box 942809**  
**Sacramento, CA 94209-0001**  
**(916) 653-3001**

SAN LORENZO VALLEY WATER DISTRICT

DISTRICT MANAGER  
13060 HIGHWAY 9  
BOULDER CREEK, CA 95006

[PMIA Average Monthly Yields](#)

// [Tran Type Definitions](#)

August 2016 Statement

**Account Summary**

Total Deposit:	0.00	Beginning Balance:	3,367.26
Total Withdrawal:	0.00	Ending Balance:	3,367.26

## MEMO

**TO:** Board of Directors  
**FROM:** District Manager  
**PREPARED BY:** Finance Manager  
**SUBJECT:** ONE TIME LEAK ADJUSTMENT STATUS REPORT  
**DATE:** October 7, 2016

San Lorenzo Valley Water District realizes that leaks occasionally occur that will cause the customer's bill to be extraordinarily high. The District adopted a Water Bill Adjustment in the Rules and Regulations to assist customers with a one-time leak adjustment per account. To obtain a one-time leak adjustment, the customer must submit a written leak adjustment request. After review and approval, adjustments can be made to the customer's account.

During the time frame from July 1, 2016 to September 30, 2016, there were 16 leak adjustments processed. The majority of these appeared to be old pipes on the customer side breaking or needing repair.

**STRATEGIC PLAN:**

Element 6.0 - Public Affairs

**FISCAL IMPACT:**

\$4,576.96

Utility Billing  
Transactions by Date  
**LEAK ADJUSTMENT - Q1 FY1617**



13060 Highway 9  
Boulder Creek, CA 95006-9119  
(831) 338-2153 phone  
(831) 338-7986 fax

Date Range: From: 07/01/2016 To: 09/30/2016  
Batch Type: Adj & Fees  
Billing Cycle: 001, 002, 999

Account No Reference No	Journal Entry Date Tran Type	Amount	Units Above Ave.
LEAK			
006225-000	09/15/2016	\$ (332.98)	112
230006601	Adjustment		
006724-000	07/19/2016	\$ (56.72)	19
260001351	Adjustment		
006860-000	08/22/2016	\$ (129.72)	46
260007853	Adjustment		
007450-000	08/04/2016	\$ (264.48)	76
290003950	Adjustment		
011832-000	09/15/2016	\$ (122.66)	51
810125001	Adjustment		
012297-000	09/28/2016	\$ (361.19)	121
840474030	Adjustment		
013492-000	07/19/2016	\$ (882.76)	232
N/A	Adjustment		
008077-000	09/28/2016	\$ (38.48)	16
410323002	Adjustment		
008542-000	09/15/2016	\$ (40.89)	17
520221001	Adjustment		
008562-000	09/28/2016	\$ (325.37)	109
520238003	Adjustment		
009939-000	07/19/2016	\$ (158.73)	66
630392035	Adjustment		
010548-000	07/27/2016	\$ (79.37)	33
710023002	Adjustment		
010902-000	09/28/2016	\$ (90.48)	26
720243001	Adjustment		
011287-000	09/28/2016	\$ (96.20)	40
740154005	Adjustment		
013964-000	09/28/2016	\$ (40.89)	17
21601000	Adjustment		
014130-000	07/27/2016	\$ (1,556.04)	647
40101000	Adjustment		
<b>LEAK TOTAL</b>		<b>\$ (4,576.96)</b>	<b>1,627</b>
<b># Leak Adj</b>		<b>16</b>	
<b>FY1516 YTD Totals</b>		<b>\$ (4,576.96)</b>	
<b># Leak Adj</b>		<b>16</b>	

In accordance with District Ordinance 85, authorizing water bill adjustments adopted October 10, 1991 and amended by Ordinance 97 adopted April 20, 2000, Ordinance 101 adopted January 6, 2005 and Ordinance 102 adopted March 3, 2005, District staff has adjusted the above accounts for the period stated above.

**ATKINSON • FARASYN, LLP**

ATTORNEYS AT LAW

REPLY TO:  
MARC G. HYNES

5050 EL CAMINO REAL, SUITE 205  
LOS ALTOS, CALIFORNIA 94022  
TELEPHONE (650) 967-6941  
FACSIMILE (650) 967-1395

J.M. ATKINSON (1892-1982)  
L.M. FARASYN (1915-1979)

**MEMORANDUM**

TO: BOARD OF DIRECTORS  
SAN LORENZO VALLEY WATER DISTRICT

FROM: MARC G. HYNES  
DISTRICT COUNSEL

DATE: SEPTEMBER 8, 2016

RE: CONFLICT OF INTEREST CODE

---

The Political Reform Act, enacted in 1974 by citizen initiative, controls conflicts of interests of public officials. The Act is codified in the Government Code in sections 81000 and following. The Fair Political Practices Commission, created by the Act, has adopted regulations which implement the Act. These are set out in Title 2 of the California Code of Regulations.

The Act requires that public agencies adopt a conflict of interest code which must be consistent with the minimum requirements of the Political Reform Act (California Government Code section 87302 and 2 California Code of Regulations section 18730.)

The Act requires that no later than July 1 of each even numbered year the code reviewing body direct every local agency which has adopted a Conflict of Interest Code to review that code and if changes are anticipated submit the amended code to the reviewing body. (California Government Code section 87306.5.) If no change in the code is required, local agencies are to submit a written statement to that effect to the code reviewing body no later than October 1.

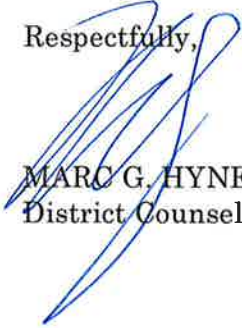
The code and its attachments designating positions and disclosure requirements have been prepared in line with the standard codes of agencies which incorporate 2 California Code of Regulations, section 18730. Exhibit 1 has been revised to eliminate Members of the Education Advisory Commission and the Communications Specialist. The Environmental Programs Manager appears in place of the Environmental Analyst. Committee members have been added as shown.

2 California Code of Regulations section 18730 contains requirements which, when adopted by reference to section 18730, satisfy the requirements of the Act and implementing



regulations as a local agency's conflict of interest code. 2 California Code of Regulations section 18730(a) allows the entire regulation implemented by the Fair Political Practices Commission (which is a complete conflict of interest code) to be incorporated by reference in a local agency's conflict of interest code. This is what the District has done and continues with the current Resolution presented for your consideration and adoption.

Respectfully,



MARC G. HYNES  
District Counsel

## SAN LORENZO VALLEY WATER DISTRICT

### RESOLUTION NO. 10 (16-17)

SUBJECT: SAN LORENZO VALLEY WATER DISTRICT CONFLICT OF INTEREST CODE

WHEREAS, the Political Reform Act, California Government Code Section 81000 *et seq.* requires every state or local government agency to adopt and promulgate a Conflict of Interest Code; and

WHEREAS, the San Lorenzo Valley Water District by Resolution No. 15 (14-15) has previously adopted a Conflict of Interest Code; and

WHEREAS, the Board of Directors has reviewed the existing San Lorenzo Valley Water District Conflict of Interest Code and determined that revisions are required;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that the Conflict of Interest Code with Exhibits 1 and 2 attached here and incorporated here shall constitute the San Lorenzo Valley Water District Conflict of Interest Code, and that the previous San Lorenzo Valley Water District Conflict of Interest Code embodied in Resolution No. 15 (14-15) and other actions related to this matter by the Board are hereby superseded and no longer in force and effect.

FURTHER, BE IT RESOLVED that the District Manager is hereby directed to forward a copy of the San Lorenzo Valley Water District Conflict of Interest Code to the District's code reviewing body, the Santa Cruz County Board of Supervisors.

\* \* \* \* \*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 15th day of September, 2016, by the following vote of the members thereof:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

---

Holly Morrison, District Secretary  
San Lorenzo Valley Water District

## **SAN LORENZO VALLEY WATER DISTRICT CONFLICT OF INTEREST CODE**

### **SECTION 1. INCORPORATION OF STATE REGULATIONS BY REFERENCE**

The Political Reform Act of 1974 (California Government Code Section 81000, *et seq.*), hereinafter referred to as "Act," requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission, hereinafter referred to as "FPPC," has adopted regulations which contain the terms of a standard conflict of interest code. Therefore, the terms of Title 2, California Administrative Code, Section 18730, hereinafter referred to as "Regulation," and any amendments thereto duly adopted by the FPPC, are hereby incorporated by reference and made a part of the San Lorenzo Valley Water District Conflict of Interest Code.

Said Regulation, along with the attached Appendices: Exhibit 1 designating officials and employees of the San Lorenzo Valley Water District subject to reporting requirements, and Exhibit 2 establishing disclosure categories, shall constitute the San Lorenzo Valley Water District Conflict of Interest Code.

### **SECTION 2. DESIGNATED POSITIONS WITH REPORTING REQUIREMENTS**

Elected officials, members of board and/or commissions appointed by the Board of Directors, District Employees and consultants holding designated positions as stated in Exhibit "1," attached hereto and made a part hereof, shall be considered designated positions subject to reporting requirements under the San Lorenzo Valley Water District Conflict of Interest Code. Persons holding designated positions shall disclose interests as stated in Exhibit "2," attached hereto and made a part hereof, listing individual disclosure categories under the San Lorenzo Valley Water District Conflict of Interest Code.

### **SECTION 3. FILING OF STATEMENTS**

Persons holding designated positions shall file a Statement of Economic Interests with the San Lorenzo Valley Water District on FPPC forms, in conformance with the individual disclosure categories and State of California guidelines, when required by the District Secretary. The District Secretary shall make and retain a copy of all statements filed and forward the original of such statements to the Santa Cruz County Clerk of the Board of Supervisors. Statements for all public officials and designated employees will be retained by the District. Statements of Economic Interests are public records subject to Government Code Section 81008, available for public inspection not later than the second business day following the day on which the request for inspection was received.

#### **SECTION 4. EFFECTIVE DATE OF CONFLICT OF INTEREST CODE**

The effective date of the Conflict of Interest Code shall be the date the Code is approved by the code reviewing body. Notwithstanding the effective date, the adoption of this Conflict of Interest Code shall not be considered an original adoption as to those designated officials or employees who have already been filing annual Statements of Economic Interest; those persons shall not be required to file again this year. Newly designated officials or employees shall file statements within 30 days of the effective date of this Code, and all designated officials and employees shall continue to file statements upon assuming or leaving office.

## EXHIBIT "1"

### SAN LORENZO VALLEY WATER DISTRICT CONFLICT OF INTEREST CODE

#### LIST OF DESIGNATED POSITIONS

##### GENERAL PROVISIONS

Persons occupying the following specifically enumerated designated positions are subject to reporting requirements under the San Lorenzo Valley Water District Conflict of Interest Code and shall disclose interests as set forth in Exhibit "2" listing individual reporting requirements:

<u>LIST OF DESIGNATED POSITIONS</u>	<u>DISCLOSURE CATEGORIES</u>
MEMBERS OF THE BOARD OF DIRECTORS	1, 2
DISTRICT COUNSEL	1, 2
DISTRICT MANAGER	1, 2
DISTRICT SECRETARY/ADMINISTRATIVE ASSISTANT	1, 2
ENVIRONMENTAL PROGRAMS MANAGER	1, 2
FINANCE MANAGER	1, 2
DIRECTOR OF OPERATIONS	1, 2
COMMITTEE MEMBERS OF FOLLOWING COMMITTEES:	1, 2
Administration Committee	
Budget & Finance Committee	
Environmental/Engineering/Planning Committee	
Lompico Oversight Committee	
CONSULTANTS	3

## EXHIBIT "2"

### SAN LORENZO VALLEY WATER DISTRICT CONFLICT OF INTEREST CODE

#### DISCLOSURE CATEGORIES

##### GENERAL PROVISIONS

Persons holding designated positions subject to reporting requirements shall conform to the following disclosure categories:

##### CATEGORY 1

Persons in this category shall disclose all interests in real property within the jurisdiction of the San Lorenzo Valley Water District. Real property shall be deemed to be within the jurisdiction of the San Lorenzo Valley Water District if the property or any part of it is located within or not more than two miles outside the boundaries of the San Lorenzo Valley Water District or within two miles of any land owned or used by the San Lorenzo Valley Water District.

##### CATEGORY 2

Persons in this category shall disclose:

- (a) All investments, business positions, and income (including gifts, loans and travel payments) from:
- (i) all sources subject to the regulatory, permit or licensing authority of the District; and
  - (ii) all sources that provide, plan to provide, or have provided in the last two years, facilities, goods, software, hardware, or related technology, equipment, vehicles, machinery, or services, including training or consultant services, to the District; and
  - (iii) all sources that are engaged in any real estate activity including, but not limited to, real estate appraisal, development, construction, planning/architectural design, engineering, sales, brokerage, leasing, lending, insurance, rights of way, and/or studies; and/or property or facilities management/maintenance/custodial and utility services, used by the District or provides capital for the purchase of property used or sold by the District.

### CATEGORY 3

Consultants shall disclose pursuant to the broadest disclosure category in the Conflict of Interest Code subject to the following limitation: The District Manager may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements of the broadest but instead must comply with more detailed disclosure requirements specific to that consultant. Such a determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. All such determinations are public records and shall be retained for public inspection along with this Conflict of Interest Code.

## MEMO

To: Board of Directors

From: District Manager

SUBJECT: DISCUSSION AND POSSIBLE ACTION REGARDING RESOLUTION  
NO. 31 (13-14), THE LOMPICO MERGER AGREEMENT

DATE: October 20, 2016

### **RECOMMENDATION**

It is recommended that the Board of Directors take no action at this time regarding Condition D of the Agreement, The Lompico Surcharge.

It is recommended that the Board of Directors revert the Lompico Committee charter back to the clear language of Agreement Condition B, The Bond Oversight Committee, as stated below:

“BOND OVERSIGHT COMMITTEE – Upon distribution of the bond proceeds, SLVWD shall establish a citizens’ bond oversight committee consisting of five Lompico water customers to review expenditure of the bond proceeds on projects that directly benefit Lompico.”

### **BACKGROUND**

For many years the San Lorenzo Valley Water District (SLVWD or District) and neighboring Lompico County Water District (LCWD) have been discussing the possibility of merging. In 2014 an agreement was crafted (attached) by a ‘working group’ consisting of District staff, LCWD Board Members, and various County employees. Both agencies fully reviewed the four terms of the agreement, approved the agreement and voted to submit a joint application to the Local Agency Formation Commission (LAFCO), the organization responsible for local political boundaries. Soon after, LAFCO approved the merger, contingent on the four negotiated conditions being met, along with four additional conditions. Those LAFCO conditions are copied verbatim as follows:

- A. INFRASTRUCTURE BOND Prior to the filing of the Certificate of Completion, a Community Facilities District bond or similar revenue instrument shall be passed by the voters and/or property owners of the Lompico service area so that proceeds not greater than \$2.75 million will go to the San Lorenzo Valley Water District (SLVWD) for the purposes of infrastructure improvements solely for the benefit of the Lompico service area. If a grant or other source of funds can be secured to make infrastructure improvements that are programmed to be included in the not-to-exceed \$2.75 million of bond proceeds, or if the costs of the programmed improvements are lower, the amount of the bond proceeds can be a lesser amount if authorized in writing by the San Lorenzo Valley Water District Board following consideration of the reduction at a public meeting of that board.



- B. **BOND OVERSIGHT COMMITTEE** Upon distribution of the bond proceeds, SLVWD shall establish a citizens' bond oversight committee consisting of five Lompico water customers to review expenditure of the bond proceeds on projects that directly benefit Lompico.
- C. **LOAN PAYBACK** Prior to the filing of the Certificate of Completion, Lompico County Water District shall pay the entire amount due on the PERS Side Fund Loan Agreement that was executed on July 30, 2013 by and between Lompico County Water District and San Lorenzo Valley Water District.
- D. **LOMPICO WATER RATES AND CHARGES** SLVWD shall bill the Lompico customers of SLVWD the same rates as the other customers within SLVWD. However, prior to filing of the Certificate of Completion, in order to cover the difference between SLVWD's estimated revenues collected in Lompico and SLVWD's estimated operating costs in Lompico, Lompico County Water District shall enact a reduction in their water rates, effective only upon the reorganization, so that \$140,000 in excess of the amount generated by SLVWD rates would be collected in the first year following the effective date of the reorganization. LAFCO shall authorize SLVWD to continue to collect these Lompico charges after the reorganization. Prior to the Certificate of Completion being filed, SLVWD will deliver a letter to the LAFCO Executive Officer indicating that the charges adopted by the Lompico County Water District are structured in a manner that SLVWD is willing to implement. The Lompico charges shall not exceed the following amounts:

Year	Beginning	Per Month/Per Connection
1	Upon the effective date of the reorganization	\$23.50
2	One year after effective date of the reorganization	\$19.50
3	Two years after effective date of the reorganization	\$8.50
4	Three years after effective date of the reorganization	\$5.50
5	Four years after effective date of the reorganization	\$5.50

The Lompico charges shall be phased out no later than five years after the effective date of the reorganization.

- E. The proponent districts shall provide a legal map, description, and fees to meet State Board of Equalization requirements.
- F. The proponent districts shall be responsible to pay any fees required to comply with Fish and Game Code Section 711.4 (Fish and Game Fees required when notices of environmental decisions are filed).
- G. The proponent districts shall pay any remaining processing fees as set in this Commission's Schedule of Fees and Deposits.
- H. Prior to issuance of a Certificate of Completion for this reorganization, the proponent districts shall deliver an executed indemnification agreement that is in a form that is acceptable to this Commission and suitable for recordation.

In February of 2015 the residents and customers of the LCWD voted on the Bond proposal. The vote failed, effectively ending the merger and vacating the associated terms. Sympathetic to the lingering interests among many Lompico residents and

members of the LCWD board, SLVWD staff worked out a ten year pay-as-you-go Assessment District option. Staff proposed that LCWD consider this Assessment District as a 'similar revenue instrument', as provided in Condition A of the agreement. This option had the benefit of avoiding any changes in the LAFCO application, which would have required a new application, requiring additional months and staff resources. In effect, SLVWD provided LCWD an additional 16 months to present the Assessment District option to their constituents.

During those 16 months, LCWD continued to accumulate debt and other liabilities. Based on the language of the agreement, the Lompico Surcharge, as fully described in Condition D, would be utilized to pay any debt that remained upon merger.

During the 16-month period that SLVWD provided LCWD to prepare and execute the Assessment District vote, LCWD paid off the two outstanding debts that existed in 2014 and the LCWD accumulated additional debt at the same time.

In late 2015 LCWD President Henry began questioning SLVWD Staff about reducing the Lompico Surcharge due to the two paid debts and some additional revenue that LCWD had not anticipated having while negotiating in 2014. Staff was adamant that the Lompico Surcharge would remain as described in the Agreement but was willing to discuss negotiating a 'side-bar' agreement concerning any additional cash LCWD anticipated having at the time of the merger. In January of 2016, LCWD Board unanimously approved the charges included in the Surcharge, as clearly described in Condition D of the agreement.

In spring of 2016 LCWD began requesting a renegotiation of the Agreement's Condition D, weeks before the Assessment District vote was to occur. SLVWD chose not engage, to avoid any appearance of attempting to influence the LCWD Assessment District vote and to avoid the possibility of opening up the LAFCO agreement process.

The Assessment District vote passed. The merger was completed on June 1, 2016.

In August of 2016, Ms. Deborah Loewen represented herself as a spokesperson for all of Lompico and demanded that SLVWD remove the debt portion of the Lompico Surcharge. Staff reviewed the agreement, LCWD and SLVWD Board Resolutions, contacted individuals involved in the negotiations and prior SLVWD Directors to ascertain if there were any additional conditions beyond those provided in the clear language of the agreement. Staff found none.

Binding agreements can only be made by a majority of the District Board. Individual Directors or staff do not have authority to commit the District to any course of action. The decision made by the now-serving Board is the binding decision.

As mentioned prior, Staff has discussed this issue with individuals familiar with the circumstances or who were in attendance at those meetings (Directors, public and staff). There is a clear consensus that the SLVWD Board members of the time were adamant that Lompico Costs would be borne by Lompico Water District customers, thus the surcharge.

As required by law, SLVWD is completing a full audit of the last years of LCWD operation. This audit will identify and quantify assets and liabilities of LCWD which will enable the

District to determine if the surcharge should be adjusted. Until that audit is complete, there is insufficient information to recommend an adjustment.

Based on the above, and all the information presented to date, staff recommends the Board take no action at this time regarding Condition D of the Agreement, The Lompico Surcharge.

Staff recommend that the Board revert the Lompico Committee charter back to the clear language of Agreement Condition B, The Bond Oversight Committee, as stated below:

“BOND OVERSIGHT COMMITTEE – Upon distribution of the bond proceeds, SLVWD shall establish a citizens’ bond oversight committee consisting of five Lompico water customers to review expenditure of the bond proceeds on projects that directly benefit Lompico.”

### **STRATEGIC PLAN**

Element 5.1 – Fiscal Plan for support of Strategy

### **FISCAL IMPACT**

Potential reduction in revenue of -\$47,000 from the Lompico Surcharge.

Current assets and liabilities unknown. Lompico Audit, currently anticipated to be complete in February 2017, will help provide a clear understanding of what LCWD assets and liabilities existed on June 1, 2016.

**Subject:** Re: Lompico Working Group Meeting Scheduled for July 28 @ 4PM

**Date:** Thursday, August 27, 2015 at 7:10:30 PM Pacific Daylight Time

**From:** LAnnHenry [REDACTED]

**To:** Christina.Mowrey [REDACTED], Brian Lee, Jan.Sweigert [REDACTED]

**CC:** merrieschaller [REDACTED], Pat.McCormick [REDACTED],

MaryJo.Walker [REDACTED], John.Ricker [REDACTED]

Robin.Musitelli [REDACTED], Rick Rogers, Susan.Mauriello [REDACTED]

Bruce.McPherson [REDACTED], Peter.Detlefs [REDACTED]

Okay then. I believe we have lots of questions that need to be answered but we can be out there flying by the seat of our pants. We can line up people to get the assessment district done but what about the surcharge

That we were told would be reduced if the debts we owe were paid off before the merger? what about if we have money in the bank at the end of the day.

how do we give information to our customers when we don't know the answers ourselves.

Lois

**Subject:** Re: need to meet or talk

**Date:** Monday, December 21, 2015 at 1:19:29 PM Pacific Standard Time

**From:** Brian Lee

**To:** LAnnHenry [REDACTED]

Hi Lois,

I'm going to be down in Southern California for Christmas with the Family. Are you available the week of Jan 4th?

I will reach out to Mike today and discuss interest. If we do any borrowing it will be through the State SRF program. I think they are currently at 3%, but will check.

I am confused about the loans and surcharge discussion, so a meeting to discuss is a very good idea. My understanding is that 'loans' and 'surcharges' were separate items in the LAFCO application:

Item A was the Infrastructure Bond or similar revenue instrument (Assessment District).

Item B was the Bond Oversight Committee

Item C was the Loan Payback

Item D was the Lompico Water Rates and Charges (The 'Lompico Charges' or surcharge)

My Board agreed to move forward with the Assessment District as a similar revenue instrument to the Infrastructure Bond, but specifically avoided changing any of the conditions on B, C and D to avoid the need for refiling the LAFCO application.

However, that does not answer your question regarding what to do about 'money in the bank' upon merger. I'm not sure anyone expected there to be a bank account worth discussion. Now is a good time to figure that out.

Financially it might be better to apply that money to capital costs vs. the labor surcharge. It is the difference between reducing a 20-year loan @ 3%-ish vs. reducing a 5-year surcharge that gets reduced every year anyway. I also recognize that political issues may get in the way of what is financially best.

We need to discuss the Bond Oversight Committee too.

Brian

-----  
Brian C. Lee, District Manager - 831.338.2153  
San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, CA 95006

**Subject:** need to meet or talk

**Date:** Monday, December 21, 2015 at 9:25:41 AM Pacific Standard Time

**From:** LAnnHenry [REDACTED]

**To:** Brian Lee

Hi Brian

We are hoping to sent ballots out by the end of January but you need to let Mike Freitas know how much you expect the interest to be. Also we need to reach an agreement of the sur-charge. For example what if we have \$100,000 in the bank when the vote passes can we use that money to reduce the sur-charge?

I suppose that would need to be written up by a lawyer.

I know Pat sent you information on the sue-charge that showed the charge included two debts one which has been paid off and one that will be paid off by the time the vote is counted.

Would you be available the week after Christmas? I have every day free that week except Monday.

Lois

Mr. Marc Hynes, Legal Counsel  
Atkinson-Farasyn, LLP  
505 El Camino Real, Ste 205  
Los Altos CA 94022

RECEIVED

SEP - 1 2016

Atkinson-Farasyn, LLP

August 26, 2016

San Lorenzo Water District - Lompico Merger  
Debt Portion of the Surcharge

Mr. Hynes,

Enclosed is a courtesy copy of my letter to San Lorenzo Valley Water District asking for removal of the debt portion of the Lompico surcharge, and for better notation of the Lompico Surcharge on our water bills.

As you know, Lompico Water District merged with San Lorenzo Valley Water District as of June 1, 2016, following a successful vote to fulfill capital financing terms of the LAFCo agreement. One of the other four terms was a surcharge made of two components: repayment of long term debt, and a revised budget for operations which was primarily for the addition of three field employees as a requirement by SLVWD. The shortfall between the above expenses and SLVWD's projected lower revenue due to Lompico's lower water use was to be collected as a surcharge over five years. The first two years included collection to repay the above debt. Due to delays between the time the LAFCo agreement was written in 2014 and the final vote in early 2016, all debts had been paid. SLVWD was notified of this by Lompico's board in April 2016, prior to the merger. The debt repayment portion of the surcharge charged by SLVWD has not yet been removed.

I felt compelled to write to you and the SLVWD board, because as a member of the Lompico County Water District's Citizens Advisory Committee since it was formed, I know the amount of work by the County, LAFCo, SLVWD, Lompico Water, and the Advisory, that went into providing accurate information to Lompico voters. I feel the surcharge debt portion is not being implemented in terms that Lompico voted on, nor in supporting documents of the merger.

We attended the first meeting of the Lompico Oversight Committee on August 23. After listening to District Manager Brian Lee's explanation of the surcharge terms and expense tracking to the committee, I realized his interpretation is much different than that as presented in public meetings, which were the basis of Lompico voter's decisions. I feel this is not a deliberate alteration of the surcharge terms, but a product of lack of information and background passed along to the new manager and board.

Brian Lee has been open and responsive to our questions, and I am hopeful that the Board is willing to take another look so that this may be made right as soon as possible. I appreciate any assistance you may provide to the Board in reviewing the agreement, and speaking of our concerns, on behalf of customers in Lompico.

Thank you.



Debra Loewen  
Lompico

Mailing address: PO Box 66165, Scotts Valley CA 95067

THANK YOU FOR REVIEWING.

San Lorenzo Valley Water District  
Board of Directors  
13060 Highway 9  
Boulder Creek CA 95006-9119

General Manager, Mr. Brian Lee  
District Legal Counsel, Mr. Marc Hynes

August 26, 2016

- **Implementation of Lompico Surcharge terms regarding paid debt**
- **Request for change in Lompico Surcharge ID on water bill**

Directors Randall Brown, Margaret Bruce, Charles Baughman, Eric Hammer and Gene Ratcliffe;  
Mr. Brian Lee, and Mr. Marc Hynes,

I'm grateful that this year's vote in Lompico enabled the merger into San Lorenzo Valley Water District. Many people worked hard to make this possible, following an often rough path to get here. I am writing as having belonged to Lompico Water District's Citizens Advisory Committee since its start, actively involved in attending Liaison meetings, public meetings, and gathering information and getting details to Lompico customers regarding the merger. Having been part of this movement from the beginning, there are two items I feel must be immediately addressed. I know that the principals on your board and staff involved in forming the merger are no longer with the district, and that you needed time to catch up. I'm sure that once you understand the basis of these concerns, you will move forward to fixing these two items as quickly as possible. I appreciate your review of the following.

One of the four terms of the LAFCo agreement for merger, as set by San Lorenzo Valley Water District (SLVWD), is an additional charge to Lompico customers. It is commonly called the "Lompico Surcharge", in public meetings and past discussions; the LAFCo agreement calls it "Lompico Water Rates and Charges"; SLVWD now labels it an "operations" charge.

The surcharge was originally made up of two parts: 1) to collect an appropriate amount to complete payments on two Lompico outstanding debts, and 2) to make up the difference in income ("shortfall") due to Lompico customers traditionally low water use, and thus lower SLVWD revenue from water sales in this sector. In this letter I'm directing your attention to the first part concerning Lompico debt.

When the LAFCo agreement was written, Lompico County Water District (LCWD) owed a total of \$47,383.00 in long term debt; \$7247 to finish repayment of a State loan, and \$40,136 balance on a settlement with the former manager. SLVWD spread the collection of these funds over two years of the five-year surcharge, \$27,315 for year one, and \$20,068 for year two. As the merger vote was delayed, these balances changed as this debt continued to be paid off. Countering requests to revise the debt balances in the merger surcharge agreement as time passed, SLVWD said no, 1) they may want to pay off remaining debt at once, and still spread adjusted balance repayment over the first two years, and more recently, 2) that they felt altering this term on the LAFCO agreement would require starting all over with the LAFCo process, and thus surcharge debt reduction or removal would instead be done as a "sidebar agreement" to avoid further delays.

The inclusion of the debt repayment as a portion of the surcharge is what Lompico voters based their decision on. This is shown on LAFCo spreadsheets defining the surcharge, as presented at public meetings, and also as on SLVWD's website and presentations<sup>1</sup> prior to the final merger vote<sup>2</sup>.

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<sup>1</sup> <http://www.slvwd.com/lompico/Line%20Item%20Estimates%20May%209%202014.pdf> See character 50, about half way down

<sup>2</sup> <http://www.slvwd.com/lompico/Five%20Year%20Merger%20Pro%20Forma%20Budget.pdf> line 3, beginning 2014/15; merger year 1



By the time of the merger completion on June 1, 2016, both debts were paid in full. Lompico board president Lois Henry informed SLVWD General Manager and Board of this at your regular meeting on April 21, 2016; on April 26, as directed, at a meeting of the Financial Committee; and again to the Board at your regular meeting June 16, 2016. SLVWD retains all the Lompico financial records.

I bring to your attention that the debt portion of the surcharge has not been removed to date, and that this portion continues to be included in the charge on our SLVWD water bill. As an SLVWD customer, I'm concerned that this is building up an overcharge which will worsen unless corrected right away. Of the \$23.50/month Lompico Surcharge charged each Lompico customer in year one, about \$4.55 was intended for debt repayment. Since there is no longer debt to repay, and based on a 500 Lompico customer calculation, this will result in an overcharge of about \$10,000 to the September billing.

- My request is that the district

- 1) remove the debt portion from the Lompico surcharge on our water bills by the next billing, and
- 2) respond with a plan as to how this overcharge will be either returned or credited to Lompico customers as quickly as possible, and showing future debt portion surcharges (years one and two, per agreement) removed.

I would like this response in writing by September 30, 2016.

The second item of concern is the appearance of the surcharge on our water bill. SLVWD has another surcharge of \$1 per unit, a charge due to reduction of water use from customer conservation for the drought. This is charged to all SLVWD customers and was approved prior to the merger via a Proposition 218 vote. This appears on my bill (copy attached) as "Surcharge" in the upper portion. After the water use and basic charge subtotal, my billing shows a \$23.50 "Operating Charge", with no reference to Lompico. I feel this does not adequately and accurately indicate this as the revenue "shortfall" Surcharge only for Lompico customers. As described previously, the term most familiar to Lompico customers is "Lompico surcharge", while "Lompico Water Rate" is the term used in the LAFCo agreement; any similar description including the word "Lompico" would help customers to know this is unique to their water bill, not a universal base charge, and relates to revenue shortfall due to lower Lompico average water use, similar to SLVWD's existing drought surcharge.

- I would like the description of the charge clarified and Lompico tag added by the next water bill.

Thank you for reviewing my concerns and taking the next steps to fix these two items. I would be happy to provide further documentation gathered as part of the LCWD Citizens Advisory Committee work to define the surcharge. For this letter I have included water district legal counsel, as I see that he is responsible to ensure that all Lompico agreements are kept<sup>3</sup>. We have no other legal representation as SLVWD customers. I have copied LAFCo, as they can provide any backup documentation that may be needed, and County CAO Susan Mauriello, as these terms were a big part of the County Working Group merger review. Pertinent documents showing the debt as part of the surcharge are on the LAFCo website, and also on SLVWD's website. I have also copied the District Attorney's office and asked if they may be of help to you if any questions, as the LAFCo agreement gives SLVWD power to collect the outstanding debt via the surcharge, but not to increase the other portion, which unintended consequence may then be deemed a rate increase.

I have copied the SLVWD Lompico Oversight Committee, who will continue to oversee other portions of the merger agreement. I especially appreciate SLVWD General Manager Brian Lee's work with this committee, and hope that further clarification of the LAFCo terms and background will help in a smooth transition.

Sincerely,



Debra Loewen

Lompico

attached: copy of my last water bill; spreadsheet of budget and Surcharge calcs

Cc: LAFCo Santa Cruz County; District Attorney, Santa Cruz County; County CAO S Mauriello; SLVWD Lompico Oversight Committee.

<sup>3</sup> <http://slvwd.com/Personnel/District%20Counsel%20Performance%20Objectives.pdf> item- Agreements



**SAN LORENZO VALLEY WATER DISTRICT**  
 13060 HIGHWAY 9  
 BOULDER CREEK CA 95006-9119  
 PHONE: (831) 338-2153  
 Office Hours: Monday - Friday 8:00 AM to 5:00 PM

Agenda: 10.20.16  
 Item: 12a

Ready, Set, Go! Be prepared for a wildfire, visit [www.readyforwildfire.org](http://www.readyforwildfire.org) for tips and more.

Deposits on account from Lompico will show up on this bill as a Deposit and Payment (net zero). SLVWD will refund deposits to your account after 1 yr of good payments.

CUSTOMER: [REDACTED]  
 ACCOUNT NUMBER: [REDACTED]  
 METER NUMBER/SIZE: UNK200 (5/8")  
 SERVICE ADDRESS: [REDACTED]  
 ROUTE NUMBER: 20  
 SERVICE TYPE: FLAT WATER  
 BILLING PERIOD: 07/01/2016 to 07/31/2016  
 BILL DATE: 07/20/2016  
 DUE DATE: 08/10/2016

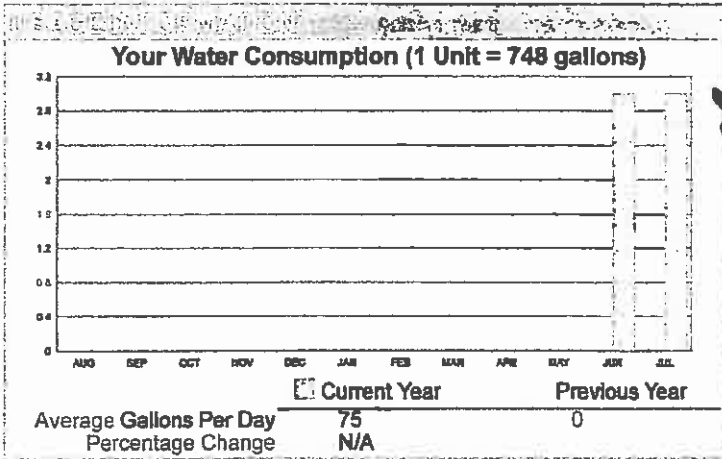
READ PERIOD	PRIOR READ	CURRENT READ	USAGE
06/15/2016 TO 07/15/2016	600.00	610.00	3.00

Tier	Units	Unit Cost	Amount
1 Water	3.00	3.81	11.43
Surcharge	3.00	1.00	3.00
Basic Charge			34.00

**Current Charges** **71.93**

Previous Balance Due 158.65  
 Operating Charge 23.50  
 Payment Received - THANK YOU -71.93  
 Adjustments -86.72

**Total Amount Due** **71.93**



Please write your account number on your check, detach the payment stub and return with your payment.



**SAN LORENZO VALLEY WATER DISTRICT**  
 13060 HIGHWAY 9  
 BOULDER CREEK CA 95006-9119

ACCOUNT NUMBER: [REDACTED]  
 SERVICE ADDRESS: [REDACTED]  
 TOTAL AMOUNT DUE: **71.93**

AMOUNT ENCLOSED:



LOR0721A  
 4000000435 435/1



MAKE CHECKS PAYABLE TO:



**SAN LORENZO VALLEY WATER DISTRICT**  
 13060 HIGHWAY 9  
 BOULDER CREEK CA 95006-9119



**Subject:** Your letter dated August 26, 2016  
**Date:** Friday, September 2, 2016 at 12:28:51 PM Pacific Daylight Time  
**From:** Brian Lee  
**To:** lfsolar [REDACTED]

Debra

The District has received your letters dated August 26, 2016 concerning the Lompico Surcharge. I will gladly keep your contact info private.

I have reviewed your concerns and will recommend that the Lompico Surcharge issue be placed on the next Lompico Oversight Committee agenda. I believe that the committee is the proper venue for continuing this discussion. Should the committee recommend moving it up to the Board for further discussion it will be placed on an appropriate Board agenda.

In addition, your letter to the Board will be included in the September 15 Board packet under correspondence. It will simply be informational at that meeting, with no discussion. But the Board will be able to see your letter and they may choose to take it up at a future meeting.

I hope you find this course of action acceptable.

One immediate question I have is regarding the overcharge calculation of \$10,000 stated in your letter. If, as you state, the loan payback originally accounted for \$4.55 of each monthly Lompico Surcharge, I calculate a total September 'overage' of \$2,275, not the \$10,000 stated in your letter.

$$500 \text{ bills} \times \$4.55/\text{bill} = \$2,275.$$

It will be important for the committee to understand how you calculated the \$10,000.

I don't have any problem with changing the description on the water bills to read 'Lompico Surcharge'. I will direct Accounting to make the change as soon as practical.

Finally, thank you for the kind words. I hope to continue living up to them. We may not always agree. But I will work hard to keep the discussion agreeable. 😊

Brian

-----  
Brian C. Lee, District Manager - 831.338.2153  
San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, CA 95006

**Subject:** Re: Your letter dated August 26, 2016  
**Date:** Friday, September 2, 2016 at 4:50:14 PM Pacific Daylight Time  
**From:** Ifsolar [REDACTED]  
**To:** Brian Lee

Appreciate the quick response- it will be great to see the Lompico surcharge identity changed right away on the bill- thank you.

You are right, the surcharge debt portion is about \$2275 per month, based on 500 charges. Multiply that by four months of billing = \$9100.

The actual number of billings is over 500 (do you know the final number?), so I rounded up to "about \$10k". The overage is growing with every billing, and is primarily why I think this needs to be taken care of asap.

Your suggestion to delay and defer this to the Lompico Oversight Committee is not acceptable for two reasons.

1. It is the Board's responsibility to follow the agreement, and to direct staff to do so .
2. It doesn't meet the September 30 deadline request for getting this resolved in writing.

SLVWD has always said "of course" when this came up in the past, that the debt would be removed from the surcharge if paid by Lompico earlier. I think this just needs to happen and is something that slipped between the cracks in the process, which should have been fixed before the first billing even went out.

Truthfully, I don't see why the board has to review this yet again, unless they intend to modify the agreement. Likewise, no committee's opinion would have any bearing, plus you already referred this to a committee -- Finance--prior to the merger, and nothing happened.

I request this be put on the agenda for discussion at the September 15 meeting, or in a Special Meeting prior to September 30th, rather than as correspondence, if you feel the board has to be involved in this administrative matter.

If it is the district's intention to modify the agreement and keep charging us the debt portion of the surcharge, this can be put in writing by September 30. There doesn't seem to be anything to gain by further delay.

I think you could remove the debt portion of the surcharge at any time, as General Manager fulfilling the agreement.

If you are recommending that the board not remove the debt from the surcharge, I'd like to know this and your reasoning; I'm confident that once you have looked into this further, and talked with LAFCO, the County, and to others involved with forming the agreement, you will see this differently.

I appreciate any feedback on why the continued delay fixing the surcharge, and also your help to get this resolved.

Thanks  
Debbie

**Subject:** Request for Assistance and Action  
**Date:** Saturday, September 3, 2016 at 6:57:39 PM Pacific Daylight Time  
**From:** lfsolar [REDACTED]  
**To:** Board of Directors  
**CC:** Pat McCormick, Brian Lee

*I will send a hard copy of the following this weekend.*

*I wished to you all to have time to review and research, as it seems uncertain this item will appear on an SLVWD board meeting agenda this month, and in hopes that this item will be taken care of by September 30th, in time for the next billing.*

*Debra*

San Lorenzo Valley Water District  
 Randall Brown, Chair  
 Board of Directors  
 13060 Highway 9  
 Boulder Creek CA 95006-9119

September 3, 2016

**Request for Assistance and Action**

Re: Lompico paid debt and Surcharge

Mr. Brown,

I recently wrote a letter to the Board, General Manager, and District Counsel, dated August 26, asking for the district's review of the Lompico paid long-term debt and updating of the monthly surcharge. SLVWD board was notified by Lompico Water District that these debts were paid in full in April 2016, and again in June, for a total of three times, with the appropriate paperwork. According to terms and conditions presented at public meetings and online by LAFCO and SLVWD, once the debt was paid it would immediately be removed from the surcharge by SLVWD. However, five months after this notification the debt portion of the surcharge still remains included in SLVWD water bill to Lompico customers.

Because of this long delay, I've asked in my letter that the board step in to review this matter and provide a written response of how the overcharge will be resolved by September 30<sup>th</sup>. I feel all the information needed was provided to the district prior to the merger, and it falls to the board to act in a timely manner if the surcharge remains unadjusted. I'd like to ask for your help as chair of the board to get this addressed and resolved.

The only portion I wish to discuss is the debt repayment, which is a fixed cost in addition to and separate from pro forma expense calculations made by SLVWD. If my letter or this topic is placed on the board's agenda I request it be made clear this is a discussion only about the separate debt repayment portion being removed from the surcharge, and not about Lompico expenses and the operations budget. Those remain unaffected by this action.

I don't believe removing the debt portion from the surcharge requires a board action, since it was predetermined as part of the merger agreement, but staff may need direction as to how to adjust, along with the overcharge and write up a plan. I don't have the exact number of services billed, and it would have to be calculated on actual, but as an example:

The total debt recovery in Year One was to be \$27,315. At 500 Lompico customers the debt portion of the \$23.50 Year One surcharge is \$4.55 a month. Adjusting by removal of paid debt makes it \$18.95.

$$\$23.50 - \$4.55 = \$18.95$$

As of the September bill, if not fixed by then, there will be an overcharge of 4 months, or \$18.20 each customer.

$$\$4.55 \times 4 = \$18.20$$

Assuming this correction can go into effect right away, the district could credit the \$18.20 to the October water bill, and then resume the remainder of Year One at \$18.95.

The plan should also detail the change in Year Two. The total debt recovery in Year Two was to be \$20,068. At 500 Lompico customers the debt portion of the \$ 19.50 Year One surcharge is \$3.35 a month. Adjusting the surcharge by removal of paid debt makes it \$ 15.95 per month for all of Year Two.

$$\$19.50 - \$3.55 = \$15.95$$

There is no further debt portion on the Lompico surcharge after Year Two.

I sincerely wish to work amicably with the district in getting our billing resolved as soon as possible, and appreciate your help. If there is need for clarification of the terms and amounts, please contact Patrick McCormick at LAFCo.

Thank you,

Debra Loewen

Lompico [REDACTED]

Cc: Brian Lee, General Manager; and Patrick McCormick LAFCo.

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**Subject:** Re: Your letter dated August 26, 2016  
**Date:** Wednesday, September 7, 2016 at 2:32:31 PM Pacific Daylight Time  
**From:** Brian Lee  
**To:** lfsolar [REDACTED]

Debbie -

Thank you for clarifying the numbers. I assumed that you reached the \$10k by multiplying over four months but wanted to make sure.

I have re-reviewed LAFCO resolution No 953-A. It is my opinion that the District is meeting the conditions of approval. Based on all the information I have seen to date I cannot recommend a reduction in the Lompico Surcharge at this time. I am flattered by the authority you wish to bestow me. However, I will not modify conditions of an agreement of this magnitude without Board direction.

Chair Brown and I spoke at length this morning regarding your concerns. He concurs that it is not necessary to bring this issue back to the Board absent new information. Therefore, staff will not be placing this item on the Sept 15 Board agenda for discussion. The Board will be provided a copy of the letters you addressed to them in the 'correspondence' portion of the next agenda.

Additionally, I will abide by your request not to bring this to a committee as a discussion item. The Lompico Committee will be provided a copy of the letter you addressed to them in the 'correspondence' portion of the next agenda.

I will gladly place any discussion item on a respective future meeting if a Director or committee member requests.

I remain open to reviewing any new information. But until then the District considers this issue resolved.

- Brian

-----  
Brian C. Lee, District Manager - 831.338.2153  
San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, CA 95006



**Subject:** Fw: Your letter dated August 26, 2016

**Date:** Wednesday, September 7, 2016 at 5:56:51 PM Pacific Daylight Time

**From:** Ifsolar [REDACTED]

**To:** Brian Lee

Brian,

In the brief time we spoke with Director Brown yesterday, it was apparent to both him and us that he was not sufficiently familiar with the LAFCo agreement nor what was presented in public meetings regarding the surcharge components to be able to make a decision. He also agreed yesterday that talking to Patrick McCormick at LAFCo would be productive, and that to his knowledge no one had yet done so. I'm therefore very surprised that Director Brown agreed to your recommendation.

The surcharge debt reduction was talked about at length during merger discussions, publicly and in meetings with others in the County, called the Working Group. The Working Group felt it wasn't necessary to detail the revision for debt reduction in 953-A, as this action was fully supported by backup documents and as presented at public meetings; and also fully supported by SLVWD. I didn't expect you to believe me without following this up, and I don't understand why you are not. I'm still convinced you and the board will see this differently having full knowledge.

I think it is equally important that you and the board get the full, correct information, and that we in Lompico get this paid debt removed from our bills. With respect, as long as both conditions remain as they are, this problem is not resolved.

Debbie

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**Subject:** Re: Your letter dated August 26, 2016  
**Date:** Thursday, September 8, 2016 at 8:55:40 AM Pacific Daylight Time  
**From:** Brian Lee  
**To:** lfsolar [REDACTED]

Debbie,

I think we can both agree that this is not a complicated issue. Chair Brown is an intelligent individual. Walking him through the facts over a cup of coffee was not difficult.

Please don't assume that I have not done my due diligence. My involvement with the working group began over 15 months ago. I have spoken with the working group as a whole and individually. There was no discussion regarding Lompico Surcharge at any meeting in early 2015 leading up to the failed Bond vote. There was no discussion regarding the Lompico Surcharge at any meeting as the group worked through the Assessment District formation discussion during late 2015 and early 2016. Members of the working group I have spoken with since then recall things differently than you. The first time this issue was raised in the last year and a half occurred in April 2016, as you have indicated prior, when Lois Henry approached SLV mere days before the Assessment District vote. I investigated her claims at that time and came up empty.

The LAFCo resolution is silent regarding early reduction of the Lompico Surcharge. In fact, the resolution clearly states that the Lompico Surcharge is an attempt to, "cover the difference between SLVWD's estimated revenues collected in Lompico and SLVWD's estimated operating costs in Lompico." The backup documentation you are presenting as fact is clearly identified as 'estimates'. You wish to correct what you perceive as an 'error of inclusion' in those estimates. Would you be just as willing to correct 'errors of omission'?

The District will continue to honor its obligations under the LAFCo resolution, without modification.

Brian

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Brian C. Lee, District Manager - 831.338.2153  
San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, CA 95006

**Subject:** Re: Your letter dated August 26, 2016

**Date:** Thursday, September 8, 2016 at 1:55:20 PM Pacific Daylight Time

**From:** Brian Lee

**To:** lfsolar [REDACTED]

Debbie,

It is clear that this is an important issue to you. I value that. I greatly appreciate your civility and rational discourse.

I absolutely acknowledge that conversations took place prior to my arrival. This merger has been discussed for a long time. I regret that I cannot concur that mutual understandings were made beyond what is in the LAFCo application. I have spoken with members of both negotiating teams and there does not appear to be a consensus regarding any other mutual understandings. I must therefore assume that the LAFCo application reflects the final negotiated understanding of both agencies since both agencies supported the application. I cannot find any record of other side-bar agreements or understanding.

Yes, you will be able to address the Board. There is an opportunity during Public Comment Period at the beginning of the meeting. You can reference the letters as they will be in the Board packet. Please be there by 7pm, as that is when the public portion of the meeting begins.

Brian

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Brian C. Lee, District Manager - 831.338.2153  
San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, CA 95006

**Subject:** Re: Your letter dated August 26, 2016  
**Date:** Thursday, September 8, 2016 at 12:35:38 PM Pacific Daylight Time  
**From:** lfsolar [REDACTED]  
**To:** Brian Lee

Brian,

I understand your position, based on your involvement with the merger since 2015. Since these discussions took place in 2014, there was no way for you (or your board) to have the background, and thus I had hoped to fill in this bit of history and context. You have also heard this from a Lompico board member deeply involved in the merger agreement since 2010. I hope this holds weight as well in your considerations.

I appreciate your time and our conversations, because every time I learn something, which helps to figure out which pieces are missing in this puzzle.

I also understand there may be political pressure. I told Randall Brown that everyone's head seems to explode when they hear the word "Lompico costs", and I can see why no one wants to hear about this minor adjustment. But it is important to me.

So, in turn, I request your understanding that my focus is just on the 2014 debt as it appears in backup documentation, why I feel it is not an operational cost or estimate, and at least a nod that it had been discussed and mutual understandings may have been made before your time.

Will I be able to address the board when my letter comes up as a correspondence agenda item on September 15th?

Thank you. I sincerely appreciate access to you, and an opportunity to bring this to light.  
Debbie

**Subject:** thank you

**Date:** Saturday, September 17, 2016 at 12:59:51 PM Pacific Daylight Time

**From:** lfsolar [REDACTED]

**To:** Brian Lee, Board of Directors

SLVWD Board of Directors, and  
Brian Lee, General Manager

We are grateful for the extraordinary courtesy, attention, and extra time given by the board and manager when we spoke at the SLVWD board meeting on Thursday about the Lompico merger agreement and letter – thank you!

It is a matter of great importance to us, and we appreciate the opportunity to bring this to the board.

Debra Loewen  
Ed Frech

**Subject:** set up appt

**Date:** Monday, September 19, 2016 at 12:23:12 PM Pacific Daylight Time

**From:** lfsolar [REDACTED]

**To:** Brian Lee

Brian,

Again, thank you for all your help. I think getting this right is important to both of us.

There are a few things I'd like to talk over with you re: Lompico surcharge, debt portion. I'd like to do this in person, phone second choice.

This is to get ready for the topic as an agenda item.

- When will it be on the agenda? Will it be Oct 6 or Oct 20? (What was the board's decision on whether to cancel the Oct 6 regular meeting?) I'd like to talk with you about preparation, when you need materials for the board packet, etc.
- Can we meet and do some planning? I'd like to make an appointment this week, if possible: Best for us is Tues-Wedns any time; Thurs after 1 pm; Friday after 3 pm.
- I could use your advice on what information you think the board needs for the meeting.
- I want to review all data with you before going to the board. I'd like to meet with you at least once more before then, so everything is complete and clear for both of us, and to make it so for the board as well.
- I have a list of things I'd like from the district. May I email it to you directly?

I appreciate being able to work with you.

Please call or email about setting up an appointment as soon as convenient. I'm home, working in the yard: if I miss your call, please leave a message as to when is the best time to call you back.

Thanks

Debbie

**Subject:** Re: set up appt

**Date:** Tuesday, September 20, 2016 at 9:43:09 AM Pacific Daylight Time

**From:** Brian Lee

**To:** lfsolar [REDACTED]

Debbie,

We have the discussion scheduled for the October 20 Board Meeting. October 6<sup>th</sup> meeting wasn't canceled but instead will be devoted to the grand premier of "Getting to Know Our Watershed: Fall Creek", a video by Fred and Roberta McPherson with a grant from the District. There will be popcorn. ☺

For the 20<sup>th</sup> we will be working on the agenda packet the week of October 10. Board agenda material will be due by October 13.

Yes, I'd be happy to meet. This week and next week are not good for me. What is your schedule like the week of October 3rd? Tuesday October 4th I'm free in the morning and I currently have nothing scheduled for October 5th.

I'll be putting together an information packet for the Board. I'd appreciate it if you could forward any documents that you would like to include. We can review when we meet. At a minimum, I will be including the LAFCO application and supporting LAFCO back-up documents. I will also be including debts/costs that are specific to Lompico but not accounted for in the Lompico Surcharge estimate. Staff believes those should be paid through the surcharge and/or money brought over from Lompico Water District accounts. I will gladly share those with you. They should be ready later this week or early next week.

Yes, please email me a list of info that you would like. Sooner the better.

B

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Brian C. Lee, District Manager - 831.338.2153  
San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, CA 95006

**Subject:** Re: set up appt

**Date:** Tuesday, September 20, 2016 at 1:55:17 PM Pacific Daylight Time

**From:** lfsolar [REDACTED]

**To:** Brian Lee

Please schedule us for Tuesday Oct 4th, any time after 9 am is fine.

I hope to persuade you by the October 20th meeting to support removal of the debt portion from the Lompico surcharge. I see it as a great opportunity for the district to be the "good guys", who honor agreements and to whom trust is important.

I regret there still seems to be confusion down the ranks about the original merger agreement, as per your staff response. I think this speaks to a larger problem, as we've talked about, of isolating Lompico from the rest of the system. My understanding is that as of June 1 2016, Lompico water is dissolved, and SLVWD's boundary expands to annex in this portion. All costs, debts, revenue and assets, past and present, now belong to SLVWD. We were told we'd be treated just like any other zone or system as SLVWD customers.

We've also discussed that perhaps by your perfectly understandable cost-accounting of Lompico expenses, you may be inadvertently leading staff, the board, and other SLVWD customers into thinking Lompico customers are singled out to bear all costs of operation after the merger date. This clearly is not the merger agreement. Those in SLVWD forming the agreement finalized a dollar amount for expected costs, but understood there could be other short-term one-time costs that came up that SLVWD would have to cover, and were eyes-wide-open willing to take the risk because they said it was more than compensated by the additional revenue from expansion of the SLVWD customer base by 500 more households --forever.

We've also talked about how Lompico appears to be held liable for costs over which we have no power to control, for example: a Lompico board may have decided to hire out the four new positions one each year, SLVWD may decide to hire all at once; a Lompico board may have decided to buy a truck in 6 months, and another a year later, SLVWD may decide to buy two new trucks this month. Looking over some of the expenses, it appears that SLVWD may have jumped into spending the Lompico revenue with both feet, but we are being held responsible for the splash.

I hope you see my point - it doesn't seem quite right.

Neither do I want to give the appearance of criticizing you or the board for reckless spending, because I don't feel that way. Email is not a good way to make this point- I know you are doing the best job you can. I suspect that the cause-and-effect is based on a misunderstanding about the purpose of the surcharge, and perhaps the rest of the merger agreement. I want to get this out of the dark.

My purpose in bringing this to you and the board was simply to bring you up to date as to the original merger agreement and course of action set by those before you. I'm not comfortable defending the work of SLVWD's previous board and manager, if it is now felt the merger agreement is not adequate. I prefer that be a debate for another day. Bringing other costs into this discussion now is puzzling to me.

Mine is a simple request to remove a pass-through third-party debt payment that no longer exists, because this is what we were told would happen.



Please let me know what else you need to know to give this your full support. I'm interested in reviewing any proposed documents for the board packet, and will list or send any more I'd like included before the deadline. Thanks for confirming the dates.

Thank you for setting up a meeting. Every conversation we have is enlightening for me, and hopefully for you as well.

I see us both as being on the same side, of wanting to get this right.

Debbie

**Subject:** Re: set up appt

**Date:** Wednesday, September 21, 2016 at 10:04:07 AM Pacific Daylight Time

**From:** Brian Lee

**To:** lfsolar [REDACTED]

Debbie,

I have you scheduled for Oct 4<sup>th</sup> at 9-ish.

Looking forward to our discussions. Maybe, just maybe, I can persuade you that the status quo is appropriate for the time being. ☺

If we can make any headway prior to the October 20<sup>th</sup> meeting, I will be happy. But I must caution you, I have yet to see any paperwork that dissuades me from my position that SLVWD is currently meeting the terms of the merger agreement.

And just to make clear, once and for all... the Lompico Surcharge is NOT expected to cover ALL costs of operation after the merger date. Only those costs above and beyond 'normal' costs as Lompico is brought into the family.

I agree that we are on the same side, simply attempting to clarify issues and work through the union of our two districts. We'll get there.

B

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Brian C. Lee, District Manager - 831.338.2153  
San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, CA 95006

SLVWD

Re: Lompico debt payments in the merger agreement

Brian,

Attached are power-point slides made for a series of public presentations by LAFCO and SLVWD, to help explain the merger pro forma to SLVWD and LCWD customers.

At the public presentations, everyone got to ask a lot of questions, and I realize you were not there to be part of this process. As such, you are missing the first-hand knowledge of the feedback and explanations by SLVWD and LAFCo of what the merger backup documents show, and the intention of this data.

I also realize we are requiring you to go backwards: first you have the final document, then we have to take you back in steps of how it came to be and what it means. This puts a burden on both of us, me to provide the data and meaning I think is missing by you not being part of the process, and you to put aside conclusions you may have reached by not knowing the intent and purpose of the final document, wording, and backup materials.

**1. Explanation of Five Year Merger Pro Forma Budget FY 14/15 to FY 18/19.**

Key words on debt:

- **actual**
- **scheduled**

**2. General Fund expenditures for existing debt**

Key points:

- **FY 2014-15** scheduled debt payment \$27,315, merger or independent the same.
- **FY 2015-16** scheduled debt payment \$20,068, merger or independent the same.

**Both debts were paid by in full and on schedule** by Lompico directly to third parties prior to merger.

No Lompico scheduled debt balances remain as of June 1 2016. No need by SLVWD to collect via surcharge.

**3. (page 17) Untitled.** FYI background on budget calculations for supplies and services

I think the entire power point is still on the LAFCo website and SLVWD's website. That's where I got this.

I hope this sheds more light and meaning as you get to understand the agreement, terms and background.

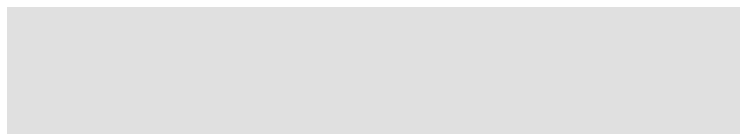
Debbie

# Memorandum

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**To:** SLVWD  
**From:** Lompico Oversight Committee  
**Date:** 10/6/2016  
**Re:** Committee Support of Deb Loewen's Findings regarding  
Surcharge

We have reviewed the letter and documents submitted by Deb Loewen to SLVWD and concur with her findings. We recommend that the board reduce the surcharge as suggested as soon as possible to demonstrate good faith and fairness.



## **Explanation of Five Year Merger Pro Forma Budget FY 14/15 to FY 18/19**

- Generally a 3% annual inflation factor.
- The exceptions are:
  - Rate revenues are calculated using adopted SLVWD rates.
  - Property tax revenues are calculated using a 2% annual increase.
  - Debts are the **actual scheduled** debts
- The Lompico charge is calculated by taking total expenditures and subtracting revenues
- 4 new field staff would need to be added, spending 70% of their time during the first two years of the merger in Lompico.
- As Lompico's capital improvements are completed, SLVWD will be able to reduce its staff time in Lompico: 15% in year 3 (FY16/17), 10% in year 4 (FY 17/18), and 5% (FY 18/19).

**Lompico County Water District**

**General Fund Expenditures for Existing Debt**

	Safe Drinking Water State Revolving Fund Loan	Personnel Settlement	PERS Side Fund Loan (i)	TOTAL FOR MERGER	TOTAL FOR INDEPENDENT
<b>FY 14-15</b>	\$7,247 (ii)	\$20,068	\$58,284	\$27,315	\$85,599
<b>FY 15-16</b>	\$0 (iii)	\$20,068	\$9,714	\$20,068	\$29,782
<b>FY 16-17</b>	\$0	\$0	\$0	\$0	\$0
<b>FY 17-18</b>	\$0	\$0	\$0	\$0	\$0
<b>FY 18-19</b>	\$0	\$0	\$0	\$0	\$0

(i) Only due in Independent model. Will be paid off prior to merger under Merger model.

(ii) \$12,305 is due, but County Auditor will disburse \$5,058 of reserve fund. District will need to use \$7,247 from general fund.

(iii) County Auditor will disburse \$7,247 from reserve fund. No additional money needed from the general fund.

- For supplies and services, the LCWD budget for FY 13/14 was the basis. Most costs for FY 14/15 were carried forward unchanged. No costs were carried forward for elections, directors' fees, audit fees, or management services. Equipment maintenance was cut from \$20,000 to \$10,000 and facilities maintenance was cut from \$78,500 to \$40,000 because LCWD doesn't have a capital improvement account and is funding their capital repairs using these line items. The amounts used in the pro forma represent on-going, standard maintenance costs.
- Capital improvements, including engineering and contingencies, will be paid from the CFD bond funds, and are not included in the pro forma operating budget. The bond proceeds will provide \$2.75 million to SLVWD for Lompico infrastructure improvements. The bond payments will be made on the County property tax bills and are level over 30 years.
- The Lompico charge is converted to monthly per-customer amounts by taking the annual amount and dividing it by 5904, which is 492 (the number of Lompico connections using the SLVWD billing system) times 12 months.
- LCWD bills bi-monthly. Total per connection bi-monthly costs are shown so that Lompico customers can estimate their total water costs, which include water bills and the CFD bond payments that are collected on the County property taxes.

**Subject:** invoices

**Date:** Tuesday, October 4, 2016 at 6:40:15 PM Pacific Daylight Time

**From:** lfsolar [REDACTED]

**To:** Brian Lee

Brian,

Thank you for meeting with us today.

In a quick look at the bills you provided, I have a few questions:

1. Frietas billing.

The \$13,183.47 invoice dated May 3 says all work is for SLVWD through 4/30, and the detail describes it for Parcel B 82 acres.

I can also ask LAFCo or Mr. Frietas, but do you think this could be for the Zayante parcels?

I see that Frietas is specific on all three bills whom he is working for, and to whom they are addressed; two say SLVWD and one says LCWD.

Mr. Frietas in his two SLVWD invoices says "as per email request and agreed on April 8, 2016". This is before the merger. Do you think this is perhaps for work requisitioned by SLVWD? I seem to recall LCWD already paid Mr. Frietas for the LAFCo maps earlier. We appreciate if you could check Frietas invoices, and adjust any as needed to exclude cost for the Zayante parcels.

2. Workers Comp reconciliation dated 8-31-2016.

a) I don't have all the LCWD bill pay records, and since board members tossed their board packets, I'm scrounging around. I found one for the \$15,499.04 last August, plus my notes for one paid in January 2016 for \$3837.79, I thought for a WC audit. The SDRMA bill shows only the \$15,499.04 payment, and the second amount is not credited. Could you please check the Lompico bill pay records for Jan-Feb 2016 and make sure credits are accurate?

b) The workers comp policy is thru June 30, 2016, although Lompico coverage ended May 30 2016. Could you see if SDRMA can reduce the cost for not requiring coverage that one month? I recall in our business receiving refunds if we ended an insurance policy coverage before the final date, as happened when we changed workers comp (or general liability policies) to another carrier. At \$28,705 that could be a refund of \$2392.

With appreciation for your time looking into this.

We'll probably see you Thursday.

Debra



Wednesday, October 5, 2016 at 10:33:27 AM Pacific Daylight Time

**Subject:** Prep for Oct 20

**Date:** Wednesday, October 5, 2016 at 10:31:39 AM Pacific Daylight Time

**From:** lfsolar [REDACTED]

**To:** Brian Lee

Brian,

We appreciate your interest and time in reviewing our request. This request is to adjust the Lompico surcharge upon discharge of two long term debts that were paid by Lompico Water District prior to the merger.

We met with you on October 4<sup>th</sup>, and while not yet agreeing on this item, were able to clarify what information is important for the October 20 Board of Directors meeting when this will be on the agenda.

We agree that an understanding of the merger agreement is of primary importance. For this, we request you, on the board's behalf, invite Patrick McCormick of LAFCo to attend the meeting to answer questions. We also request you invite Supervisor Bruce McPherson, who organized a group of professionals in the County to work on the merger agreement along with SLVWD, some concentrating in different areas. Mr. McPherson can provide you contact info for each of these, if you wish to extend an invitation to those as well, to attend the board meeting and assist in providing the valuable information the board may need.

We understand and agree that financial information is important to board members. Following is a list of items we ask you to provide for the board, for the October 20th meeting, to help in their evaluation and decision on the surcharge adjustment.

1. **Costs** of concern and specific bills, re: cost to provide Lompico water service
2. **Revenue** totals from Lompico customers to date, including water sales, base charge and drought surcharge, Lompico surcharge; connection fees, late fees, et al; payment from LCWD past dues, all info from SLVWD's General Ledger.  
How much is in accounts receivable from Lompico's aging reports as of May 31<sup>st</sup>; -available from Lompico's financials turned over to SLVWD June 2016.
3. **Cash** in Lompico bank account, balance as of May 31, 2016, and how much is being held in 2 special funds, available from the County Auditor/Controller/Treasurer Edith Driscoll 454-2660
4. **Other income:** How much property tax expected to come to the district in December 2016 from Lompico property, including regular portion for the special district plus the Assessment. (above contact)
5. **Savings:** What efficiencies have been done in Lompico that save the district on cost of operations, with Manager's estimate of how much in dollars is being offset or saved by: use of intertie as water source (instead of estimate based on operating 3 wells, surface intake and two treatment plants); Water meter data system notification of leaks and savings in water; Staff time paid via Assessment for installation of new water meters; Staff time paid via Assessment for installation of SCADA; other efficiencies.
6. **Change:** Have there been any catastrophic events or significant changes in Lompico that significantly increase the cost of water service over 2014 estimates?

We ask for your support to remove the paid debt from the surcharge, as requested.  
We worked hard for Lompico to become part of SLVWD, and wish this merger to be a success.  
Thank you for talking with us and helping us understand what is needed.

Debra Loewen  
Ed Frech

Tuesday, October 11, 2016 at 8:57:09 AM Pacific Daylight Time

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**Subject:** Description of the Lompico Oversight Committee in 2016 SLVWD BoD Policy Manual

**Date:** Thursday, October 6, 2016 at 4:17:29 PM Pacific Daylight Time

**From:** Toni Norton

**To:** Brian Lee

Hey Brian,

Could you please tell me from what source the BoD Policy Manual obtained the verbiage used in describing the Lompico Oversight Committee?

The "LAFCO" or "Merger" Resolution, which as you know was drafted by the Santa Cruz Local Agency Formation Commission and signed by both the LCWD and SLVWD boards specified a very different role for the Lompico Oversight Committee. For your convenience I've copied the LAFCO verbiage below.

Resolution #2014 Santa Cruz Local Agency Formation Commission (LAFCO):

b) BOND OVERSIGHT COMMITTEE- Upon distribution of the bond proceeds, SLVWD shall establish a citizens' bond oversight committee consisting of five Lompico water customers to review expenditure of the bond proceeds on projects that directly benefit Lompico.

As you know, this resolution was extended when the Bond vote failed and was replaced with the Assessment to finance the merger projects.

At the very least, the primary purpose of the Oversight Committee, as reflected in the Resolution should be included as the primary purpose in the Policy Manual language. If the BoD would like us to take on additional secondary duties, that's fine.

Thanks again, Brian for making the drive out to Lompico and supporting our committee. I look forward to hearing back from you.

Sincerely,

*Toni Norton*



**Subject:** Re: Description of the Lompico Oversight Committee in 2016 SLVWD BoD Policy Manual

**Date:** Friday, October 7, 2016 at 1:24:43 PM Pacific Daylight Time

**From:** Brian Lee

**To:** Toni Norton

Toni,

The language describing the charter of the LOC was modified from language for the Env/Eng/Planning Committee. Because there is no Bond, there is no 'Bond Oversight Committee'. Quoting the agreement language wouldn't make sense.

B

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Brian C. Lee, District Manager - 831.338.2153  
San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, CA 95006

Mr. Brown,  
Thank you for responding.

With respect, I see there is still some confusion.

- The capital improvements are funded by the Assessment only. This replaced the bond, which did not pass. This is item 7A in Resolution 953A.
- The surcharge is the shortfall of estimated costs to operate the system versus estimated revenue. It does not fund improvements. This is item 7D.
- The PERS repayment was a separate loan agreement between SLVWD and LCWD, and was required to be paid off before the merger. This is item 7C . It has no relation to the shortfall Surcharge.
- I believe you and Mr. Rapoza may have mistaken the PERS debt repayment for the two other debts that were in fact included in the surcharge. You may remember that we talked about this same thing in August. Lois talked to Mr. Rapoza earlier this year, and reportedly he did not remember merger terms when she put the same questions to him at that time. If you asked him about the PERS debt in error, it is understandable his answer may not be correct.

I feel there are valid reasons to continue dialogue for the board to better understand the merger agreement.

I'm sorry to have upset you with the additional request for information. I tried to accommodate Brian Lee by expanding the financial information, which he originally wanted to talk about on the 20th, but which he now wants to delay until an audit sometime next year. He seems increasingly frustrated trying to make his interpretation of the agreement work. Instead of being frustrated too, I hope you will agree to talk with me more about this. There is even more we have not discussed, that I think you will find interesting and enlightening, and helpful moving forward.

I agree an audit is important, as it is a State requirement. But I feel the audit will not provide the answers you want for post-merger operations, it will only tell you what is in the past in Lompico, which has limited relevance. The audit will describe the assets that moved into SLVWD, like the cash accounts. You can look at those balances now. Auditors do not create the financial records and they do not guarantee accuracy, only SLVWD management and board can do that.

I am sorry that you all were not properly informed of the terms and conditions of the merger. I understand you may have wished to have other terms than those agreed upon. And yes, many people who know more about the agreement terms than the present board and manager believe you are not honoring them. I have already told you that no one in the County will tell you what to do. They are only there to provide information, if you ask, to help you understand the history and agreement.

My request for October 20th is to only address the two paid debts, as per my original letter to the board. I think you undervalue the testimony of the two LCWD board members as to correct merger terms on this item. My knowledge of the merger over a number of years and letter to you is in support of their testimony. I hope the board does

not underestimate the importance of honoring this item. It is simple in concept and execution, and does not require an audit nor any other delay. I can think of no reason why the district wouldn't want to do this right away, all positive outcome. It is a good opportunity.

I appreciate being heard, and look forward to the October 20th meeting and the ability to have a public discussion. I think this is an important matter.  
Thank you

Debbie  
335-7963

**From:** oldfelton@aol.com  
**Sent:** Monday, October 10, 2016 1:07 PM  
**To:** lfsolar@yahoo.com  
**Subject:** LAFCO Agreement

Hello Ms. Loewen

I have reviewed the terms of LAFCO agreement approved by all parties and am attaching excerpts containing relevant terms. Frankly, I am surprised that anyone thinks we are not honoring them. Once we are able to determine whether the costs of improvements are lower than covered by bond or surcharge, it will be appropriate to discuss this at a public meeting of the board. The various things you list as needing review are all part of the audit process and, once those items are quantified by the auditor, we will have a better idea of where we stand--a little patience would be helpful here.

Jim Rapoza advises that it was not the intent of the agreement to limit the surcharge to the PERS Fund or any other specific expenses--it was agreed to raise \$140,000--if there is a surplus, then the board is empowered to lower the surcharge, if the expenses are greater than \$140,000, our ratepayers will apparently be on the hook for that amount. In my recent conversations with Supervisor McPherson and Pat McCormack, neither one of them feels it necessary to be involved in the current discussion or to modify the terms of the agreement. It is clearly our board's responsibility.

Randall Brown

**Subject:** Re: Description of the Lompico Oversight Committee in 2016 SLVWD BoD Policy Manual  
**Date:** Monday, October 10, 2016 at 4:29:13 PM Pacific Daylight Time  
**From:** Toni Norton  
**To:** Brian Lee

Hey Brian,

I apologize for not including the pertinent preceding paragraph from the LAFCO Resolution 2014 which shows how the Assessment has replaced the Bond in the Merger Resolution.

"4. Pursuant to Government Code section 56700(a), the Districts propose that LAFCO apply the following terms and conditions:

a) **INFRASTRUCUTRE BOND** Prior to the filing of the Certificate of Completion, a Community Facilities District bond **or similar revenue instrument** shall be passed by the voters and/or property owners of the Lompico service area so that proceeds not greater than \$2.75 million will go to the San Lorenzo Valley Water District (SLVWD) for the purposes of infrastructure improvements solely for the benefit of the Lompico service area. If a grant or other source of funds can be secured to make infrastructure improvements that are programmed to be included in the not-to-exceed \$2.75 million of bond proceeds, or if the costs of the programmed improvements are lower, the amount of the bond proceeds can be a lesser amount if authorized in writing by the San Lorenzo Valley Water District Board following consideration of the reduction at a public meeting of that board.

b) **BOND OVERSIGHT COMMITTEE** Upon distribution of the bond proceeds, SLVWD shall establish a citizens' bond oversight committee consisting of five Lompico water customers to review expenditure of the bond proceeds on projects that directly benefit Lompico."

I believe that this language is very important as to the purpose of our Oversight Committee. Lompico Voters were very clear that they wanted to be part of a Water District that employed a professional District Manager, engineers and technicians that would make the appropriate decisions to keep our water safe and reliable for the future.

The citizens taking part in the Oversight Committee are tasked with verifying that the significant revenue commitment Lompicans agreed to via either the Bond or the Assessment would be spent on the projects listed in both Assessment and Merger Resolution language so that for years to come Lompico will no longer have to worry about our infrastructure.

Thanks for your attention to this important issue.

Sincerely,

**Toni Norton**

## Lompico Debt Payment FY 14/15 and FY 15/16 and effect on surcharge

San Lorenzo Valley Water District Board of Directors Meeting, October 20, 2016

We respectfully request the Board of San Lorenzo Valley Water District order adjustment of Years One and Two of the Lompico Surcharge to show removal of the two long-term debts, as per the agreement between both districts. The total debt for Year One (FY14/15) was \$27,315, and for Year Two (FY 15/16) was \$20,068. The agreement between the districts is that if Lompico paid these two debts ahead of schedule, it would immediately be reflected as a corresponding reduction in the monthly surcharge. Both debts were paid in full by Lompico Water District before the final merger date. The approximate amounts of reduction in the Lompico Surcharge are \$4.55 per month in Year One, and \$3.35 per month in Year Two.

### Summary for the Board

- The LAFCo Resolution 953-A for Lompico Reorganization allows for reduction of the surcharge to reflect changes. The key phrase in wording regarding the monthly surcharge amount per year is “**shall not exceed**”.
- Surcharges are adequately described in back-up documents.
- The amounts of debt are clearly shown in the back-up documents. **A**
- Documents clearly show the reduction in surcharge as debt is paid in the first two years. **B**
- Documents clearly authorize SLVWD to collect these two debts (as pass-through).
- Newsletters from Lompico Water District Board to customers explain that the reason for the surcharge is to pay the balance of two long-term debts. **C**
- Lompico board chair Lois Henry reports to SLVWD board in April 2016 that balances of both long-term debts have been paid, and therefore this portion should be removed from the surcharge as per the agreement. **D**
- SLVWD clearly recognizes other back-up documents as part of the agreement. **E**
- After the successful Assessment vote in Lompico, final papers are filed by LAFCo to complete the merger. As of June 1, 2016, Lompico Water District is dissolved, and all liabilities and debts are transferred to SLVWD. **F** [note item 10](#)
- The full surcharge for Year One appears on Lompico customer water bills in June 2016. SLVWD is asked to remove the debt portion from the surcharge as per the agreement.
- SLVWD continues to include the debt portion, accruing approximately \$11,000 in overcharges to Lompico customers as of October 2016.

The Board was requested to take action in a letter dated August 28, 2016. The district has since received further testimony from Lompico board members who were key to merger agreement formation, to confirm this information is true and accurate. As a good will gesture to Lompico customers and to maintain our trust in SLVWD to follow agreements, we request the Board order immediate action to remove the debts and reduce the surcharge by the next billing.

Thank you Debra Loewen, Citizens Advisory Committee, Lompico County Water District to 2015

Attached: Items A-F; source documents: <http://slvwd.com/lompico/Lompico%20Merger%20Options%20May%202014%20ppt.pdf>  
<http://santacruzlafco.org/Library/Res%20953-A%20Final%20for%20web.pdf>





# Explanation of Lompico Debts and Surcharge

## Existing Debt

Scheduled payment balances for fiscal years 14-15 and 15-16.  
All debts were paid in full by LCWD prior to June 2016 merger.

**LOMPICO DEBT TOTALS BY YEAR**  
These totals were included in merger cost calculations. The merger agreement authorized SLVWD to collect these amounts as a pass-thru, Lompico to debtors.  
  
The annual debt balance was converted to a monthly charge, and added to the Lompico surcharge.

This debt schedule was prepared by LAFCo as a backup document for the merger; this copy is from a May 22, 2014 public meeting presentation.

**LOMPICO DEBTS**  
Not transferred to SLVWD. Lompico had two long term debts, balances as shown, scheduled to be paid off in FY 14-15 and FY 15-16

### Lompico County Water District

### General Fund Expenditures for Existing Debt

	Safe Drinking Water State Revolving Fund Loan	Personnel Settlement	PERS Side Fund Loan (i)	TOTAL FOR MERGER	TOTAL FOR INDEPENDENT
FY 14-15	\$7,247	\$20,068	\$58,284	\$27,315	\$85,599
FY 15-16	\$0	\$20,068	\$9,714	\$20,068	\$29,782
FY 16-17	\$0	\$0	\$0	\$0	\$0
FY 17-18	\$0	\$0	\$0	\$0	\$0
FY 18-19	\$0	\$0	\$0	\$0	\$0

(i) Only due in Independent model. Will be paid off prior to merger under Merger model.  
  
(ii) \$12,305 is due, but County Auditor will disburse \$5,058 of reserve fund. District will need to use \$7,247 from general fund.  
  
(iii) County Auditor will disburse \$7,247 from reserve fund. No additional money needed from the general fund.

# Explanation of Lompico Debts and Surcharge

Five Year Pro Forma Budget

All debts were paid in full by LCWD prior to June 2016 merger.

This spreadsheet was prepared by LAFCo as a backup document for the merger.

FIVE YEAR MERGER PRO FORMA BUDGET  
FY 14/15 TO FY 18/19

As scheduled, Fiscal Years 14-15 and 15-16

Two long term debts, as described in backup document for debt schedule

Debt \$ amount as scheduled, annually.  
Carried forward from Existing Debt Schedule: Merger.

15% savings in labor hours over previous year  
10% savings in labor hours over previous year  
5% savings in labor hours over previous year

	LCWD FY12/13	LCWD FY13/14	Merger FY14/15	Merger FY 15/16	Merger FY 16/17	Merger FY 17/18	Merger FY 18/19
SALARIES AND BENEFITS	259,385	235,119	270,375	278,486	243,815	226,016	221,157
SUPPLIES AND SERVICES	273,173	283,486	184,731	169,673	174,763	174,763	179,952
DEBT SERVICE, JUDGMENTS, TRANSFER	44,678	80,820	27,315	20,068	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>577,237</b>	<b>599,425</b>	<b>462,421</b>	<b>468,227</b>	<b>418,578</b>	<b>400,779</b>	<b>401,109</b>
PROPERTY TAXES	52,000	52,000	53,040	54,101	55,183	56,286	57,412
CONNECTION FEES, OTHER CHARGES	2,300	5,425	3,000	3,000	0	0	0
RESIDENTIAL WATER SALES	449,150	530,000	286,000	295,000	310,000	310,000	310,000
LOMPICO CHARGE	0	0	138,381	114,066	51,273	32,307	31,446
OTHER REVENUE	2,000	2,000	2,000	2,060	2,122	2,185	2,251
<b>TOTAL REVENUES</b>	<b>570,391</b>	<b>599,425</b>	<b>462,421</b>	<b>468,227</b>	<b>418,578</b>	<b>400,779</b>	<b>401,109</b>
ANNUAL CFD PAYMENTS ON PROPERTY TAX	0	0	0	468	468	468	468
CFD PAYMENTS, CONVERTED TO BI-MONTHLY	0	0	0	78	78	78	78
LOMPICO CHARGE, MONTHLY			23.50	19.50	8.50	5.50	5.50
LOMPICO CHARGE, BI-MONTHLY			47	39	17	11	11
LOMPICO TOTAL BI-MONTHLY COST			137	217	200	194	194

\$ 27,315.00  
@ 500 Lompico Customers\* =  
\$54.63/year ea.,  
or \$ 4.55 /mo.

23.50  
- 4.55  
= 18.95 adjusted  
Year 1 Surcharge

19.50  
- 3.35  
= 16.15 adjusted  
Year 2 Surcharge

\$ 20,068.00  
@ 500 Lompico Customers\* =  
\$40.136/year ea.,  
or \$ 3.35 /mo.

\*500 customers used as estimate; adjustment would be based on actual number.



Lompico Surcharge includes repayment of existing debt  
LCWD newsletter excerpts:

**JUNE 2015**



# Lompico Water District Newsletter

11255 LOMPICO ROAD, FELTON, CA 95018 (831) 335-5200 (FAX) 335-4627

June ??, 2015 Rainfall: May/June: ?? July, 2014 – June, 2015: "?????" July – June last year: 18.46"

The latest plan being explored, made possible by the rate increase, involves becoming part of SLVWD and keeping that increase of \$50 per month as a capital improvement fee to pay for the required repairs and upgrades. That would mean that, as SLVWD customers, we would pay their basic fee of \$30.64 per month (as opposed to ours of \$102.66), their water rates (about half of ours), plus the \$50 capital improvement fee for 9-10 years. For the first five years, we would also pay a diminishing surcharge to pay down our long-term debts and cover the extra labor involved in running our system while it is being integrated into the rest of SLV Water District. For example, based on SLVWD's monthly bill:

**Lompico County Water District Board of Directors**  
Lois Henry, Chris St. Germain, Merrie Schaller, John Schneider and Bill Smallman

19

**JANUARY 2015**

**LOMPICO COUNTY WATER DISTRICT**  
11255 LOMPICO RD FELTON, CA 95018  
(831) 335-5200 (FAX) 335-4627

Lompico water customers,

Following four years of in-depth analysis and public discussion on the state of our water system, registered voters within Lompico County Water District are being asked to make an important decision on how to pay for a backlog of major repairs and secure our water supply into the future.

These rates will serve as the 5-year Lompico diminishing surcharge under SLVWD. The surcharge is to pay the balance of the judgment to our former manager, the balance of a long-term loan from the State of California, and the costs to SLVWD to run Lompico as a stand-alone part of that district while the emergency intertie is being upgraded to a permanent main. (It may take up to five years to satisfy permit requirements.)

For more information, please visit the Citizens Advisory Committee website at [tinyurl.com/Lompico](http://tinyurl.com/Lompico)

**Please be well informed, and please be sure to vote in this critical election for Lompico – every vote matters.**

Lompico County Water District Board of Directors,  
Bill Smallman, President, Lois Henry, Vice President, Rick Harrington, Merrie Schaller, John Schneider

## Architects of the Lompico-SLVWD merger 2010 to 2016

### **Santa Cruz County Local Agency Formation Commission (LAFCo)**

Patrick McCormick, Executive Officer



### **Lompico County Water District**

Lois Henry Served on Lompico Board of Directors from 2008 to 2016

On Merger Committee and merger Liaison Committee 2010-2016

Awarded "**Board President of the Year 2013**" by California Special District Association

Santa Cruz County Proclamation Honoring Lois Henry - 5th Dist Sup. Bruce McPherson

State of California Senate Certificate of Recognition– Senator William Monning

State of California Assembly Resolution honoring Lois Henry - Assemblyman Mark Stone

Rick Harrington Served on Lompico Board of Directors from 2010 to 2015;  
previously on Lompico board in 1980's– 1990's.

On Merger Committee and merger Liaison Committee 2010-2015



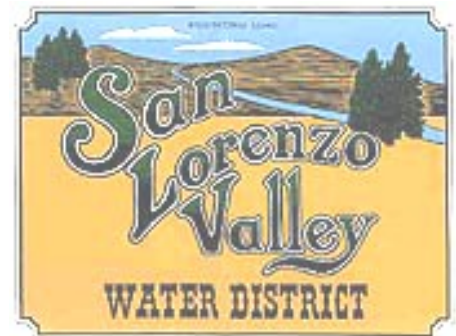
M Stone, L Henry, W Monning, B. McPherson  
at SDRMA Awards 2013, Monterey CA

### **San Lorenzo Valley Water District**

Terry Vierra, Board member, and Jim Rapoza, Board member

Both on Merger Committee and merger Liaison Committee 2010-2014

SLVWD Staff, including General Manager



### **Santa Cruz County and State of California**

County Task Force, later called Working Group

Mark Stone, Fifth District Supervisor, Santa Cruz County; presently State Assembly member

Bruce McPherson, Fifth District Supervisor, Santa Cruz County, current

Robin Musitelli, Fifth District County Supervisor's Analyst

Susan Maureillo, County Administrative Officer

Christina Mowry-Riggs, Analyst for CAO

John Ricker, Water Resources Division Director of Santa Cruz Environmental Health Services

Santa Cruz County Counsel; also

Jan Sweigert, Engineer, State of California, State Water Resources Control Board

### **Merger supported by**

Zayante Fire District and Valley Women's Club

# Explanation of Payroll charged to Lompico merger agreement backup documents



## Estimated Lompico Personnel Requirements

Note: 2014 Salary Rates

4 Position	Step 4 salary	Benefits @ 42%	X 12 months	/ 2080 hrs= hrly rate
Field Services Worker 1	\$4,525.82	\$6,426.66	\$77,119.97	\$37.08
Electrician	\$6,263.43	\$8,894.07	\$106,728.85	\$51.31
Water System & Treatment Operator	\$5,653.67	\$8,028.21	\$96,338.54	\$46.32
Lead WS & T Operator	\$6,219.14	\$8,831.18	\$105,974.15	\$50.95
<b>Total</b>	<b>\$22,662.06</b>	<b>\$32,180.13</b>	<b>\$386,161.50</b>	<b>\$185.65</b>

This table was prepared by LAFCo as a backup document for the merger supporting payroll costs.

Assume: assign 30% to SLWWD

Call \$386,200.00

Call \$270,375.00

C:\Users\laf01\1\Desktop\Lompico 2013-14\Lompico 2014 5\Est Lompico Personnel Requirements 2014

This spreadsheet was prepared by LAFCo as a backup document for the merger supporting payroll costs.

### FIVE YEAR MERGER PRO FORMA BUDGET FY 14/15 TO FY 18/19

### LEVEL CFD PAYMENTS

	LCWD FY12/13	LCWD FY13/14	Merger FY14/15	Merger FY 15/16	Merger FY 16/17	Merger FY 17/18	Merger FY 18/19
SALARIES AND BENEFITS	259,385	235,119	270,375	278,486	243,815	226,016	221,157
SUPPLIES AND SERVICES	273,173	283,486	164,731	169,673	174,763	174,763	179,952
DEBT SERVICE, JUDGMENTS, TRANSFER	44,678	80,820	27,315	20,068	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>577,237</b>	<b>599,425</b>	<b>462,421</b>	<b>468,227</b>	<b>418,578</b>	<b>400,779</b>	<b>401,109</b>
PROPERTY TAXES	52,000	52,000	53,040	54,101	55,183	56,286	57,412
CONNECTION FEES, OTHER CHARGES	2,300	5,425	3,000	3,000	0	0	0
RESIDENTIAL WATER SALES	449,150	530,000	266,000	295,000	310,000	310,000	310,000
LOMPICO CHARGE	0	0	138,381	114,066	51,273	32,307	31,446
OTHER REVENUE	2,000	2,000	2,000	2,060	2,122	2,185	2,251
<b>TOTAL REVENUES</b>	<b>570,391</b>	<b>599,425</b>	<b>462,421</b>	<b>468,227</b>	<b>418,578</b>	<b>400,779</b>	<b>401,109</b>
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CFD PAYMENTS, CONVERTED TO BI-MONTHLY	0	0	0	78	78	78	78
LOMPICO CHARGE, MONTHLY			23.50	19.50	8.50	5.50	5.50
LOMPICO CHARGE, BI-MONTHLY			47	39	17	11	11
LOMPICO TOTAL BI-MONTHLY COST			137	217	200	194	194

## HIGHLIGHTS - OPERATING

excerpt from SLWWD powerpoint on FY 16/17 budget

### 4 vacant positions filled due to Lompico Merger

- ◆ 2 Field Service Worker II
- ◆ Electrician/Instrumentation Technician
- ◆ Water Treatment & Systems Operator

### Actual payroll

per adopted budget FY 16/17

2 FSWII @ 84,336 ea

1 Electr @ 111,098

1 WTO @ 100,279 = total \$380,049

70% = \$266,034

This power point was prepared by SLWWD to identify Lompico source of funding; recognition of merger agreement backup documents.

Prepared by DL for Oct 20 2016 agenda item

LOCAL AGENCY FORMATION COMMISSION  
RESOLUTION NO. 953-A

On the motion of Commissioner Coonerty  
Duly seconded by Commissioner Dodge  
The following resolution is adopted:

MAKING DETERMINATIONS AND ORDERING PROTEST PROCEEDINGS  
OF TERRITORY DESIGNATED AS THE LOMPICO REORGANIZATION  
LAFCO NO. 953-A

\*\*\*\*\*

The Santa Cruz Local Agency Formation Commission does hereby RESOLVE,  
DETERMINE, AND ORDER as follows:

1. A resolution for the proposed annexation of certain territory was filed by Resolution No. 128-2013 of the Lompico County Water District and Resolution No. 31 (13-14) of the San Lorenzo Valley Water District, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.); and the territory is assigned the short term designation of the "Lompico Reorganization, LAFCO No. 953-A".
2. The reorganization consists of the following changes of organization:
  - Dissolution of the Lompico County Water District,
  - Annexation of territory to the San Lorenzo Valley Water District.
3. The Executive Officer of the Commission has reviewed the resolutions; has prepared a report, including his recommendations thereon; and has presented the same before this Commission for consideration.
4. Public hearing by the Commission was held on August 6, 2014; and at the hearing the Commission heard and received all oral and written protests, objections, and evidence that were presented.
5. Said territory includes approximately 757 acres and is found to be inhabited for purposes of reorganization law.
6. The boundaries of the area of the proposed reorganization are approved as revised to include the annexation of parcels on Zayante Drive and as shown on Exhibit A.
7. The approval of this reorganization is conditioned upon the following terms and conditions:
  - A) INFRASTRUCTURE BOND  
Prior to the filing of the Certificate of Completion, a Community Facilities District bond or similar revenue instrument shall be passed by the voters

and/or property owners of the Lompico service area so that proceeds not greater than \$2.75 million will go to the San Lorenzo Valley Water District (SLVWD) for the purposes of infrastructure improvements solely for the benefit of the Lompico service area. If a grant or other source of funds can be secured to make infrastructure improvements that are programmed to be included in the not-to-exceed \$2.75 million of bond proceeds, or if the costs of the programmed improvements are lower, the amount of the bond proceeds can be a lesser amount if authorized in writing by the San Lorenzo Valley Water District Board following consideration of the reduction at a public meeting of that board.

**B) BOND OVERSIGHT COMMITTEE**

Upon distribution of the bond proceeds, SLVWD shall establish a citizens' bond oversight committee consisting of five Lompico water customers to review expenditure of the bond proceeds on projects that directly benefit Lompico.

**C) LOAN PAYBACK**

Prior to the filing of the Certificate of Completion, Lompico County Water District shall pay the entire amount due on the PERS Side Fund Loan Agreement that was executed on July 30, 2013 by and between Lompico County Water District and San Lorenzo Valley Water District.

**D) LOMPICO WATER RATES AND CHARGES**

SLVWD shall bill the Lompico customers of SLVWD the same rates as the other customers within SLVWD. However, prior to filing of the Certificate of Completion, in order to cover the difference between SLVWD's estimated revenues collected in Lompico and SLVWD's estimated operating costs in Lompico, Lompico County Water District shall enact a reduction in their water rates, effective only upon the reorganization, so that \$140,000 in excess of the amount generated by SLVWD rates would be collected in the first year following the effective date of the reorganization. LAFCO shall authorize SLVWD to continue to collect these Lompico charges after the reorganization. Prior to the Certificate of Completion being filed, SLVWD will deliver a letter to the LAFCO Executive Officer indicating that the charges adopted by the Lompico County Water District are structured in a manner that SLVWD is willing to implement. The Lompico charges shall not exceed the following amounts:

<u>Year</u>	<u>Beginning</u>	<u>Per Month</u> <u>Per Connection</u>
1	Upon the effective date of the reorganization	\$23.50
2	One year after effective date of the reorganization	\$19.50
3	Two years after effective date of the reorganization	\$8.50
4	Three years after effective date of the reorganization	\$5.50
5	Four years after effective date of the reorganization	\$5.50

The Lompico charges shall be phased out no later than five years after the effective date of the reorganization.

- E) The proponent districts shall provide a legal map, description, and fees to meet State Board of Equalization requirements.
  - F) The proponent districts shall be responsible to pay any fees required to comply with Fish and Game Code Section 711.4 (Fish and Game Fees required when notices of environmental decisions are filed).
  - G) The proponent districts shall pay any remaining processing fees as set in this Commission's Schedule of Fees and Deposits.
  - H) Prior to issuance of a Certificate of Completion for this reorganization, the proponent districts shall deliver an executed indemnification agreement that is in a form that is acceptable to this Commission and suitable for recordation.
8. This project qualifies for a Class 19 Categorical Exemption (annexation of existing facilities) and a Class 20 Categorical Exemption (consolidation or two or more districts having identical powers) from further analysis under the California Environmental Quality Act.
  9. Upon completion of this reorganization, the property tax revenues will be transferred in accordance with the Board of Supervisors tax exchange resolution (No. 158-2014) adopted for the Lompico Reorganization.
  10. Upon completion of this reorganization, all assets and liabilities of Lompico County Water District shall transfer to the San Lorenzo Valley Water District.
  11. The reorganization, as approved, is consistent with the Spheres of Influence of the Lompico County Water District and the San Lorenzo Valley Water District as amended by LAFCO Resolution No. 953 on August 6, 2014.
  12. This Commission hereby approves this reorganization, as conditioned, and directs the Executive Officer to conduct protest proceedings in accordance with State law.



PASSED AND ADOPTED by the Local Agency Formation Commission in the County of Santa Cruz this sixth day of August 2014.

AYES: R. Anderson, Bottorff, Coonerty, Dodge, Friend, Rapoza, Chairperson J. Anderson

NOES: None

ABSENT: None

*/original signed/*

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JAMES W. ANDERSON, CHAIRPERSON  
Santa Cruz Local Agency Formation Commission

Attest:

*/original signed/*

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Patrick M. McCormick, Executive Officer

Approved as to form:

*/original signed/*

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LAFCO Counsel



# COUNTY OF SANTA CRUZ

EDITH DRISCOLL  
AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR  
701 OCEAN STREET, SUITE 100, SANTA CRUZ, CA 95060-4073  
(831) 454-2500 FAX (831) 454-2660

Pam Silbaugh, General Accounting Manager  
Marianne Ellis, Property Tax Accounting Manager  
David Zweig, Treasury-Tax Collector Manager  
Laura Bowers, Audit and Systems Manager

## INVOICE VENDOR CLAIMS CHARGES FISCAL YEAR: 2015/16

DATE: May 17, 2016  
AGENCY: Lompico Water

The following is a summary of vendor claims charges based on the actual claims processed from July 1, 2014, through June 30, 2015.

Number of Checks: 407 for FY 14/15, Monthly Ave = 33.91 x 11 months = 373.01

<u># of Checks</u>	<u>Rate</u>	<u>Amount</u>
373	5.71	2,129.83

**Total Due: \$2,129.83**

If you would like us to charge your district by processing a journal entry, please sign the authorization below and return this invoice to us by June 3, 2016. Otherwise, please make your check payable to the County of Santa Cruz and mail it to:

Ken Wright  
Auditor-Controller's Office  
County of Santa Cruz  
701 Ocean Street, Room 100  
Santa Cruz, CA 95060

Journal Entry Authorization:

We hereby authorize the Auditor-Controller to charge our district for claims service charges in the above amount:

Index/Object: 682310/62301

By: \_\_\_\_\_  
(Name and Title)

Very Truly Yours,  
Edith Driscoll, Auditor-Controller

Date: \_\_\_\_\_

By: Ken Wright, Accountant

June 8, 2016

Board of Directors  
San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, California 95006

Re: Engagement Letter for auditing services for the fiscal year ended June 30, 2015 and the 11 month period ended June 1, 2016

Dear Mr. Brian Lee, District Manager:

Enclosed is our Engagement Letter to perform auditing services for the San Lorenzo Valley Water District related to the Annexation of the Lompico County Water District for the fiscal year ended June 30, 2015 and the 11 month period ended June 1, 2016. We look forward to working with you and the rest of the District staff.

Please sign this engagement letter and return it in the envelope provided at your convenience.

If you have any questions regarding this letter please let me know.

Cordially,

Christopher J. Brown, CPA, CGMA

Enclosures

CJB/rmm

## UNDERSTANDING OF THE ENGAGEMENT

June 8, 2016

Board of Directors  
San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, California 95006

Dear Mr. Brian Lee, District Manager:

We are pleased to confirm our understanding of the services we are to provide for the San Lorenzo Valley Water District related to the Annexation of the Lompico County Water District (District) for the fiscal year ended June 30, 2015 and the 11 month period ended June 1, 2016. We will audit the financial statements of the business-type activities, including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the fiscal year ended June 30, 2015 and the 11 month period ended June 1, 2016. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A) to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis
- Schedule of the District's Proportionate Share of the Net Pension Liability
- Schedule of Pension Plan Contributions

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole.

- Operating Expenses
- Operating Revenues

### ***Audit Objectives***

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and State Controller's Minimum Audit Requirements for California Special Districts, and will include tests of the accounting records of the District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the District's Board of Directors. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of the District's records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statement caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, agreements, and grant agreements, noncompliance with which could have a material effect on the basic financial statements as required by *Governmental Auditing Standards*. The report on internal control and on compliance and other matters will each include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### ***Audit Procedures - General***

Government Auditing Standards require that we communicate, during the planning stage of an audit, certain information to officials of the audited entity, and certain other parties. That information follows.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the basic financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

***Audit Procedures – General, continued***

Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the basic financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the basic financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

We have advised the District of the limitations of our audit regarding the detection of fraud and the possible effect on the financial statements (including misappropriation of cash or other assets). We have offered to perform, as a separate engagement, extended procedures specifically designed to detect fraud and the District has declined to engage us to do so at this time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorney(s) as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

***Audit Procedures – Internal Control***

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

***Audit Procedures – Internal Control, continued***

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

***Audit Procedures – Compliance***

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

***Other Services***

We will assist in preparing the financial statements and related notes of the District in conformity with U.S. generally accepted accounting principles based on information provided by you. The nonaudit service does not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the service in accordance with applicable professional standards. The other service is limited to the financial statement services previously defined. We, in our sole professional judgment reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

***Management Responsibilities***

Management is responsible for establishing and maintaining effective internal controls, including maintaining and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the basic financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements.

***Management Responsibilities, continued***

Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, and contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the **Audit Objectives** section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the constancy of other information in the electronic site with the original document.

***Engagement Administration, Fees, and Other***

The District may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.



***Engagement Administration, Fees, and Other, continued***

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash or other confirmations and schedules we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on deadlines, working conditions, and the availability of the District's key personnel.

We will not undertake any accounting services (including but not limited to reconciliation of accounts and preparation of requested schedules) without obtaining approval through a written change order or additional engagement letter for such additional work.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Fedak & Brown LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to various government agencies or its designees, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Fedak & Brown LLP personnel. Furthermore, upon request, we will provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years under California State Law after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on August 2016 and to issue our reports no later than December 2016. Christopher Brown is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. To ensure that Fedak & Brown LLP's independence is not impaired under the AICPA Code of Professional Conduct, the District agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$6,560 (inclusive of out-of-pocket expenses) for the fiscal year ended June 30, 2015, and \$6,560 for the 11 month period ended June 1, 2016. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the audit.

Lompico County Water District  
June 8, 2016  
Page 7

**Engagement Administration, Fees, and Other, continued**

Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if the District's account becomes 30 days or more overdue and may not be resumed until the District's account is paid in full. If we elect to terminate our services for nonpayment, our engagement will have been deemed to have been completed upon written notification of termination, even if we have not completed our report.

We will plan the engagement based on the assumption that the District personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason the District personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate. For additional hours incurred due to unexpected or unforeseen circumstances, we will bill the District at our discounted hourly rate.

The District will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from the District's personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with the District's management and arrive at a new fee estimate before we incur the additional costs.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms of and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

The District may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services.

In the absence of any written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If the District has any questions, please let us know. If the District agrees with the terms of our engagement described in this letter, please sign below and return it to us in the envelope provided. We have enclosed a copy for the District's files.

Very truly yours,

**Fedak & Brown LLP**

RESPONSE:

This letter correctly sets forth the understanding of the San Lorenzo Valley Water District.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# Freitas + Freitas

Engineering and Planning Consultants, Inc.

RECEIVED

JUN 03 2016

SAN LORENZO VALLEY WATER DISTRICT

June 1, 2016

16005

**TO:** Mr. Brian Lee  
General Manager  
San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, CA 95006-9119

**FROM:** Freitas + Freitas Engineering and Planning Consultants, Inc.  
FEIN 32-0083226

**SUBJECT:** Final Invoice  
LAFCO Map and Description for Merger  
San Lorenzo Valley Water District and Lompico Water District  
Our Job # 16005

### FINAL INVOICE

**WORK PERFORMED:** 5/1/16 through 5/31/16

As requested and agreed in April 8, 2016 email; research and complete preparation of LAFCO Map for merger of SLVWD and Lompico Water District; prepare 3 sheet map and prepare legal description; submit to Pat MacCormick of LAFCO for approval; revise, complete and submit map as requested by Pat MacCormick; all work for San Lorenzo Valley Water District. 36 Hours Principal Engineer

**FEE**

36 Hours Principal Engineer @ \$187.50 per hour	\$ 6,750.00
40 Miles @ \$0.57 per mile	\$ 22.80
\$768.75 CAD Drafting	\$ 768.75
\$111.09 Postage and Supplies @ 110%	\$ 122.20
<b>Total This Period</b>	<b>\$ 7,663.75</b>
<b>AMOUNT NOW DUE</b>	<b>\$ 7,663.75</b>

*BJ*  
6/3/16

Thank you,

*Michael J. Freitas*

Michael J. Freitas  
Freitas + Freitas Engineering and Planning Consultants, Inc

Com. Ex

# RECEIPT 61126



41 D Hangar Way  
 Watsonville, CA 95076  
 www.wbprints.com

831-728-7717  
 f.728-5003  
 plot@wbplan.com

CODE	Clerk
4	MM
Date/Time	
5/16/2016	9:44:32 AM

Hold Order For Payment

Customer Code: 4  
 831

**Customer PO : LOMPICO**

Item	Description	Qty	U/M	Price	Extended Amount	Disc	Tax
1B	24 X 36 BOND COPY	9.00	EA	\$1.90	\$17.10		Tax
# of Pages = 3   # of Sets = 3							
S	BINDING STRIP	3.00	EACH	\$1.00	\$3.00		Tax
F	FILE SETUP FOR PRINTING / SF	18.00	SF	\$0.07	\$1.26		Tax
Length in Feet = 2 Width in Feet = 3 # of Files = 3							

LAFCO  
MAP

Payment Details	
Credit Card :	\$23.28
Visa MC Discover *****2429	
Approval:	287599
Total Received :	\$23.28

Sub Total 21.36  
 Sales Tax 1.92  
 Total \$23.28

Sign : \_\_\_\_\_ Print : \_\_\_\_\_  
 I agree to pay the amount above according to the terms of my Cardholder or Watsonville Blue Agreement.

**RECEIPT** Item: 12 **61442**



41 D Hangar Way  
 Watsonville, CA 95076  
 www.wbprints.com

831-728-7717  
 f.728-5003  
 plot@wbplan.com

CODE	Clerk
4	SM
Date/Time	
5/31/2016	9:42:54 AM

Hold Order For Payment

Customer Code 4

831

**Customer PO : LOMPICO LAFCO MAP**

Item	Description	Qty	U/M	Price	Extended Amount	Disc	Tax
1B	24 X 36 BOND COPY	33.00	EA	\$1.65	\$54.45		Tax
# of Pages = 3   # of Sets = 11							
S	BINDING STRIP	11.00	EACH	\$1.00	\$11.00		Tax
F	FILE SETUP FOR PRINTING / SF	18.00	SF	\$0.07	\$1.26		Tax
Length in Feet = 2 Width in Feet = 3 # of Files = 3							

*LAFCO  
MAP*

**Payment Details**

Credit Card : \$72.71

Visa|MC|Discover  
 \*\*\*\*\*2429

Approval: 486045

Total Received : \$72.71

Sub Total 66.71  
 Sales Tax 6.00  
 Total \$72.71

Sign : \_\_\_\_\_ Print : \_\_\_\_\_

I agree to pay the amount above according to the terms of my Cardholder or Watsonville Blue Agreement.

# Freitas + Freitas

Engineering and Planning Consultants, Inc.

June 1, 2016

15011

*Past Due 7/1/16*  
*MLF*

**TO:** Ms. Lois Henry  
Lompico County Water District  
11255 Lompico Road  
Felton, California 95018

RECEIVED

JUL 06 2016

**FROM:** Freitas + Freitas Engineering and Planning Consultants, Inc.  
FEIN 32-0083226

SAN LORENZO VALLEY  
WATER DISTRICT

**SUBJECT:** Final Invoice  
Assessment District Engineer's Report for Merger  
Our Account #15011

## FINAL INVOICE

**WORK PERFORMED:** 4/1/16 through 5/31/16

### EXTRA SERVICES

As requested, prepare for and attend Public Hearing Board Meeting 5/4 for Assessment District; finalize Assessment Diagram Map, bring to County Recorder's Office for recordation; revise map as required by County Recorder; all work for Lompico County Water District.

27 hours Principal Engineer

### EXTRA SERVICES FEE

27 Hours Principal Engineer @ \$187.50 per hour	\$ 5,062.50
60 Miles @ \$0.57 per mile	\$ 34.20
\$188.91 Postage and Supplies @ 110%	\$ 207.80
<b>Total This Period</b>	<b>\$ 5,304.50</b>
<b>AMOUNT NOW DUE</b>	<b>\$ 5,304.50</b>

*MLF*  
*7/17/16*

Thank you,

*Michael J. Freitas*

**Michael J. Freitas**  
Freitas + Freitas Engineering and Planning Consultants, Inc.

**RECEIPT** Item: **61309**



41 D Hangar Way  
 Watsonville, CA 95076  
 www.wbprints.com

831-728-7717  
 f.728-5003  
 plot@wbplan.com

CODE	Clerk
	DB
Date/Time	
5/23/2016	12:40:01 PM

Receipt

**Customer PO :**

Item	Description	Qty	U/M	Price	Extended Amount	Disc	Tax
SCAN	SCAN /SF MIN \$2 Length in Feet = 2 Width in Feet = 3 # of Prints = 3	18.00	EACH	\$0.50	\$9.00		Tax
T	TRANSFER FILES PER MB # of MB = 10 Upload / Download / USB Upload / Download / USB	20.00	EACH	\$0.10	\$2.00		Tax
EMAIL	E-MAILING DRAWINGS	1.00	EACH	\$3.50	\$3.50		Tax

*LAFCO Map*

**Payment Details**

Credit Card : \$15.81  
 Visa|MC|Discover  
 \*\*\*\*\*2429  
 Approval: 296112  
 Total Received : \$15.81

Sub Total 14.50  
 Sales Tax 1.31  
 Total \$15.81

Sign : \_\_\_\_\_ Print : \_\_\_\_\_  
 I agree to pay the amount above according to the terms of my Cardholder or Watsonville Blue Agreement.

# Freitas + Freitas

Engineering and Planning Consultants, Inc.

May 3, 2016

RECEIVED

16005

MAY 05 2016

CLT

**TO:** Mr. Brian Lee  
General Manager  
San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, CA 95006-9119

SAN LORENZO VALLEY  
WATER DISTRICT

**FROM:** Freitas + Freitas Engineering and Planning Consultants, Inc.  
FEIN 32-0083226

**SUBJECT:** Progress Invoice  
LAFCO Map and Description for Merger  
San Lorenzo Valley Water District and Lompico Water District  
Our Job # 16005

## INVOICE

**WORK PERFORMED:** Through 4/30/16

As requested and agreed in April 8, 2016 email; research and begin preparation of LAFCO Map for merger of SLVWD and Lompico Water District; review previous emails from Pat McCormick; obtain descriptions, deeds and APN maps; prepare 48 course metes and bound description for Parcel B (82 acres); prepare 3 sheet map and begin CAD drawing; all work for San Lorenzo Valley Water District.

70 Hours Principal Engineer

**FEE**

70 Hours Principal Engineer @ \$187.50 per hour	\$ 13,125.00
40 Miles @ \$0.53 per mile	\$ 21.20
\$33.88 Postage and Supplies @ 110%	\$ 37.27
<b>Total This Period</b>	<b>\$ 13,183.47</b>
<b>AMOUNT NOW DUE</b>	<b>\$ 13,183.47</b>

*BE*  
5/6/16

Thank you,

*Michael J. Freitas*

**Michael J. Freitas**  
Freitas + Freitas Engineering and Planning Consultants, Inc

EXP 15/16-004

G:\BILLING\16005 LAFCO Map.docx

3233 Valencia Ave., Suite A1, Aptos, California 95003  
831-688-1168 fr8tus@aol.com



# Freitas + Freitas

Engineering and Planning Consultants, Inc.

June 1, 2016

15011

*Past Due 7/1/16*  
*MLF*

**TO:** Ms. Lois Henry  
Lompico County Water District  
11255 Lompico Road  
Felton, California 95018

RECEIVED

JUL 06 2016

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FEIN 32-0083226

SAN LORENZO VALLEY  
WATER DISTRICT

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Our Account #15011

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27 hours Principal Engineer

**EXTRA SERVICES FEE**

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\$188.91 Postage and Supplies @ 110%	\$ 207.80
<b>Total This Period</b>	<b>\$ 5,304.50</b>
<b>AMOUNT NOW DUE</b>	<b>\$ 5,304.50</b>

*MLF*  
*7/17/16*

Thank you,

**Michael J. Freitas**  
Freitas + Freitas Engineering and Planning Consultants, Inc.

# Freitas + Freitas

Engineering and Planning Consultants, Inc.

May 3, 2016

RECEIVED

16005

**TO:** Mr. Brian Lee  
General Manager  
San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, CA 95006-9119

MAY 05 2016

CLT

SAN LORENZO VALLEY  
WATER DISTRICT

**FROM:** Freitas + Freitas Engineering and Planning Consultants, Inc.  
FEIN 32-0083226

**SUBJECT:** Progress Invoice  
LAFCO Map and Description for Merger  
San Lorenzo Valley Water District and Lompico Water District  
Our Job # 16005

## INVOICE

**WORK PERFORMED:** Through 4/30/16

As requested and agreed in April 8, 2016 email; research and begin preparation of LAFCO Map for merger of SLVWD and Lompico Water District; review previous emails from Pat McCormick; obtain descriptions, deeds and APN maps; prepare 48 course metes and bound description for Parcel B (82 acres); prepare 3 sheet map and begin CAD drawing; all work for San Lorenzo Valley Water District.

70 Hours Principal Engineer

**FEE**

70 Hours Principal Engineer @ \$187.50 per hour	\$ 13,125.00
40 Miles @ \$0.53 per mile	\$ 21.20
\$33.88 Postage and Supplies @ 110%	\$ 37.27
<b>Total This Period</b>	<b>\$ 13,183.47</b>
<b>AMOUNT NOW DUE</b>	<b>\$ 13,183.47</b>

*BE*  
5/6/16

Thank you,

*Michael J. Freitas*

Michael J. Freitas  
Freitas + Freitas Engineering and Planning Consultants, Inc

EXP 15/16-004

G:\BILLING\16005 LAFCO Map.docx

3233 Valencia Ave., Suite A1, Aptos, California 95003  
831-688-1168 fr8tus@aol.com



June 7, 2016

475 Sansome Street  
Suite 1700  
San Francisco, CA 94111  
t. 415.391.5780  
f. 415.276.2088

Lompico County Water District  
c/o San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, CA 95006

RE: LOMPICO COUNTY WATER DISTRICT  
Assessment District No. 2016-1

---

INVOICE

For Legal Services Rendered as Special Counsel  
Assessment District Formation  
(Inclusive of Reimbursable Expenditures): \$ 10,000.00

**RECEIVED**  
SEP 28 2016  
SAN LORENZO VALLEY  
WATER DISTRICT

Instructions for Wire Transfer:  
Comerica Bank  
ABA No. 121137522  
Two Embarcadero Center, Suite 300  
San Francisco, CA 94111  
For Credit : Jones Hall, APLC  
Acct. No. 1894734241



# Computation of Annual Reconciliation Workers' Compensation Contribution

Program Year 2015-16  
Annual (July 1 - June 30)

Invoice Date: 08/31/2016  
Member Number: 7230

## Lompico County Water District

Class Code	Classification Description	Reported Payroll	Manual Rate per \$100	Annual Contribution
7520	Waterworks Operations	\$114,171	\$5.65	\$6,450.66
8742	Salespersons- Outside	\$4,600	\$0.65	\$29.90
8810	Clerical	\$49,767	\$0.57	\$283.67

Total Audited Contribution Based on Rates	\$6,764.23
Contribution as Adjusted by the Experience Modification Factor of 449%	\$30,371.41
Less: *2% Credit Incentive Program Discount	(\$607.43)
Audited Contribution Adjusted	\$29,763.98
Less: Longevity Distribution Credit	(\$243.00)
Less: 5% Multi-Program Discount	(\$815.74)
Net Audited Contribution Adjusted	\$28,705.24
Less: Estimated Contribution Billed	(\$15,499.04)
<b>Total Due:</b>	<b>\$13,206.20</b>

01-100-5145

\* 15% CIP is advanced for purposes of calculating estimated annual invoices, actual CIP earned has been applied to year end audit.

## **M E M O**

**TO:** Board of Directors

**FROM:** District Manager

**DATE:** April 11, 2014

**SUBJECT:** LOMPICO COUNTY WATER DISTRICT AND SAN LORENZO VALLEY WATER DISTRICT SPHERE OF INFLUENCE AMENDMENT AND BOUNDARY REORGANIZATION

### **RECOMMENDATION:**

It is recommended that the Board of Directors review this memo and approve the attached resolution authorizing an application to Santa Cruz Local Agency Formation Commission (LAFCO) for a proposed Lompico County Water District and San Lorenzo Valley Water District Sphere of Influence Amendment and for a Boundary Reorganization consisting of the dissolution of the Lompico County Water District and annexation of the territory within Lompico County Water District to the San Lorenzo Valley Water District.

### **BACKGROUND:**

Lompico County Water District (Lompico) is an independent special district serving approximately 500 connections in the San Lorenzo Valley. For many years Lompico has had budgetary, managerial, and operational problems. Since 2010, representatives from Lompico and San Lorenzo Valley Water District (SLVWD) have been in discussion regarding a proposed merger of Lompico into SLVWD. In early 2013, County Supervisor Bruce McPherson pledged staffing assistance from the County, and asked the Lompico County Water District and the San Lorenzo Valley Water District to enter into discussions regarding the possible merger of the Lompico County Water District into San Lorenzo Valley Water District. In addition, your Board also appointed Dirs. Rapoza and Vierra to serve on the Lompico County Water District Liaison Committee relative to this matter.

A Working Group was established to serve in a technical advisory capacity. The Working Group Was comprised of the following individuals:

Susan Mauriello, County Administrative Officer  
Christina Mowrey-Riggs, CAO Analyst  
John Ricker, County Water Resources Manager  
Robin Musitelli, Supervisorial Aide  
Lois Henry, Lompico County Water District Board President  
Rick Herrington, Lompico County Water District Board Member  
Jim Mueller, San Lorenzo Valley Water District, General Manager

Rick Rogers, San Lorenzo Valley Water District, Operations Manager  
Pat McCormick, LAFCO Executive Officer

The results of the Working Group's analysis were presented at a joint Lompico County Water District and San Lorenzo Valley Water District public workshop on December 4, 2013. The main conclusions of the Working Group's analysis are as follows:

1. Lompico County Water District does not have sufficient supply sources to meet the flow requirements of the California Department of Public Health.
2. Lompico County Water District has insufficient financial reserves and rate revenues to continue to operate as an independent water system.
3. The Lompico County Water District has deferred maintenance, repair, and replacement of its infrastructure to the extent that major repairs and replacement of facilities need to be done to meet the requirements of the California Department of Public Health.
4. The two options identified for addressing the problems are:
  - a) Continue as an independent district, raise rates significantly, hire a general manager, and make infrastructure improvements on a pay-as-you Basis; or
  - b) Complete a merger into the San Lorenzo Valley Water District.
5. The option of continuing as an independent district would be significantly more expensive for the Lompico customers than the merger option.
6. The option of merging with the San Lorenzo Valley Water District includes the construction of an intertie between the SLVWD and the Lompico systems. The intertie

In LAFCO terms, the "merger" would consist of the dissolution of the Lompico County Water District and the simultaneous annexation of Lompico to the San Lorenzo Valley Water District. The first step in the process would be LAFCO approval. The proposed resolution contains four (4) conditions which would be incorporated into any LAFCO approval. The conditions are as follows:

- 1) Lompico infrastructure improvements would be done by San Lorenzo Valley District using proceeds not to exceed \$2.75 million from a Community Facilities District assessment organized by the County and voted upon by 2/3rds of the voters of Lompico. The bond must pass in order for the merger to be completed.
- 2) San Lorenzo Valley Water District would establish a citizen's bond oversight committee consisting of five (5) Lompico water customers to review bond expenditures.
- 3) Lompico County Water District shall pay the entire amount due on the PERS Side Fund Loan Agreement that was executed on July 30, 2013 by and between Lompico County Water District and San Lorenzo Valley Water District.
- 4) San Lorenzo Valley Water District will bill the Lompico customers water rates as the other customers within the District. However, in order to cover the difference between SLVWD's estimated revenues collected in Lompico and the District's estimated operating costs in Lompico, Lompico County Water District shall enact a reduction in their water rates, effective only upon the reorganization, so that \$140,000 in excess of the amount generated by San

Lorenzo Valley Water District water rates would be collected in the first year following the effective date of the reorganization. LAFCO shall authorize SLVWD to continue to collect these Lompico charges after the reorganization. The Lompico charges shall not exceed the following amounts:

<u>Year</u>	<u>Beginning</u>	<u>Per Month Per Connection</u>
1	Upon the effective date of the reorganization	\$23.50
2	One year after effective date of the reorganization	\$19.50
3	Two years after effective date of the reorganization	\$8.50
4	Three years after effective date of the reorganization	\$5.50
5	Four years after effective date of the reorganization	\$5.50

The Lompico charges shall be phased out no later than five years after the effective date of the reorganization.

It is recommended that the Board of Directors review this memo and approve the attached resolution authorizing an application to Santa Cruz Local Agency Formation Commission (LAFCO) for a proposed Lompico County Water District and San Lorenzo Valley Water District Sphere of Influence Amendment and for a Boundary Reorganization consisting of the dissolution of the Lompico County Water District and annexation of the territory within Lompico County Water District to the San Lorenzo Valley Water District.

  
James Mueller  
District Manager

## **SAN LORENZO VALLEY WATER DISTRICT**

### **RESOLUTION NO. XX (13-14)**

**SUBJECT: RESOLUTION APPLYING TO THE SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION TO AMEND THE SPHERES OF INFLUENCE OF THE LOMPICO COUNTY WATER DISTRICT AND THE SAN LORENZO VALLEY WATER DISTRICT, AND FOR A BOUNDARY REORGANIZATION CONSISTING OF DISSOLUTION OF THE LOMPICO COUNTY WATER DISTRICT AND ANNEXATION OF TERRITORY WITHIN THE LOMPICO COUNTY WATER DISTRICT TO THE SAN LORENZO VALLEY WATER DISTRICT**

**WHEREAS, the Lompico County Water District and the San Lorenzo Valley Water District are located adjacent to one another in the watershed of the San Lorenzo River, provide potable water to their respective customers, and operate under the authority of the State of California, County Water District Law (Water Code Section 30000 et seq.); and**

**WHEREAS, the Lompico County Water District and the San Lorenzo Valley Water District have studied options for providing future water service in Lompico and concluded that the Lompico water system could be operated more efficiently if the Lompico water system were part of the San Lorenzo Valley Water District; and**

**WHEREAS, representatives of the two districts have negotiated the terms and conditions under which the Lompico County Water District can be reorganized into the San Lorenzo Valley Water District in a manner that provides for the efficient provision of potable water to the territory presently served by both districts;**

**NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District as follows:**

- 1. Pursuant to Government Code section 56428, the Lompico County Water District and the San Lorenzo Valley Water District jointly propose and apply to the Local Agency Formation Commission ("LAFCO") for the following Sphere of Influence Amendments:
  - a. The San Lorenzo Valley Water District Sphere of Influence to be expanded to include the current Lompico County Water District Sphere of Influence (Exhibit "A");**
  - b. The Lompico County Water District Sphere of Influence to be amended to have a "zero" sphere of influence.****
  
- 2. Pursuant to Government Code section 56654, the Lompico County Water District and the San Lorenzo Valley Water District jointly propose and apply to the Local Agency Formation Commission for a boundary reorganization consisting of the following changes of organization:
  - a. The Lompico County Water District will be dissolved;**
  - b. The San Lorenzo Valley Water District will annex all the current territory within the boundaries of the Lompico County Water District (Exhibit "A").****



3. The reason for the applications is that the San Lorenzo Valley Water District can operate the San Lorenzo and Lompico water systems in an efficient manner.
4. Pursuant to Government Code section 56700(a), the Districts propose that LAFCO apply the following terms and conditions:
  - a) **INFRASTRUCUTRE BOND**

Prior to the filing of the Certificate of Completion, a Community Facilities District bond or similar revenue instrument shall be passed by the voters and/or property owners of the Lompico service area so that proceeds not greater than \$2.75 million will go to the San Lorenzo Valley Water District (SLVWD) for the purposes of infrastructure improvements solely for the benefit of the Lompico service area. If a grant or other source of funds can be secured to make infrastructure improvements that are programmed to be included in the not-to-exceed \$2.75 million of bond proceeds, or if the costs of the programmed improvements are lower, the amount of the bond proceeds can be a lesser amount if authorized in writing by the San Lorenzo Valley Water District Board following consideration of the reduction at a public meeting of that board.
  - b) **BOND OVERSIGHT COMMITTEE**

Upon distribution of the bond proceeds, SLVWD shall establish a citizens' bond oversight committee consisting of five Lompico water customers to review expenditure of the bond proceeds on projects that directly benefit Lompico.
  - c) **LOAN PAYBACK**

Prior to the filing of the Certificate of Completion, Lompico County Water District shall pay the entire amount due on the PERS Side Fund Loan Agreement that was executed on July 30, 2013 by and between Lompico County Water District and San Lorenzo Valley Water District.
  - d) **LOMPICO WATER RATES AND CHARGES**

SLVWD shall bill the Lompico customers of SLVWD the same rates as the other customers within SLVWD. However, prior to filing of the Certificate of Completion, in order to cover the difference between SLVWD's estimated revenues collected in Lompico and SLVWD's estimated operating costs in Lompico, Lompico County Water District shall enact a reduction in their water rates, effective only upon the reorganization, so that \$140,000 in excess of the amount generated by SLVWD rates would be collected in the first year following the effective date of the reorganization. LAFCO shall authorize SLVWD to continue to collect these Lompico charges after the reorganization. Prior to the Certificate of Completion being filed, SLVWD will deliver a letter to the LAFCO Executive Officer indicating that the charges adopted by the Lompico County Water District are structured in a manner that SLVWD is willing to implement. The Lompico charges shall not exceed the following amounts:

<u>Year</u>	<u>Beginning</u>	<u>Per Month Per Connection</u>
1	Upon the effective date of the reorganization	\$23.50
2	One year after effective date of the reorganization	\$19.50
3	Two years after effective date of the reorganization	\$8.50
4	Three years after effective date of the reorganization	\$5.50
5	Four years after effective date of the reorganization	\$5.50

The Lompico charges shall be phased out no later than five years after the effective date of the reorganization.

5. The District's Board of Directors request that the Local Agency Formation Commission initiate proceedings pursuant to Government Code Section 56425 et seq. to consider and approved the two district's sphere of influence amendments, and that the Local Agency Formation Commission further initiate proceedings for the Boundary Reorganization of the two districts pursuant to Government Code Section 56650 et seq.;
6. The boundary changes proposed in the reorganization application are consistent with the two districts' spheres of influence, if LAFCO approves the proposed sphere of influence amendments.
7. The Districts have filed information with the LAFCO executive officer describing the plan for providing services. As more fully described in the information on file with LAFCO, the plan for services generally proposes as follows:
  - a. The services to be provided in Lompico are domestic water services.
  - b. San Lorenzo Valley Water District will operate the Lompico water system using San Lorenzo Valley Water District staff.
  - c. San Lorenzo Valley Water District will provide the services beginning on the effective date of the reorganization.
  - d. System repairs and improvements are required to the Lompico system. In the terms and conditions, the Districts are requesting that LAFCO condition any authorization of the reorganization upon the voters of Lompico approving a bond that will generate proceeds that the San Lorenzo Valley Water District will spend in Lompico to repair and upgrade the water system.
  - e. The operating costs of the water service in Lompico will be paid by the regular San Lorenzo Valley Water rates, a five-year Lompico charge that will be added to the Lompico water bills as specified in the requested terms and conditions, the existing property tax revenues that go to the two Districts, and miscellaneous revenues of the two Districts.

8. The District staff is authorized and directed to take all actions consistent with this resolution to apply for and process the sphere amendments and boundary reorganization request with the Local Agency Formation Commission.

\*\*\*\*\*

**PASSED AND ADOPTED** by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 17<sup>th</sup> day of April, 2014, by the following vote of the members thereof:

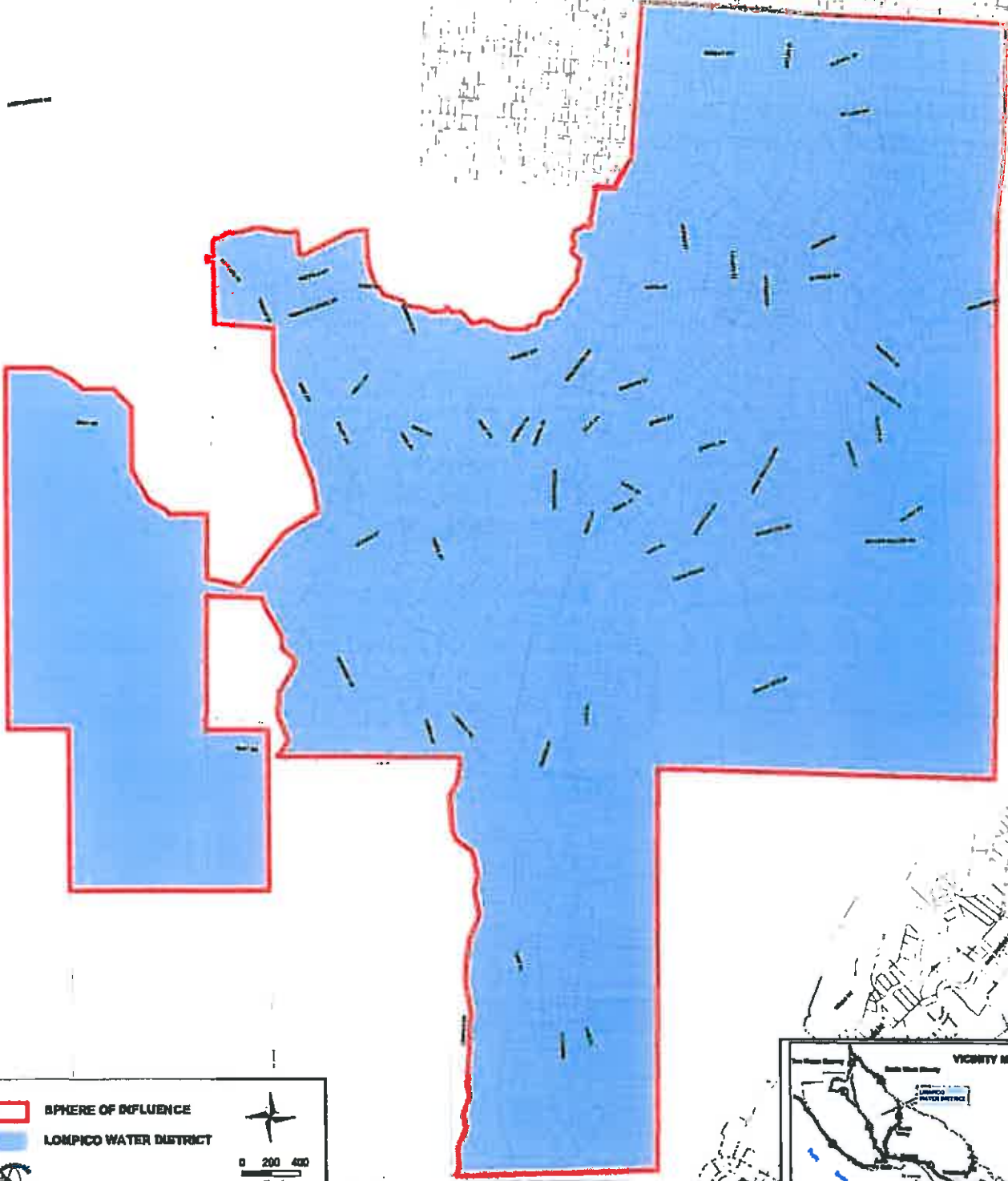
**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

---

**James A. Mueller**  
**Acting District Secretary**  
**San Lorenzo Valley Water District**

**LOMPICO WATER DISTRICT  
SANTA CRUZ COUNTY, CALIFORNIA**

**EXHIBIT "A"**



## SAN LORENZO VALLEY WATER DISTRICT

### RESOLUTION NO. 31 (13-14)

**SUBJECT: RESOLUTION APPLYING TO THE SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION TO AMEND THE SPHERES OF INFLUENCE OF THE LOMPICO COUNTY WATER DISTRICT AND THE SAN LORENZO VALLEY WATER DISTRICT, AND FOR A BOUNDARY REORGANIZATION CONSISTING OF DISSOLUTION OF THE LOMPICO COUNTY WATER DISTRICT AND ANNEXATION OF TERRITORY WITHIN THE LOMPICO COUNTY WATER DISTRICT TO THE SAN LORENZO VALLEY WATER DISTRICT**

WHEREAS, the Lompico County Water District and the San Lorenzo Valley Water District are located adjacent to one another in the watershed of the San Lorenzo River, provide potable water to their respective customers, and operate under the authority of the State of California, County Water District Law (Water Code Section 30000 et seq.); and

WHEREAS, the Lompico County Water District and the San Lorenzo Valley Water District have studied options for providing future water service in Lompico and concluded that the Lompico water system could be operated more efficiently if the Lompico water system were part of the San Lorenzo Valley Water District; and

WHEREAS, representatives of the two districts have negotiated the terms and conditions under which the Lompico County Water District can be reorganized into the San Lorenzo Valley Water District in a manner that provides for the efficient provision of potable water to the territory presently served by both districts;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District as follows:

1. Pursuant to Government Code section 56428, the Lompico County Water District and the San Lorenzo Valley Water District jointly propose and apply to the Local Agency Formation Commission ("LAFCO") for the following Sphere of Influence Amendments:
  - a. The San Lorenzo Valley Water District Sphere of Influence to be expanded to include the current Lompico County Water District Sphere of Influence (Exhibit "A");
  - b. The Lompico County Water District Sphere of Influence to be amended to have a "zero" sphere of influence.
2. Pursuant to Government Code section 56654, the Lompico County Water District and the San Lorenzo Valley Water District jointly propose and apply to the Local Agency Formation Commission for a boundary reorganization consisting of the following changes of organization:
  - a. The Lompico County Water District will be dissolved;
  - b. The San Lorenzo Valley Water District will annex all the current territory within the boundaries of the Lompico County Water District (Exhibit "A").

3. The reason for the applications is that the San Lorenzo Valley Water District can operate the San Lorenzo and Lompico water systems in an efficient manner.
4. Pursuant to Government Code section 56700(a), the Districts propose that LAFCO apply the following terms and conditions:
  - a) **INFRASTRUCTURE BOND**

Prior to the filing of the Certificate of Completion, a Community Facilities District bond or similar revenue instrument shall be passed by the voters and/or property owners of the Lompico service area so that proceeds not greater than \$2.75 million will go to the San Lorenzo Valley Water District (SLVWD) for the purposes of infrastructure improvements solely for the benefit of the Lompico service area. If a grant or other source of funds can be secured to make infrastructure improvements that are programmed to be included in the not-to-exceed \$2.75 million of bond proceeds, or if the costs of the programmed improvements are lower, the amount of the bond proceeds can be a lesser amount if authorized in writing by the San Lorenzo Valley Water District Board following consideration of the reduction at a public meeting of that board.
  - b) **BOND OVERSIGHT COMMITTEE**

Upon distribution of the bond proceeds, SLVWD shall establish a citizens' bond oversight committee consisting of five Lompico water customers to review expenditure of the bond proceeds on projects that directly benefit Lompico.
  - c) **LOAN PAYBACK**

Prior to the filing of the Certificate of Completion, Lompico County Water District shall pay the entire amount due on the PERS Side Fund Loan Agreement that was executed on July 30, 2013 by and between Lompico County Water District and San Lorenzo Valley Water District.
  - d) **LOMPICO WATER RATES AND CHARGES**

SLVWD shall bill the Lompico customers of SLVWD the same rates as the other customers within SLVWD. However, prior to filing of the Certificate of Completion, in order to cover the difference between SLVWD's estimated revenues collected in Lompico and SLVWD's estimated operating costs in Lompico, Lompico County Water District shall enact a reduction in their water rates, effective only upon the reorganization, so that \$140,000 in excess of the amount generated by SLVWD rates would be collected in the first year following the effective date of the reorganization. LAFCO shall authorize SLVWD to continue to collect these Lompico charges after the reorganization. Prior to the Certificate of Completion being filed, SLVWD will deliver a letter to the LAFCO Executive Officer indicating that the charges adopted by the Lompico County Water District are structured in a manner that SLVWD is willing to implement. The Lompico charges shall not exceed the following amounts:

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3	Two years after effective date of the reorganization	\$8.50
4	Three years after effective date of the reorganization	\$5.50
5	Four years after effective date of the reorganization	\$5.50

The Lompico charges shall be phased out no later than five years after the effective date of the reorganization.

5. The District's Board of Directors request that the Local Agency Formation Commission initiate proceedings pursuant to Government Code Section 56425 et seq. to consider and approve the two district's sphere of influence amendments, and that the Local Agency Formation Commission further initiate proceedings for the Boundary Reorganization of the two districts pursuant to Government Code Section 56650 et seq.;
6. The boundary changes proposed in the reorganization application are consistent with the two districts' spheres of influence, if LAFCO approves the proposed sphere of influence amendments.
7. The Districts have filed information with the LAFCO executive officer describing the plan for providing services. As more fully described in the information on file with LAFCO, the plan for services generally proposes as follows:
  - a. The services to be provided in Lompico are domestic water services.
  - b. San Lorenzo Valley Water District will operate the Lompico water system using San Lorenzo Valley Water District staff.
  - c. San Lorenzo Valley Water District will provide the services beginning on the effective date of the reorganization.
  - d. System repairs and improvements are required to the Lompico system. In the terms and conditions, the Districts are requesting that LAFCO condition any authorization of the reorganization upon the voters of Lompico approving a bond that will generate proceeds that the San Lorenzo Valley Water District will spend in Lompico to repair and upgrade the water system.
  - e. The operating costs of the water service in Lompico will be paid by the regular San Lorenzo Valley Water rates, a five-year Lompico charge that will be added to the Lompico water bills as specified in the requested terms and conditions, the existing property tax revenues that go to the two Districts, and miscellaneous revenues of the two Districts.

8. The District staff is authorized and directed to take all actions consistent with this resolution to apply for and process the sphere amendments and boundary reorganization request with the Local Agency Formation Commission.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 22nd day of May, 2014, by the following vote of the members thereof:

AYES:           Brown, Bruce, Prather, Vierra, Rapoza  
NOES:  
ABSTAIN:  
ABSENT:

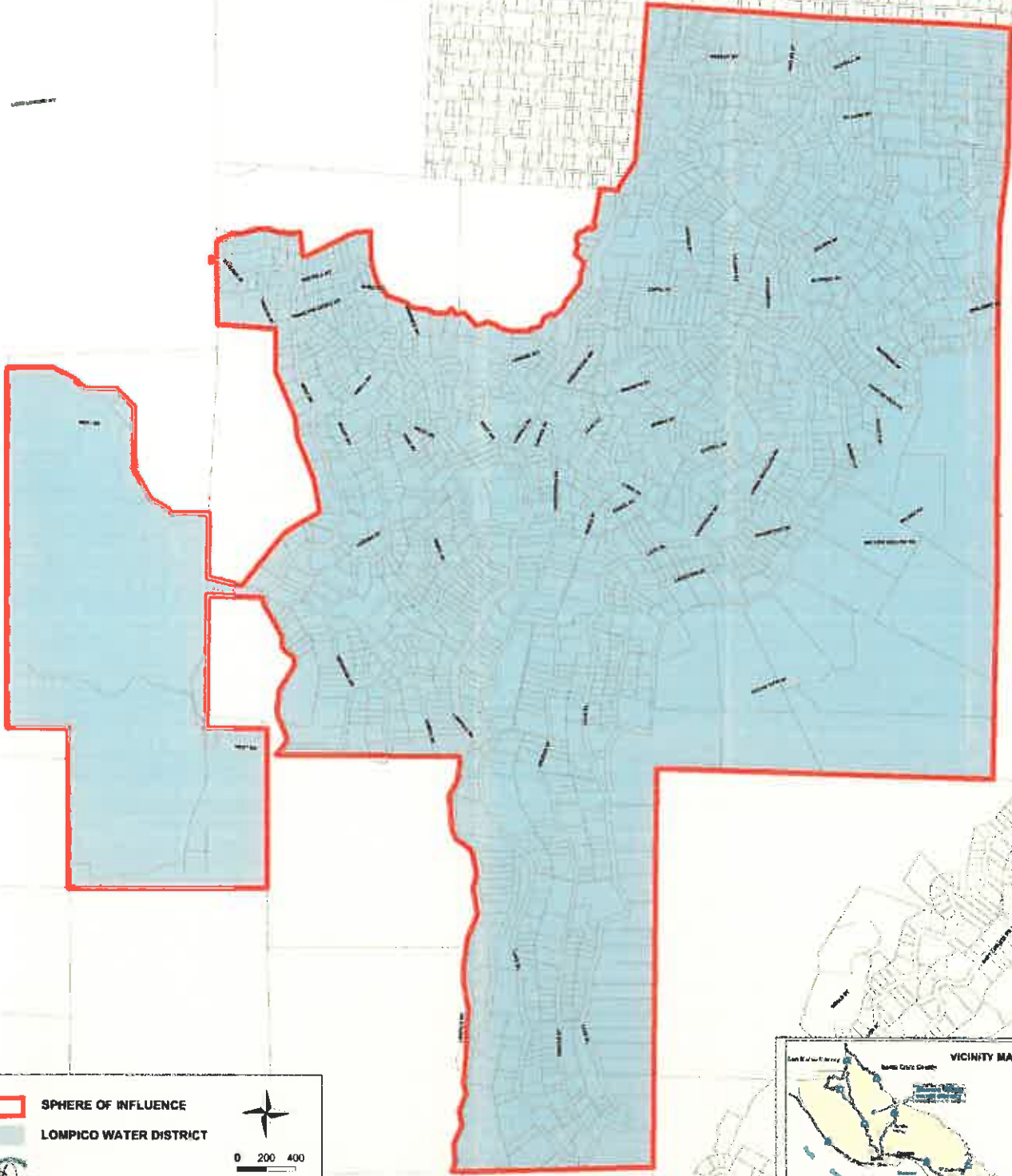


Holly B. Morrison  
Holly B. Morrison  
District Secretary  
San Lorenzo Valley Water District



# LOMPICO WATER DISTRICT SANTA CRUZ COUNTY, CALIFORNIA

## EXHIBIT "A"



**SPHERE OF INFLUENCE**

**LOMPICO WATER DISTRICT**

0 200 400  
Feet

ITS-18 LOMPICO  
PREPARED BY SANTA CRUZ COUNTY GEOGRAPHIC INFORMATION SYSTEMS STAFF  
JULY 2019

**VICINITY MAP**

San Mateo County  
Santa Cruz County  
San Joaquin County  
Merced County



SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION  
EXECUTIVE OFFICER'S REPORT  
LAFCO NO. 953 AND 953-A  
LOMPICO REORGANIZATION TO THE  
SAN LORENZO VALLEY WATER DISTRICT

To: Santa Cruz LAFCO Commissioners  
Date: July 28, 2014 for August 6, 2014 Agenda  
From: Patrick M. McCormick, Executive Officer

---

*Summary: The Commission will conduct a public hearing and may take action to authorize the Lompico Reorganization, which would dissolve the Lompico County Water District and annex the Lompico area to the San Lorenzo Valley Water District. In related matters, the Commission will also consider a service review and sphere of influence amendments for the two districts.*

*Recommendation: The staff recommends that the Commission:*

*(1) Approve draft Resolution No. 953, which accepts the 2014 Service Review and Sphere of Influence Study for the Lompico County Water District and the San Lorenzo Valley Water District, and amends the spheres of influence for both districts; and*

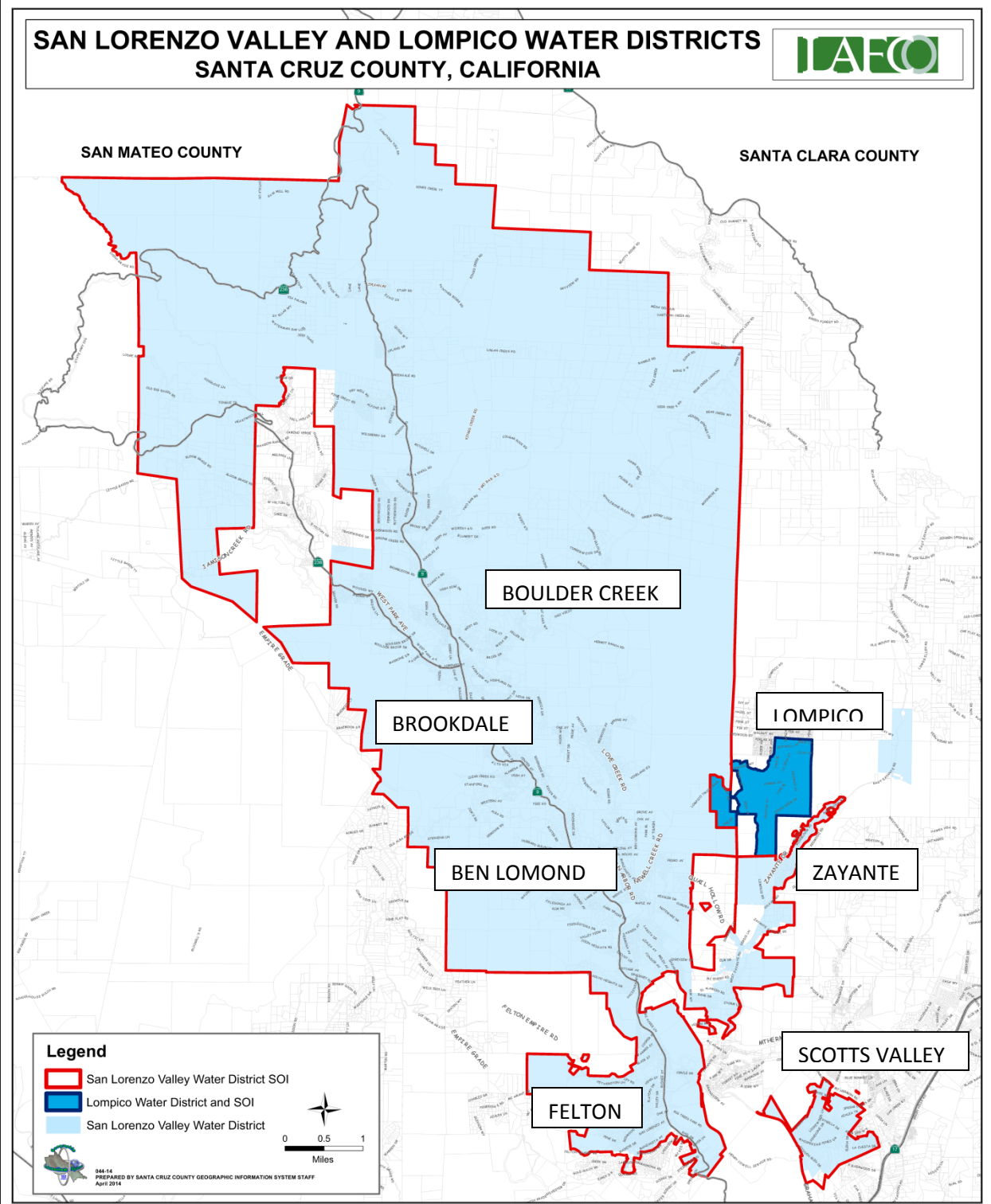
*(2) Approve draft Resolution No. 953-A, which authorizes the Lompico Reorganization.*

---

**Introduction**

The Commission has received two applications jointly filed by resolutions of the Lompico County Water District (LCWD) and the San Lorenzo Valley Water District (SLVWD). Application No. 953 would amend the Sphere of Influence for the Lompico County Water District to be a zero sphere of influence, and would add the Lompico area to the Sphere of Influence of the San Lorenzo Valley Water District. Application No. 953-A is for a reorganization that would dissolve the Lompico County Water District and annex the Lompico area to the San Lorenzo Valley Water District.

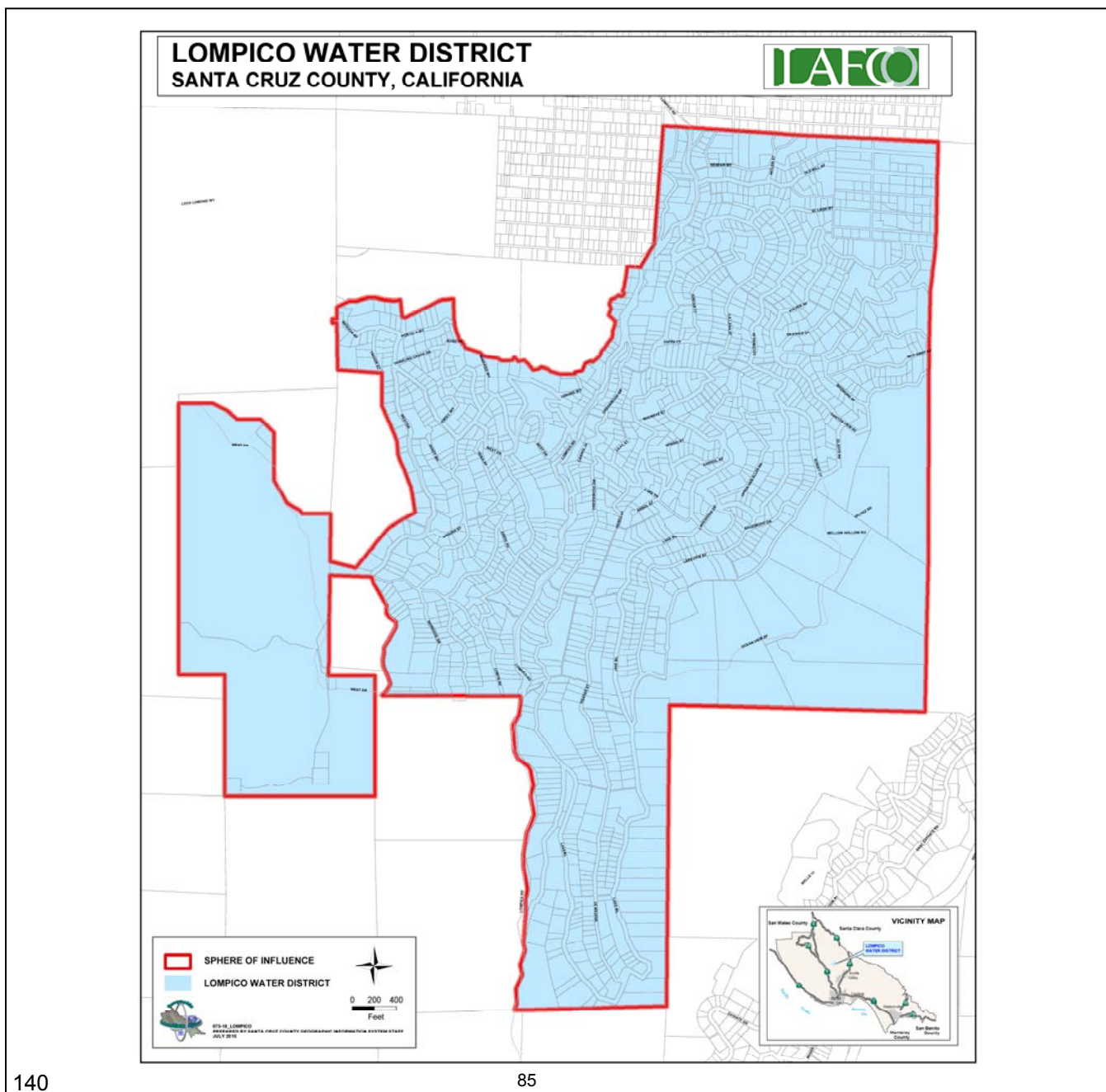
LOCATION MAP



### Current Services

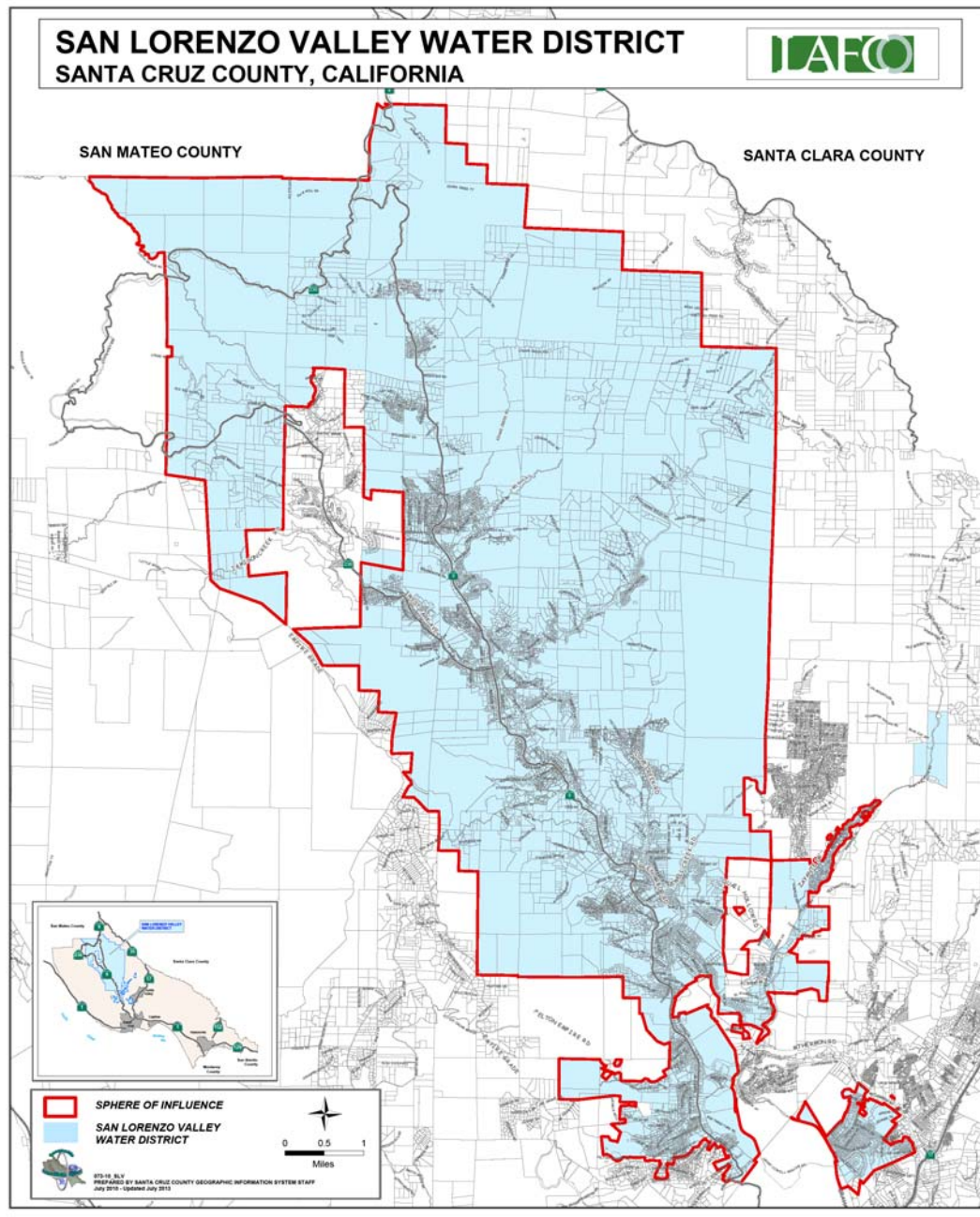
The Lompico County Water District was formed in 1963 and provides water service to approximately 500 connections. In 2012, it sold 17,045,391 gallons (52 acre-feet). Its system includes 4 wells, one stream diversion, two treatment plants, and six storage tanks. For many years, it has experienced a series of problems: managerial, financial, and operational problems. The current Board of Directors has kept the district out of bankruptcy and receivership, and favors dissolution of the LCWD and annexation of Lompico to the San Lorenzo Valley Water District.

LAFCO adopted the first Sphere of Influence for the LCWD in 1985. The current LCWD Sphere of Influence, as shown on the following map, was last reviewed by LAFCO in 2008, and is a contiguous sphere of influence: the boundary and the sphere are the same.



The San Lorenzo Valley District was formed in 1941, provides water service to approximately 7,300 customers in Boulder Creek, Brookdale, Ben Lomond, Felton, Zayante, and southern Scotts Valley; and provides sanitary sewer service to approximately 55 customers in the Bear Creek Estates subdivision along Bear Creek Road. The SLVWD utilizes both surface water and groundwater sources.

LAFCO adopted the first Sphere of Influence for the SLVWD in 1985. The current SLVWD Sphere of Influence, as shown on the following map, was last reviewed by LAFCO in 2008 and has identified limited areas, close to its service mains, which are eligible for annexation.



## **Proposals**

### Spheres of Influence

The service area of the Lompico CWD is not currently within the SLVWD Sphere. LAFCO Application No. 953, filed jointly by both districts, proposes to change the LCWD sphere to be a zero sphere of influence, and change the SLVWD sphere to include the LCWD service area. Under state law, any boundary reorganization that LAFCO approves must be consistent with the adopted sphere of influence for each subject agency.

### Reorganization

In their resolutions of application for LAFCO Application No. 953-A, the two districts are jointly proposing the dissolution of the Lompico County Water District dissolution and the annexation of Lompico to the San Lorenzo Valley Water District, The districts are requesting that four conditions of approval be included in any LAFCO resolution (No 953-A) authorizing the reorganization. These four conditions are fundamental in structuring the potential reorganization.

#### A) INFRASTRUCTURE BOND

“Prior to the filing of the Certificate of Completion, a Community Facilities District bond or similar revenue instrument shall be passed by the voters and/or property owners of the Lompico service area so that proceeds not greater than \$2.75 million will go to the San Lorenzo Valley Water District (SLVWD) for the purposes of infrastructure improvements solely for the benefit of the Lompico service area. If a grant or other source of funds can be secured to make infrastructure improvements that are programmed to be included in the not-to-exceed \$2.75 million of bond proceeds, or if the costs of the programmed improvements are lower, the amount of the bond proceeds can be a lesser amount if authorized in writing by the San Lorenzo Valley Water District Board following consideration of the reduction at a public meeting of that board.”

As detailed in the attached service review and sphere study, the bond would provide \$2.75 million of funding for the San Lorenzo Valley District to repair, replace, and upgrade the deteriorated infrastructure in the Lompico water system. This funding is a key factor in the San Lorenzo Valley Water District’s support for the reorganization because the bond funding will allow the SLVWD to perform the needed infrastructure work without utilizing SLVWD reserves. The County of Santa Cruz is conducting the process to set a bond election in Lompico later this year. A preliminary cost estimate prepared in 2013 was that each connected property would pay \$468 per year for 30 years. In summer 2014, the County Board of Supervisors will review an updated estimate of costs as they go through process to consider setting the bond election. In order for the bond to pass, State law requires that 2/3rds of the participating Lompico voters vote in support of the bonds. If the bond

election fails, the reorganization process is automatically terminated.

B) BOND OVERSIGHT COMMITTEE

"Upon distribution of the bond proceeds, SLVWD shall establish a citizens' bond oversight committee consisting of five Lompico water customers to review expenditure of the bond proceeds on projects that directly benefit Lompico."

This condition provides a bond oversight committee of Lompico water customers.

C) LOAN PAYBACK

"Prior to the filing of the Certificate of Completion, Lompico County Water District shall pay the entire amount due on the PERS Side Fund Loan Agreement that was executed on July 30, 2013 by and between Lompico County Water District and San Lorenzo Valley Water District."

The Lompico County Water District provides pension benefits to its former and current employees through a contract with the California Public Employees Retirement System (PERS). It is part of a pool of small employers (fewer than 100 employees). When the pool was established, the various agencies had different levels of funding in their pension accounts, and a side fund was established for each agency. The LCWD had a lower than average funding level and therefore owed money in the side fund. In 2013, the Lompico County Water District obtained a short-term loan from the SLVWD to pay off the side fund. A clause of the note requires that LCWD pay off the note entirely prior to a merger. The reason for the clause is that, following a reorganization, the SLVWD inherits the former LCWD's assets and liabilities. The SLVWD did not want to inherit this liability.

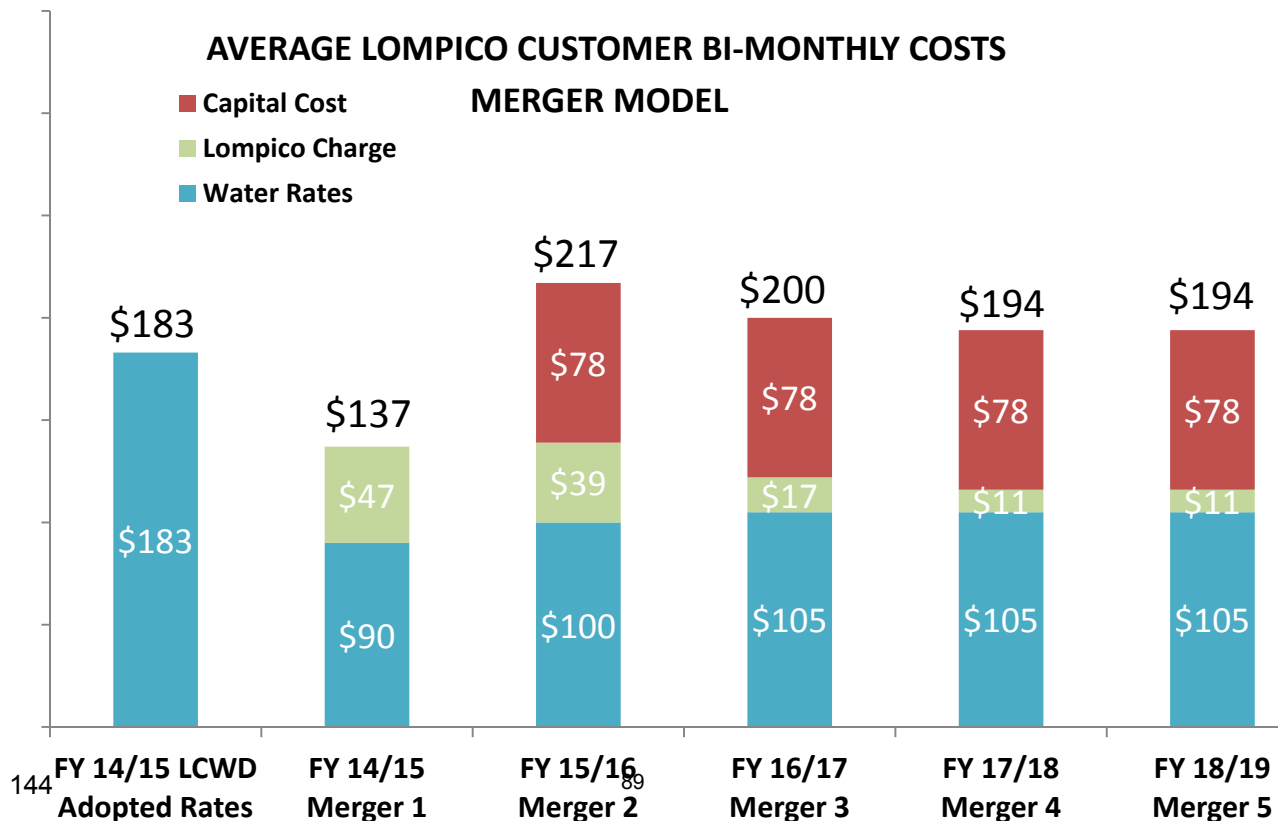
D) LOMPICO WATER RATES AND CHARGES

"SLVWD shall bill the Lompico customers of SLVWD the same rates as the other customers within SLVWD. However, prior to filing of the Certificate of Completion, in order to cover the difference between SLVWD's estimated revenues collected in Lompico and SLVWD's estimated operating costs in Lompico, Lompico County Water District shall enact a reduction in their water rates, effective only upon the reorganization, so that \$140,000 in excess of the amount generated by SLVWD rates would be collected in the first year following the effective date of the reorganization. LAFCO shall authorize SLVWD to continue to collect these Lompico charges after the reorganization. Prior to the Certificate of Completion being filed, SLVWD will deliver a letter to the LAFCO Executive Officer indicating that the charges adopted by the Lompico County Water District are structured in a manner that SLVWD is willing to implement. The Lompico charges shall not exceed the following amounts:

Year	Beginning	Per Month
		Per Connection
1	Upon the effective date of the reorganization	\$23.50
2	One year after effective date of the reorganization	\$19.50
3	Two years after effective date of the reorganization	\$8.50
4	Three years after effective date of the reorganization	\$5.50
5	Four years after effective date of the reorganization	\$5.50

The Lompico charges shall be phased out no later than five years after the effective date of the reorganization.”

Of the four conditions, this is the most complicated. Its origin is from the pro forma for the SLVWD’s operating costs of the Lompico system. Since the infrastructure is in poor shape and does not have electronic controls or meters, the Lompico system initially will cost the SLVWD more to run on a per-connection basis than the rest of their district. The charge would avoid a situation where the SLVWD customers in its other service areas are subsidizing the Lompico operating costs. If the reorganization is authorized and occurs, the Lompico charge would be an additional charge collected on the water bills of the SLVWD’s Lompico customers. The charge goes down annually as the infrastructure improvements are constructed and the SLVWD staff time in Lompico can be reduced. The Lompico charge would go away in early 2020 on the fifth anniversary of the effective date of the reorganization.





The Merger Year 1 (FY 14-15) costs are lower because the bond election will occur in late 2014, and the earliest date that the bond payments can appear on the property tax bills is fall 2015, during Merger Year 2 (FY 15-16).

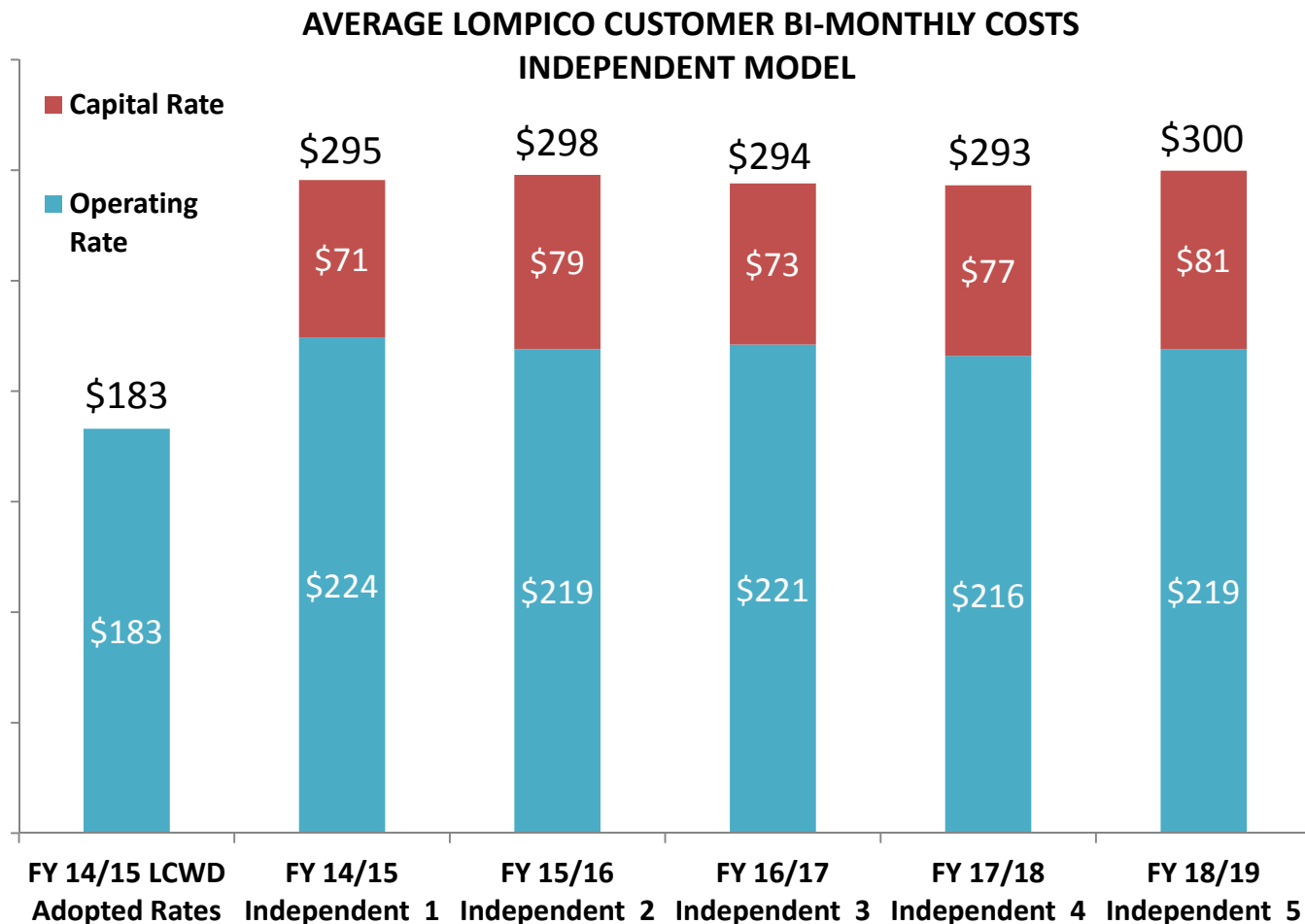
### **Policy Issues**

Staff has identified three policy issues to bring to the attention of the LAFCO Commission: the possibility of LCWD continuing to operate as an independent district, an agency other than the SLVWD providing water service in Lompico, and the possible inclusion in the SLVWD sphere and annexation of three parcels located on Zayante Drive between the SLVWD and the LCWD.

#### **Independent Lompico**

As detailed in the attached service review and sphere study, the Working Group (staff) and Liaison Committee (2 board members each from SLVWD and LCWD), have studied what would be required for the LCWD to remain as a independent water district, re-build their infrastructure, hire a general manager, and establish a reserve fund for emergencies. As shown in the following table, the current high water rates in LCWD would have to be increased more than 60% in order for the LCWD to have a good chance to succeed. Such a significant rate increase may not get authorized though the Proposition 218 rate process, which provides for customer notice and protest. If LCWD failed, it would either go into bankruptcy or receivership. Both would involve significant additional legal and administrative costs, and would not avoid the Lompico customers eventually paying for infrastructure improvements.

The difference in operating costs between the Merger Model on the previous page and the Independent Model on the next page demonstrates that the LCWD's predicament is a case of inefficiencies of scale. The larger SLVWD benefits by spreading costs over more customers. Lompico just may be too small to operate efficiently. In Lompico's case, fiercely independent also means fiercely expensive.



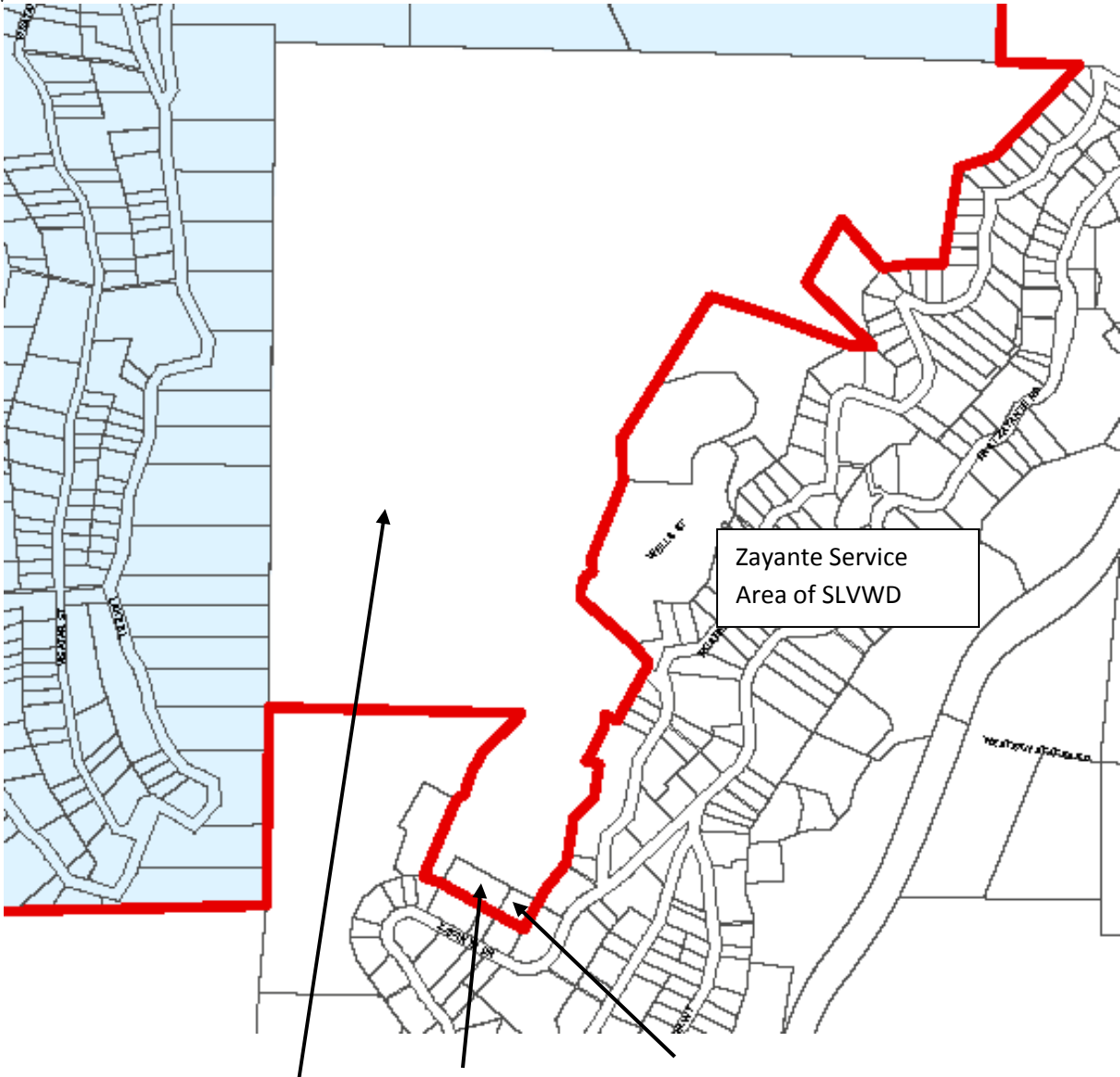
#### Other Agencies Provide Lompico Services

The attached service review and sphere study also summarizes some of the other organizational options considered for Lompico: the County of Santa Cruz, the City of Santa Cruz, a private water company, the Scotts Valley Water District, and a management agreement with San Lorenzo Valley Water District. The Working Group and the Liaison Committee determined that none of those options was worth pursuing, and they focused their studies on the two options: LCWD merges with SLVWD, and LCWD raises rates and stays independent.

#### Zayante Drive Parcels

There are three parcels located on Zayante Drive between the proposed Lompico annexation to the SLVWD and the SLVWD service area in Zayante. One of these parcels is already served by the SLVWD, and the other two parcels are easily served from the SLVWD main in Zayante Drive. In recent years, the SLVWD and LAFCO have been cleaning up the district's boundary on a piecemeal basis as annexations are proposed in each neighborhood. Staff has sent individual inquires to the property owners of the three parcels on Zayante Drive, and will distribute any written responses to the Commissioners in advance of the public hearing.

**ZAYANTE DRIVE PARCELS**



Shaded = LCWD	APN 074-061-01	APN 074-112-10	APN 074-112-18
	Jaehnichen	Petersen	Amen
	9609 Zayante Dr	9629 Zayante Dr	9661 Zayante Dr
	TPZ/Residence	Unbuildable Lot	Lot/Misc. Improvements

**CEQA**

Sphere of Influence actions and reorganizations are subject to the California Environmental Quality Act. Staff has reviewed the projects and determined that they qualify for categorical exemptions under the act; therefore no additional review is needed. Two exemptions apply. For the sphere amendments and reorganization in the original applications, Categorical Exemption Class 20 applies: consolidation of two districts having identical powers. For the

potential addition of the three Zayante Drive parcels that staff has identified during the review process, Categorical Exemption Class 19 applies: annexation of existing facilities and lots.

### **Agency and Public Comments**

In response to the public noticing, staff has received one letter. In a letter dated July 25, 2014, Lilian A. Morgan, a Lompico resident, opposes the reorganization because she favors a “pay-as-you-go” approach to the infrastructure repairs, and is concerned that the proposed SLVWD costs will be a hardship on lower income residents of Lompico.

### **Alternatives**

Following the public hearing, the main alternatives for the Commission’s actions are as follows:

Draft Resolution No. 953, Service Review and Sphere Study

- 1) Accept the Service Review and Sphere Study, and amend the Sphere of Influence of the Lompico County Water District and San Lorenzo Valley Water District,
- 2) Continue consideration of the Service Review and Sphere Study to a future meeting,
- 3) Deny the sphere of influence amendments.

Draft Resolution No. 953-A, Lompico Reorganization

- 1) Approve the reorganization (dissolution of LCWD and annexation to SLVWD) as submitted,
- 2) Approve the reorganization subject to amended boundaries or amended conditions,
- 3) Continue the reorganization to a future meeting.

The state law concerning reorganizations is designed to encourage agencies to file for reorganizations that merge agencies. Government Code Section 56853(a) states:

“If a majority of the members of each of the legislative bodies of two or more local agencies adopt substantially similar resolutions of application making proposals either of the consolidation of districts or for the reorganization of all of any part of the districts into a single local agency, the commission shall approve, or conditionally approve, the proposal.”

Those facts exist in this situation; so, the Commission does not have authority to deny the reorganization application.

## **Recommendation**

The pending applications have the benefit of solving the on-going operating and financial problems of the small Lompico system in a manner that does not impact the rates of the customers in the larger San Lorenzo Valley system. Therefore, the staff RECOMMENDS that:

- 1) The Commission approve draft Resolution No. 953 which:
  - accepts the 2014 Service Review and Sphere of Influence Study for the Lompico County Water District and the San Lorenzo Valley Water District,
  - amends the Lompico County Water District Sphere of Influence to be a zero sphere of influence, and
  - amends the San Lorenzo Valley Water District to include the current service area of the Lompico County Water District and three parcels on Zayante Drive located between the Lompico County Water District and the Zayante service area of the San Lorenzo Valley Water District.
  
- 2) The Commission approve draft Resolution No. 953-A, which authorizes the Lompico Reorganization and adds three parcels on Zayante Drive to the annexation area.

## **What Happens Next**

If the Commission authorizes the Lompico Reorganization, two procedures will occur on parallel tracks. The Board of Supervisors will continue with the formation process for the Community Facilities District bonds. The Board is scheduled to consider adopting a resolution of intent on September 9, 2014 and a resolution calling for a Lompico bond election on October 21, 2014.

In parallel, after LAFCO finalizes the boundaries and conditions of a reorganization, state law gives the voters and landowners in the subject area (Lompico) an opportunity to protest the reorganization by having a protest hearing. The LAFCO Executive Officer will mail notices in early September, and the deadline for submitting written protests will be in October. If more than 50% of the Lompico voters protest, the reorganization will be terminated. If between 25% and 50% of either the Lompico voters or the Lompico landowners protest, an election will be called of the Lompico voters. The ballot question will be "Shall the Lompico Reorganization, as authorized by LAFCO Resolution No. 953-A, be approved?" The outcome will be determined by a majority to those voting.

cc:

Lompico County Water District, Board of Directors

San Lorenzo Valley Water District, Board of Directors

County of Santa Cruz

--Board of Supervisors

--CAO

--Environmental Health

--Auditor-Controller

--Planning Department

California Department of Water Resources, Drinking Water Division, Monterey Office

Zayante Fire Protection District

City of Santa Cruz, Water Department

Lompico Citizens' Advisory Committee

City of Scotts Valley

Scotts Valley Water District

3 Zayante Drive property owners

Ms. Lilian A. Morgan

**Attachments**

Draft Resolution No. 953 Studies and Sphere

Exhibit A Service Review Determinations

Exhibit B Map

Exhibit C Sphere of Influence Determinations

Draft Resolution 953-A Lompico Reorganization

Exhibit A Map

Lompico CWD Resolution of Application

SLVWD Resolution of Application

2014 Service Review and Sphere of Influence Study

Analysis Form

July 25, 2014 Letter of Lilian A. Morgan Opposing Reorganization

**SAN LORENZO VALLEY WATER DISTRICT**

**RESOLUTION NO. 8 (15-16)**

**SUPPORT OF MERGER BETWEEN SAN LORENZO VALLEY WATER DISTRICT AND  
LOMPICO COUNTY WATER DISTRICT**

WHEREAS, San Lorenzo Valley Water District ("District") and Lompico County Water District ("Lompico") have worked in good faith to negotiate a merger of the two districts; and

WHEREAS, the District and Lompico filed an application with the Local Agency Formation Commission (LAFCO); and

WHEREAS, said LAFCO application set four conditions of merger, of which one condition (A. Infrastructure Bond) specified capital financial considerations; and

WHEREAS, the District remains committed to said merger providing the specified capital financial considerations are enforced; and

WHEREAS, Lompico has brought forth for consideration the replacement of a Community Facility District (CFD) as discussed in said LAFCO application with a ten-year Assessment District; and

WHEREAS, the District has considered the formation of a ten-year Assessment District as a replacement for a CFD under the conditions for merger contained in the LAFCO application.

WHEREAS, the District recognizes that once an Assessment District is formed, no modifications or changes to said Assessment District, including costs, can be made by Lompico or the District.

NOW, THEREFORE, BE IT RESOLVED, the Board of the Directors of San Lorenzo Valley Water District hereby recognizes the formation of a ten-year Assessment District by Lompico as a 'similar revenue instrument' to a CFD for all purposes discussed in the merger approved by LAFCO on August 6, 2014, and

BE IT FURTHER RESOLVED, that the Board of Directors of San Lorenzo Valley Water District recognizes that capital proceeds of said Assessment District will not exceed \$2.75 million, and

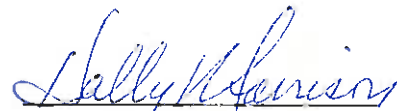
BE IT FURTHER RESOLVED, that the Board of Directors of the San Lorenzo Valley Water District will require all external administrative costs and loan costs be included in the Assessment District, such costs to be determined during Lompico's formation of Assessment District. Such costs will include, but are not limited to, County costs required to manage the collection of Assessment District proceeds (currently 1% of collected proceeds) and interest costs no greater than State Revolving Fund Interest Rates (currently one-half the rate of the most recent sale of State General Obligation Bonds), and

BE IT FURTHER RESOLVED, that the Board of Directors of the San Lorenzo Valley Water District directs the District Manager to forward a fully executed copy of this Resolution to Lompico and LAFCO as an expression of continued commitment to the merger.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 20<sup>th</sup> day of August 2015, by the following vote of the members thereof:

AYES: Hammer, Brown, Baughman, Ratcliffe, Bruce  
NOES:  
ABSTAIN:  
ABSENT:



Holly Morrison  
District Secretary  
San Lorenzo Valley Water District



RESOLUTION NO. 2016-3

A RESOLUTION AUTHORIZING REDUCTION OF LOMPICO COUNTY WATER DISTRICT RATES EFFICTIVE UPON COMPLETION OF MERGER WITH SAN LORENZO VALLEY WATER DISTRICT.

LOMPICO COUNTY WATER DISTRICT

RESOLVED, by the Board of Directors of the Lompico County Water District, Santa Cruz County, California, that,

WHEREAS, the Board of Directors has the duty and authority to establish policies governing District operations, activities, and finances.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors of the Lompico County Water District as follows:

1. Effective only upon the completion of the Lompico Reorganization (the "Merger:") as authorized in Resolution No. 953-A of the Local Agency Formation Commission, the Lompico County Water District rates will be reduced to the following amounts:


<u>Year</u>	<u>Beginning</u>	<u>Per Month Per Connection</u>
1	Upon the effective date of the reorganization	\$23.50
2	One year after effective date of the reorganization	\$19.50
3	Two years after effective date of the reorganization	\$8.50
4	Three years after effective date of the reorganization	\$5.50
5	Four years after effective date of the reorganization	\$5.50

The forgoing Resolution was duly and regularly introduced and passed, and adopted by the Board of Directors of the Lompico County Water District at a regular meeting thereof held on the 19<sup>th</sup> day of January 2016.

AYES: Henry, Schneider, Smallman, St. Germain

NOES: none

ABSENT: Schaller

  
Lois Henry, President



## 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)

May 20, 2016

Executive Officer Patrick M. McCormick,  
Santa Cruz LAFCO  
701 Ocean St. #318D  
Santa Cruz, CA 95060

Dear Mr. McCormick,

The attached Resolution No. 39 (15-16) was approved by the San Lorenzo Valley Water District, creating a Lompico Citizen's Oversight Committee for the review of expenditures from Assessment District 2016-1 proceeds, effectively meeting Condition 'B' – Bond Oversight Committee, of Resolution 953-A, authorizing the Lompico Reorganization to the San Lorenzo Valley Water District.

Lompico County Water District has met Condition 'C' – Loan Payback, of approved LAFCO Resolution No. 953-A, authorizing the Lompico Reorganization to the San Lorenzo Valley Water District. Lompico has paid the entire amount due on the PERS Side Fund Loan Agreement executed on July 30, 2013 by and between Lompico County Water District and San Lorenzo Valley Water District.

Lompico County Water District has met Condition 'D' – Lompico Water Rates and Charges, with the passage of LCWD Resolution 2016-3 (attached).

With the successful passage of Assessment District 2016-1, San Lorenzo Valley Water District considers all conditions of LAFCO Resolution 953-A met and recommends filing of the Certificate of Completion.

Sincerely,

Brian Lee  
District Manager  
San Lorenzo Valley Water District

SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. 39 (15-16)

SUBJECT: REPEAL AND REPLACEMENT OF SECTION 14 OF THE DISTRICT'S 2015 BOARD POLICY MANUAL TO INCLUDE A LOMPICO OVERSIGHT COMMITTEE

WHEREAS, the proper functioning of the District Board and Board Meetings is critical to proper functioning of the District; and

WHEREAS, an adopted set of policies assist in the proper functioning of the Board; and

WHEREAS, it is appropriate that the Board periodically review and amend said set of policies;

WHEREAS, Board Committees provide a vital service to the proper functioning of the District and governance of same; and

WHEREAS, LAFCO Resolution 953-A requires the District to form a Lompico Oversight Committee to review the expenditure of proceeds from Assessment District 2016-1 on projects that directly benefit Lompico.

WHEREAS, Each Board Member, individually, has been provided an opportunity to read the proposed revision to Section 14 of the District's Board of Director's Policy Manual revising how Board Committee's function (attached);

WHEREAS, Each Board Member, individual, agrees with the revision to Section 14 of the Policy Manual and agrees to follow said policy manual;

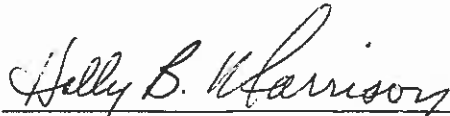
NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that:

1. The Board repeals the current Section 14 of the District's 2015 Board Policy Manual and Replaces Section 14 with the language provided in the attached draft Section 14.
2. The Board directs staff to modify the Board Policy Manual, effectuating the changes as approved herein.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 19th day of May, 2016 by the following vote of the members thereof:

AYES: Brown, Baughman, Ratcliffe, Bruce, Hammer  
NOS:  
ABSTAIN:  
ABSENT:

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

Santa Cruz Local Agency Formation Commission  
Governmental Center  
701 Ocean St. #318 D  
Santa Cruz CA 95060



APPLICATION NO.  
953-A

TITLE: Lompico Reorganization

**INDEMNIFICATION AND DEFENSE**

The undersigned applicant for the above-referenced application ("Applicant"), as a condition of submission of this application, approval of the application and any subsequent amendment of the approval which is requested by the Applicant, hereby agrees to defend, using counsel reasonably acceptable to the LOCAL AGENCY FORMATION COMMISSION, indemnify, and hold harmless the LOCAL AGENCY FORMATION COMMISSION, its officers, employees, and agents, from and against any claim, demand, damages, costs or liability of any kind (including attorneys' fees) against the LOCAL AGENCY FORMATION COMMISSION arising from or relating to this application or any approval or subsequent amendment to the approval thereof, subject to the conditions set forth below.

**A) Notification and Cooperation**

- 1) The LOCAL AGENCY FORMATION COMMISSION shall notify the Applicant of any claim, action, or proceeding against which the LOCAL AGENCY FORMATION COMMISSION seeks to be defended, indemnified, or held harmless.
- 2) The LOCAL AGENCY FORMATION COMMISSION shall reasonably cooperate in such defense.

**B) Fees and Costs:**

Nothing contained herein shall prohibit the LOCAL AGENCY FORMATION COMMISSION from participating in the defense of any claim, action, or proceeding if either of the following occur:

- 1) The LOCAL AGENCY FORMATION COMMISSION bears its own attorneys' fees and costs;
- OR
- 2) The LOCAL AGENCY FORMATION COMMISSION and the Applicant agree in writing to the Applicant paying part or all of the Commission's attorneys' fees and costs.

**C) Settlement:**

- 1) When representing the LOCAL AGENCY FORMATION COMMISSION, the Applicant shall not enter into any stipulation or settlement modifying or affecting the interpretation or validity of any of the terms or conditions of the approval without the prior written consent of the LOCAL AGENCY FORMATION COMMISSION

**D) Successors Bound:**

The obligations of the Applicant under this Indemnity and Defense agreement are specifically associated with and shall run with the land that is the subject of the application and/or approval and shall be binding upon the applicant and the successor(s) in interest, transferee(s), and assign(s) of the applicant in the land.

**E) Recordation:**

At any time after submission of the application, the LOCAL AGENCY FORMATION COMMISSION may, at its sole option, record in the office of the Santa Cruz County Recorder a memorandum of agreement which incorporates the provisions of this condition, or this approval shall become null and void.

\_\_\_\_\_  
(Signature of LAFCO Executive Officer)

Patrick M. McCormick  
(Printed Name)

\_\_\_\_\_  
(Date)

(Signature of Applicant)

Brian C. Lee  
(Printed Name)

May 20, 2016  
(Date)

RESOLUTION NO. 2016-3

A RESOLUTION AUTHORIZING REDUCTION OF LOMPICO COUNTY WATER DISTRICT RATES EFFECTIVE UPON COMPLETION OF MERGER WITH SAN LORENZO VALLEY WATER DISTRICT.

LOMPICO COUNTY WATER DISTRICT

RESOLVED, by the Board of Directors of the Lompico County Water District, Santa Cruz County, California, that,

WHEREAS, the Board of Directors has the duty and authority to establish policies governing District operations, activities, and finances.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors of the Lompico County Water District as follows:

1. Effective only upon the completion of the Lompico Reorganization (the "Merger:") as authorized in Resolution No. 953-A of the Local Agency Formation Commission, the Lompico County Water District rates will be reduced to the following amounts:


<u>Year</u>	<u>Beginning</u>	<u>Per Month Per Connection</u>
1	Upon the effective date of the reorganization	\$23.50
2	One year after effective date of the reorganization	\$19.50
3	Two years after effective date of the reorganization	\$8.50
4	Three years after effective date of the reorganization	\$5.50
5	Four years after effective date of the reorganization	\$5.50

The forgoing Resolution was duly and regularly introduced and passed, and adopted by the Board of Directors of the Lompico County Water District at a regular meeting thereof held on the 19<sup>th</sup> day of January 2016.

AYES: Henry, Schneider, Smallman, St. Germain

NOES: none

ABSENT: Schaller

  
Lois Henry, President

# HIGHLIGHTS - OPERATING

- Operating Revenue - \$7,065,740
- Operating Expenses - \$6,916,174
- Operating Difference - \$149,566
- 3 new positions
  - ◆ Customer Service Admin
  - ◆ Operations Tech
  - ◆ Water Conservation Coordinator / Communications Specialist / Grant Writer
- 4 vacant positions filled due to Lompico Merger
  - ◆ 2 Field Service Worker II
  - ◆ Electrician/Instrumentation Technician
  - ◆ Water Treatment & Systems Operator

FIVE YEAR MERGER PRO FORMA BUDGET  
FY 14/15 TO FY 18/19

	LCWD FY12/13	LCWD FY13/14	Merger FY14/15	Merger FY 15/16	Merger FY 16/17	Merger FY 17/18	Merger FY 18/19
					15% savings in labor hours over previous year	10% savings in labor hours over previous year	5% savings in labor hours over previous year
SALARIES AND BENEFITS	259,385	235,119	270,375	278,486	243,815	226,016	221,157
SUPPLIES AND SERVICES	273,173	283,486	164,731	169,673	174,763	174,763	179,952
DEBT SERVICE, JUDGMENTS, TRANSFER	44,678	80,820	27,315	20,068	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>577,237</b>	<b>599,425</b>	<b>462,421</b>	<b>468,227</b>	<b>418,578</b>	<b>400,779</b>	<b>401,109</b>
PROPERTY TAXES	52,000	52,000	53,040	54,101	55,183	56,286	57,412
CONNECTION FEES, OTHER CHARGES	2,300	5,425	3,000	3,000	0	0	0
RESIDENTIAL WATER SALES	449,150	530,000	266,000	295,000	310,000	310,000	310,000
LOMPICO CHARGE	0	0	138,381	114,066	51,273	32,307	31,446
OTHER REVENUE	2,000	2,000	2,000	2,060	2,122	2,185	2,251
<b>TOTAL REVENUES</b>	<b>570,391</b>	<b>599,425</b>	<b>462,421</b>	<b>468,227</b>	<b>418,578</b>	<b>400,779</b>	<b>401,109</b>
ANNUAL CFD PAYMENTS ON PROPERTY TAX	0	0	0	468	468	468	468
CFD PAYMENTS, CONVERTED TO BI-MONTHLY	0	0	0	78	78	78	78
LOMPICO CHARGE, MONTHLY			23.50	19.50	8.50	5.50	5.50
LOMPICO CHARGE, BI-MONTHLY			47	39	17	11	11
LOMPICO TOTAL BI-MONTHLY COST			137	217	200	194	194

Thursday, October 13, 2016 at 2:28:39 PM Pacific Daylight Time

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**Subject:** Feb 14 2014 Liaison Mtg  
**Date:** Thursday, October 13, 2016 at 2:18:38 PM Pacific Daylight Time  
**From:** lfsolar [REDACTED]  
**To:** Brian Lee  
**Attachments:** wEmoticon-smile[1].png, Special Mtg Feb142014 Liaison.docx

Mr. Lee,

I think I may have found the missing link you wanted, to show that SLVWD board members in 2014 were aware of the debt repayment and incorporation into the surcharge, and this intention. I found the recording yesterday while searching for something else. Attached is a summary from a recording of that meeting.

I couldn't find this meeting agenda or minutes on SLVWD website and it is not in my (disorganized and missing) LCWD papers. I did find a reference to it in an Advisory committee report.

I have a WAV audio file of this meeting I wanted to send, but find it is too big at 1GB to email. If there is another file type you can use, I may be able to convert it. I'd like you to hear it. It could help to understand the difficulty for everyone, in pinning down set points for the LAFCo agreement in a constantly changing landscape. The recording is about 1:45 hours. It will give you an idea of what this process took, all the good work by everyone involved.

I also found a recording from a July 12, 2015 Liaison meeting in which you describe the 4 Lompico staffing positions as being part of the four points in the LAFCo agreement. 😊 Some of this old stuff needs to be deleted.

Respectfully

Debra



## Evolution of the Lompico Surcharge – a brief summary

Presented to San Lorenzo Valley Water District, Board of Directors, Oct 20, 2016.

2010

- Following termination of their General Manager's employment, board members Lois Henry and Chris Kilgus ask SLVWD if LCWD may hire them to manage district operations. SLVWD says only as a merger.
- In a July public meeting at the Zayante firehouse, SLVWD General Manager presents a proposal to Lompico customers, with a list of CIP items and bond financing, about \$2.25 million. There is no surcharge.

2010-12

- Lompico debates the pros and cons. In 2012 pro-merger directors are elected and talks resume.

2013-14

- The two districts set up a Merger Committee, later renamed the Liaison Committee, made of two board members from each district. Meetings are initially private, then public as formalized.
- Additional assistance is offered by the County in the form of a Task Force, later called Working Group. These are meetings of staff and administrators to work out details, and are not open to the public. Lompico has two board members attend, as the board is acting as General Manager for the district.
- In late 2013, a proposed Lompico \$51 bi-monthly surcharge is introduced by the Working Group, in addition to Capital funds for CIP projects. The surcharge is primarily a result of estimated high payroll costs to operate Lompico as a stand-alone system, lower water usage by Lompico, and thus lower revenue once Lompico customers pay at SLVWD rates. Estimated operating expenses minus estimated revenue = surcharge.
- A series of public and private meetings are set up to assimilate public comment and district needs and review draft proposals. The surcharge is a topic of strong review.
- SLVWD has been provided with transcript excerpts from a recording from a February 14, 2014 SLVWD-Lompico Liaison meeting which has a number of public and staff comments regarding the surcharge, that are later incorporated in changes for the final LAFCo merger agreement. These include incorporation of two debt payments by Lompico owed until 2016, with appropriate sunseting, and staffing requirements as Lompico is run as a stand-alone system until an intertie can be installed, expected to take up to five years for permits, review, design and construction. It is expected to take two years to install SCADA and automated water meters, so that savings from system efficiencies and labor are not shown for the first two years.
- The State provides funding for an emergency intertie via a drought grant. The intertie is designed and constructed by SLVWD, for LCWD, in May 2014.
- The LAFCo agreement is approved in August of 2014. A series of public meetings explain the surcharge under the above terms, as presented by LAFCo, LCWD, and SLVWD.

2015-16

- The intertie is converted to regular, non-emergency use without the need for additional permits.
- The LAFCo agreement is not altered, as it would require starting over. Lompico votes on a bond in early 2015 and the vote fails to reach the 2/3 requirement.
- Both districts agree to ask for a one year extension from LAFCo and seek other capital funding.
- The LAFCo agreement is not altered for reasons above; Lompico votes on an Assessment and is successful.
- Lompico debts were paid in full in April 2016, and SLVWD notified.
- Lompico water district dissolves and SLVWD is expanded to include this area as of June 1 2016.
- Lompico revenue estimates for the surcharge are based on 2014 SLVWD rates; at 2016 SLVWD rates it is approximately + \$89,000 per year.
- The Lompico surcharge is no longer needed to repay the two debts or to operate the system as stand-alone with projected higher payroll. Lompico water supply is via the intertie, as a SLVWD zone. As of August 2016 all meters had been replaced and upgraded, and SCADA installed.

Prep by D. Loewen

**Special Meeting of the Liaison Committee** for San Lorenzo Valley-Lompico water districts

February 14, 2014. Notes from a recording- DL. Present are:

Terry Vierra, SLVWD director, chair; Jim Rapozza, SLVWD director.

Lois Henry and Rick Harrington, LCWD directors.

Patrick McCormick, Executive officer, LAFCo.

Jim Mueller, SLVWD General Manager; Rick Rogers, SLVWD Operations Manager.

John Ricker, Santa Cruz County Environmental Health

Members of the public from SLV and Lompico, including Chuck Baughman and Bruce Holloway. LCWD Citizens Advisory Committee members present include Merrie Schaller, Ed Frech, and Debra Loewen.

The purpose of the meeting is to review the draft terms proposed, and offer suggestions and critique to take back to the working group for a final revision.

Highlights relating to the surcharge:

Jim Mueller: report on potential terms and conditions put together at the last working group meeting.

The surcharge is presented at \$51 bimonthly.

Patrick McCormick presents conditions: 1) construction bond, 2) bond oversight committee, 3) ST loan PERS repaid, and 4) 5 year surcharge on Lompico water bill. (09:31)

Bruce Holloway believes Lompico Settlement debt should be included.

Debra Loewen believes the surcharge will be an obstacle.

Terry Vierra says the surcharge is non-negotiable (30:00)

Ed Frech says that \$10.43 of the \$51 is to pay off debt, to SWRTA and General Manager, cited as \$30k a year, but those will both come off in less than 2 years; if this process takes another year then it will be one year. You have to negotiate that down when the loan comes off. That is #1, critical. (35:02)

#2 is you say you will look at costs each year to see if the \$51 can be lowered. Staff said they will not keep records. Need to set up a mechanism on how it will be reviewed.(37:01) We need detailed breakdown of the \$51 charge; it is a deal breaker.

Mark Meecham asks where is a copy of the breakdown, this needs to be discussed more.

Merrie Schaller says that if you are hearing problems from people who support the merger, you need to address it. Says at this point it (the Lompico vote) is going to fail. Not enough information, things keep changing.

Jim Rapozza agrees things change, says it was \$52, then \$51, to \$49....Discussion will continue until final document is done.

Ed Frech says, and debts are taken off when paid.

Jim Rapozza repeats the surcharge will continue to be an item of discussion.

John Ricker says the working group doesn't like the surcharge either, but operating Lompico will cost more the first several years [until installation of intertie, scada, new meters; to operate system as is, separately].

Bruce Holloway says it is a tragedy that the intertie got cut out of the SLVWD grant project.

Jim Mueller says we will bring this all together, particularly about the surcharge, (1:04:37) looking at projected expenses, as when the existing obligations, the legal settlement and debt service, and look at when they expire. We will use our best professional judgement.

Jim Rapozza says he wants specific numbers for members of the oversight committee, normally 5, and wants more info on the two loan/paybacks [Ed spoke of] and when that debt is sunsetting (1:08:36).

There is discussion about a fixed surcharge versus reduction of surcharge.

Jim Rapozza says the surcharge can always be reduced (1:17:48), and will be addressed as projects are completed, and the intertie is in and Lompico is no longer a stand-alone system.

Jim Mueller advises that district staff do not want independent accounting, an administrative burden. We can come up with a cost [as improvements done]. The costs are loaded front-end until there are efficiencies of operation, personnel costs being the highest. Hours will reduce as automated controls and meters installed, likely will not happen until year three. We have a good idea of the day-to-day operations and routine.

Merrie Schaller confirms that the surcharge is for day-to-day operations, not for improvements.

Jim Mueller affirms; this is first draft, it will come to both boards with suggested changes.(1:27)

Patrick McCormick says it is time to gather data, both districts decide if they want to move forward (1:27:40)

Jim Mueller says the formal application has to come from both districts to LAFCo, and have to be substantially similar. It will incorporate comments and critique heard today and go to the task force [working group].

Jim Rapozza says if comments heard are true, we need to set a timeline on the surcharge. There is no sense working on the bond if the surcharge is a deal breaker.

There is discussion about how the revenue was calculated; Jim Mueller says on Lompico 2012 usage, and assuming it will remain the same.

Jim Mueller says he will take the comments received today, edit this, and bring it to the respective boards, the administrative process needs to be started. There will be opportunity after LAFCo for residents of Lompico to reject if they do not approve (1:36:16).

Jim Rapozza says that McCormick and Mueller will get together and synthesize what we heard today and get back to the boards. (1:41:40).

Jim Mueller says the main purpose is to continue, to keep the process moving.

The meeting ends at 1 hour 46 minutes.

As a result of this meeting, the surcharge was changed from a flat 5-year fee to a lower set step-down basis. The two Lompico debts were detailed as to costs per year and end date (per LAFCo table on Lompico debt and amount in surcharge) and incorporated in the first two years of the surcharge. Surcharge reductions for savings in projected labor are shown to start in year three, as efficiencies were expected to be completed. Efficiencies initially included the automated meters, SCADA, and possibly up to 5 years until the intertie could be permitted and installed.

This is the information as presented by LAFCo, SLVWD and LCWD at public meetings to describe the merger agreement, and back-up documents. Lompico newsletters state these terms.

Later in 2014, the State gave Lompico grant funds for an emergency intertie, designed and installed by SLVWD. There was still some question whether the emergency intertie could be converted to regular use, and a possible EIR; it worked out later to be OK and is now used as Lompico sole water source.

Excerpt from **BOARD OF DIRECTORS POLICY MANUAL 2016**  
**ADOPTED**  
**December 9, 2015**  
**RESOLUTION NO. 26 (15-16)**

14. COMMITTEES

The Board shall organize committees that are advisory to the Board with regard to matters within their respective areas of responsibility.

The four District standing committees are as follows: Administrative, Budget & Finance, Environmental/Engineering/Planning and Lompico Oversight. Each standing committee shall have no power or authority to commit the District or to take any action on behalf of the Board of Directors. Standing Committees shall hold meetings at such times as deemed necessary by consensus of the committee members. Committees are encouraged to meet at least monthly.

Committee meetings shall be held in accordance with the provisions of the Ralph M. Brown Act. In order to promote attendance by Directors at Committee meetings without inadvertently creating a violation of the Ralph M. Brown Act, Directors that are not members of a committee may attend as observers, but shall not participate at the Committee's meeting.

Committee appointments will be reviewed by the full Board at the 2nd Board of Director's meeting in December of each Calendar Year, or as soon thereafter as practical. Applications to serve as a Public Member will be available at the District's Office or on-line at the District's website ([www.slvwd.com](http://www.slvwd.com)). Public Member Applications will be reviewed by the full Board. Each committee member shall be appointed by a simple majority vote of the Board.

Administrative, Budget & Finance, Environmental/Engineering/Planning Committees may have no more than two Board Members and no more than one Public Member. During the appointment discussion each Director may present a public member to serve on each committee; Administrative, Budget & Finance, Environmental/Engineering/Planning Committees. If more than one public member is presented to serve on an individual committee, the full Board shall vote to determine which public member shall be seated on that committee for the year.

The Lompico Oversight Committee may have no more than five Public Members. Public members serving on the Lompico Oversight Committee shall have a residential mailing address within Assessment District 2016-1.

Members of the committees serve at the pleasure of the Board. Each committee shall designate their own chairperson. For the Administrative, Budget & Finance and Environmental/Engineering/Planning Committees the chairperson shall be a member of the Board. Each committee may elect a vice- chairperson. Members of committees, including the chairperson and vice-chairperson shall serve until their successors are appointed. The chairperson of a committee is its presiding officer and shall be responsible

for communicating the recommendation of the committee to the Board. In the absence of the chairperson, the vice-chairperson shall perform the duties of the chairperson. The chairperson and vice-chairperson are not deprived of any of the rights and privileges of a committee member by reason of being the presiding officer.

A majority of the members of each committee shall constitute a quorum for the transaction of business. Only members of the committee are entitled to make, second or vote on any motion or other action of the committee. Each committee member shall be entitled to one vote on all matters considered by the committee. A simple majority vote of the members of the Committee shall designate approval of a motion.

During the first regular meeting after January 1<sup>st</sup> of each year, each Committee shall review the District's current Strategic Plan and identify Strategic Plan Elements pertaining to said Committee. The Committee's findings regarding such Strategic Plan review shall be reported back to the Board at the next available regular Board Meeting for discussion and to allow the Board to provide direction back to the committees regarding completion of identified Strategic Plan Elements.

During the first regular meeting after January 1<sup>st</sup> of each year, each Committee shall prepare a multi-month forward looking calendar of items to be discussed by said Committee. Said calendar shall be no less than a three month look-ahead. Each Committee chairperson shall maintain said look-ahead calendar and submit same to the Board on a monthly basis.

The committee Chairperson shall record summary minutes of each committee meeting. The minutes of each committee meeting and any recommendation of a committee shall include a summary of the information presented.

All committee member absences will be considered by the majority of the committee members to determine whether or not the absence is without cause. Sickness, jury duty, vacation and/or bereavement will be considered excused absences. When three meetings in a row or a total of six meetings in one calendar year are missed the remaining committee members will consider removal of the individual from the committee. The removal must be voted upon and approved by the majority of the committee members with the exception of the committee member in question.

Vacancies shall be reported to the full Board as soon as practically possible. Vacancies shall be filled by simple majority vote of the Board.

Committee Members shall comply with the obligations and responsibilities of office including the obligation to comply with the disclosure requirements of the Political Reform Act (Form 700). The reporting categories made applicable to the Directors by San Lorenzo Valley Water District's local conflict of code shall apply to the members of the committee members.

All committee communications must go through the designated committee chairperson.

A committee has jurisdiction to consider and make a recommendation to staff, other committees and to the Board regarding any item of business within the responsibility of the committee. Committee recommendations shall be communicated to the Board. A committee may consider other matters referred to it by the Board.

The Board may refer a recommendation back to any committee for reevaluation whenever the Board deems additional evaluation is required.

Each Standing Committee shall, as a minimum, be responsible for the following:

#### Administrative Committee

The Committee shall be responsible for matters of internal and external administrative matters including: communications, staffing and staff support; District's data gap grant programs; interagency relations; codes and policies, pending State and Federal legislation; and other administrative programs.

#### Budget and Finance Committee

The Committee shall be responsible for the review of District finances including: rates, fees, charges and other sources of revenue; budget and reserves; audit; investments; insurance; and other financial matters.

#### Environmental / Engineering / Planning Committee

The Committee shall be responsible to review matters of stewardship, design, construction, replacement, and repair of the District facilities and property, including: The Capital Improvement Program; Master Plans; Urban Water Management Plans; Water Conservation Programs; Classic Watershed Education Grants; Watershed Management; Resource Management; and other environmental / engineering / operational and planning related matters.

#### Lompico Oversight Committee

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.

Resolution No. 2014 - 1000

A RESOLUTION APPLYING TO THE SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION TO AMEND THE SPHERES OF INFLUENCE OF THE LOMPICO COUNTY WATER DISTRICT AND THE SAN LORENZO VALLEY WATER DISTRICT, AND FOR A BOUNDARY REORGANIZATION CONSISTING OF DISSOLUTION OF THE LOMPICO COUNTY WATER DISTRICT AND ANNEXATION OF TERRITORY WITHIN THE LOMPICO COUNTY WATER DISTRICT TO THE SAN LORENZO VALLEY WATER DISTRICT

Lompico County Water District

WHEREAS, the Lompico County Water District and the San Lorenzo Valley Water District are located adjacent to one another in the watershed of the San Lorenzo River, provide potable water to their respective customers, and operate under the authority of the State of California, County Water District Law (Water Code Section 30000 et seq.); and

WHEREAS, the Lompico County Water District and the San Lorenzo Valley Water District have studied options for providing future water service in Lompico and concluded that the Lompico water system could be operated more efficiently if the Lompico water system were part of the San Lorenzo Valley Water District; and

WHEREAS, representatives of the two districts have negotiated the terms and conditions under which the Lompico County Water District can be reorganized into the San Lorenzo Valley Water District in a manner that provides for the efficient provision of potable water to the territory presently served by both districts;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Lompico County Water District as follows:

1. Pursuant to Government Code section 56428, the Lompico County Water District and the San Lorenzo Valley Water District jointly propose and apply to the Local Agency Formation Commission ("LAFCO") for the following Sphere of Influence Amendments:
  - a. The San Lorenzo Valley Water District Sphere of Influence to be expanded to include the current Lompico County Water District Sphere of Influence (Exhibit "A");
  - b. The Lompico County Water District Sphere of Influence to be amended to have a "zero" sphere of influence.
  
2. Pursuant to Government Code section 56654, the Lompico County Water District and the San Lorenzo Valley Water District jointly propose and apply to the Local Agency Formation Commission for a boundary reorganization consisting of the following changes of organization:
  - a. The Lompico County Water District will be dissolved;
  - b. The San Lorenzo Valley Water District will annex all the current territory within the boundaries of the Lompico County Water District (Exhibit "A").

3. The reason for the applications is that the San Lorenzo Valley Water District can operate the San Lorenzo and Lompico water systems in an efficient manner.
4. Pursuant to Government Code section 56700(a), the Districts propose that LAFCO apply the following terms and conditions:
  - a) **INFRASTRUCUTRE BOND**

Prior to the filing of the Certificate of Completion, a Community Facilities District bond or similar revenue instrument shall be passed by the voters and/or property owners of the Lompico service area so that proceeds not greater than \$2.75 million will go to the San Lorenzo Valley Water District (SLVWD) for the purposes of infrastructure improvements solely for the benefit of the Lompico service area. If a grant or other source of funds can be secured to make infrastructure improvements that are programmed to be included in the not-to-exceed \$2.75 million of bond proceeds, or if the costs of the programmed improvements are lower, the amount of the bond proceeds can be a lesser amount if authorized in writing by the San Lorenzo Valley Water District Board following consideration of the reduction at a public meeting of that board.
  - b) **BOND OVERSIGHT COMMITTEE**

Upon distribution of the bond proceeds, SLVWD shall establish a citizens' bond oversight committee consisting of five Lompico water customers to review expenditure of the bond proceeds on projects that directly benefit Lompico.
  - c) **LOAN PAYBACK**

Prior to the filing of the Certificate of Completion, Lompico County Water District shall pay the entire amount due on the PERS Side Fund Loan Agreement that was executed on July 30, 2013 by and between Lompico County Water District and San Lorenzo Valley Water District.
  - d) **LOMPICO WATER RATES AND CHARGES**

SLVWD shall bill the Lompico customers of SLVWD the same rates as the other customers within SLVWD. However, prior to filing of the Certificate of Completion, in order to cover the difference between SLVWD's estimated revenues collected in Lompico and SLVWD's estimated operating costs in Lompico, Lompico County Water District shall enact a reduction in their water rates, effective only upon the reorganization, so that \$140,000 in excess of the amount generated by SLVWD rates would be collected in the first year following the effective date of the reorganization. LAFCO shall authorize SLVWD to continue to collect these Lompico charges after the reorganization. Prior to the Certificate of Completion being filed, SLVWD will deliver a letter to the LAFCO Executive Officer indicating that the charges adopted by the Lompico County Water District are structured in a manner that SLVWD is willing to implement. The Lompico charges shall not exceed the following amounts:



<u>Year</u>	<u>Beginning</u>	<u>Per Month Per Connection</u>
1	Upon the effective date of the reorganization	\$23.50
2	One year after effective date of the reorganization	\$19.50
3	Two years after effective date of the reorganization	\$8.50
4	Three years after effective date of the reorganization	\$5.50
5	Four years after effective date of the reorganization	\$5.50

The Lompico charges shall be phased out no later than five years after the effective date of the reorganization.

5. The District's Board of Directors request that the Local Agency Formation Commission initiate proceedings pursuant to Government Code Section 56425 et seq. to consider and approved the two district's sphere of influence amendments, and that the Local Agency Formation Commission further initiate proceedings for the Boundary Reorganization of the two districts pursuant to Government Code Section 56650 et seq.;
6. The boundary changes proposed in the reorganization application are consistent with the two districts' spheres of influence, if LAFCO approves the proposed sphere of influence amendments.
7. The Districts have filed information with the LAFCO executive officer describing the plan for providing services. As more fully described in the information on file with LAFCO, the plan for services generally proposes as follows:
  - a. The services to be provided in Lompico are domestic water services.
  - b. San Lorenzo Valley Water District will operate the Lompico water system using San Lorenzo Valley Water District staff.
  - c. San Lorenzo Valley Water District will provide the services beginning on the effective date of the reorganization.
  - d. System repairs and improvements are required to the Lompico system. In the terms and conditions, the Districts are requesting that LAFCO condition any authorization of the reorganization upon the voters of Lompico approving a bond that will generate proceeds that the San Lorenzo Valley Water District will spend in Lompico to repair and upgrade the water system.
  - e. The operating costs of the water service in Lompico will be paid by the regular San Lorenzo Valley Water rates, a five-year Lompico charge that will be added to the Lompico water bills as specified in the requested terms and conditions, the existing property tax revenues that go to the two Districts, and miscellaneous revenues of the two Districts.
8. The District staff is authorized and directed to take all actions consistent with this resolution to apply for and process the sphere amendments and boundary reorganization request with the Local Agency Formation Commission.

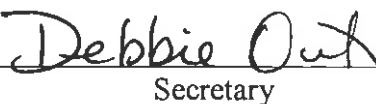
.....

I hereby certify that the foregoing is a full, true and correct copy of a resolution adopted by the Board of Directors of the Lompico County Water District, Santa Cruz, California, at a meeting thereof duly held on the 15<sup>th</sup> day of April 2014, by the following vote of the members thereof:

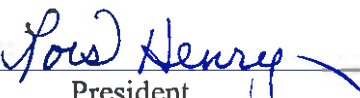
AYES, and in favor thereof, Directors: Lois Henry, Rick Harrington and Bill Smallman

NOES, NONE

ABSENT, Directors: Shannar Abraham and Sherwin Gott

  
Secretary  
Lompico County Water District

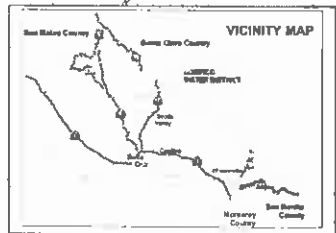
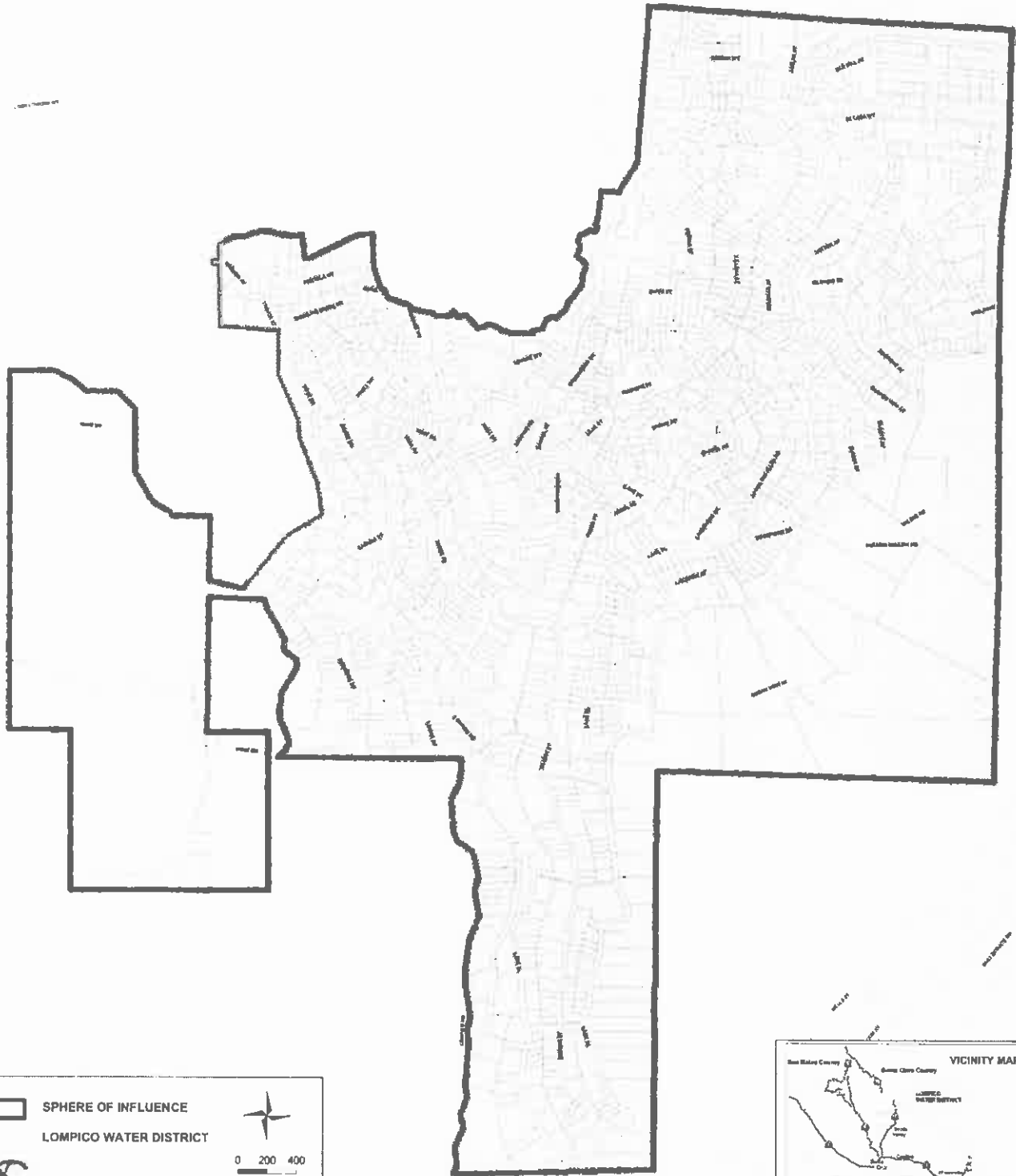
Approved:

  
President  
Lompico County Water District

4/8/14

# LOMPICO WATER DISTRICT SANTA CRUZ COUNTY, CALIFORNIA

## EXHIBIT "A"



**SPHERE OF INFLUENCE**  
**LOMPICO WATER DISTRICT**

0 200 400  
Foot

8/3/16 LOMPICO  
PREPARED BY SANTA CRUZ COUNTY GEOGRAPHIC INFORMATION SYSTEMS STAFF  
JULY 2016

M E M O

TO: Board of Directors  
FROM: District Manager  
SUBJECT: FINANCE DEPARTMENT STATUS REPORT  
DATE: October 7, 2016

RECOMMENDATION:

It is recommended that the Board of Directors review and file the Finance Department Status Report.

BACKGROUND:

**YEAR END**

The auditors were here the week of 9/26 for their field work testing. There was one auditor dedicated to testing SLV and another for the 6/30/15 and 6/1/16 Lompico audit. We have the tasks of consolidating Lompico in as well as trying to gather the info to get a CAFR this year. While we are striving to meet the normal timelines as previous financial reports, this one may be shifted out slightly. I feel that it has gone well overall. While this year was split between old Datastream and Springbrook, I am already seeing the benefits of Springbrook. I imagine next year will go even smoother.

**MORGAN STANLEY**

Our last CD matured the end of September. We have wired all remaining funds to our Wells Fargo account and will keep the Morgan Stanley account open, but with a zero balance. There is no harm in keeping the account open just in case there is a need to use in the future.

**CSDA**

I will be attending the CSDA conference. When I first started here the CSDA conference was a great tool to get exposed to public entities and governmental accounting. I plan to utilize what I have learned to be able to research more specific subjects that can benefit our District.

**CUSTOMER SERVICE DEPT SUMMARY**

<b>Monthly Stats:</b>	<b>Sept</b>	<b>Aug</b>	<b>July</b>	<b>June</b>	<b>May</b>	<b>April</b>	<b>March</b>	<b>Feb</b>	<b>Jan</b>	<b>Dec</b>	<b>Nov</b>
Cut In/Outs	87	125	116	123	116	91	84	64	67	52	83
Final Bills	54	70	62	74	56	36	60	29	30	47	47
Tags	306	362	245	341	310	267	388	372	360	411	400
Turn-offs	47	74	46	53	53	52	81	73	67	76	68

**Online / Going Green**

*As of 9/8/2016*

Online Sign-ups	2,712	2,640	2,585	2,452	2,322	2,277	2,235	2,181	2,125	2,058	1,963
E-Bills	762	740	721	691	637	626	612	591	551	526	487
Auto Pay	1,852	1,786	1,755	1,718	1,658	1,636	1,611	1,596	1,552	1,511	1,458

## MEMO

TO: District Manager

FROM: Director of Operations

SUBJECT: OPERATIONS DEPARTMENT PROJECT STATUS  
REPORT SEPTEMBER 2016

DATE: October 14, 2016

### RECOMMENDATION:

It is recommended that the District Manager review and file the Operations Department Project Status Report for the month of September 2016.

### BACKGROUND:

#### REGIONAL EMERGENCY INTERTIE 3/4 STARTUP

Regional Intertie 3/4 is in operation. Still outstanding is the Graham Hill Road paving that was rejected by the County. The District has met with the County of Santa Cruz Public Works Department on the independent review of the paving project. The review has been submitted as a final to Public Works and Monterey Peninsula Engineering. The County has responded accepting the independent report modifying work to the center line striping and minor asphalt and grooving replacement. MPE is moving forward with completing the project paving.

#### Lyon Water Treatment Plant SCADA UPGRADE

During the reporting period the SCADA/Computer equipment upgrade was completed at the Lyon Water Treatment Plant. The Treatment Facility was constructed in 1994. The treatment plant is operated through a series of remote terminal units (RTUs), programmable logic controllers (PLCs), multiple impute/output (IO) terminals in digital and or analog signals. In addition to operating the Water Treatment Plant this equipment is intergraded with the Districts master SCADA system. The existing hardware equipment has reached its life expectancy and required upgrade and replacement. The treatment plant required to be taken off line for five days to perform this work.

#### LEAD AND COPPER SAMPLING LOMPICO

Lead and copper sampling in Lompico continued during the reporting period. The District is required to have 20 homes from Lompico participate in the sampling study. At the end of the reporting period the District has 23 participants.

## ADJUSTMENTS TO THE WASTE WATER SYSTEM AND SAMPLING

The District has been working with a new consultant Infrastructure Engineering Corporation (IEC) on the waste water system at Bear Creek Estates. Changes in sampling and operation of the system have been implemented and are being monitored and tested. The District will continue to make changes and sample the system with consulting from IEC.

Rick Rogers  
Director of Operations

## SAN LORENZO VALLEY WATER DISTRICT PRODUCTION COMPARRISON

Source	September-16	August-16	August-13	Difference This Year To 2013
<b>North System</b>				
<b>Surface Water Sources</b>				
Foreman Creek	886,097	4,920,587	8,522,000	
Peavine Creek + Hydro	1,165,991	3,100,131	2,025,000	
Clear Creek	1,882,747	4,737,169	0	
Sweetwater Creek	1,255,165	3,158,113	0	
<b>Sub-Total (Streams)</b>	<b>5,190,000</b>	<b>15,916,000</b>	<b>10,547,000</b>	-50.79%
<b>Wells (North)</b>				
Olympia No. 2	13,740,000	13,740,000	13,738,000	
Olympia No. 3	6,597,000	4,098,000	10,191,000	
Quail Well No. 4-A	8,497,000	7,959,000	8,700,000	
Quail Well No. 5-A	5,558,700	5,225,700	5,812,000	
<b>Sub Total North Wells</b>	<b>34,392,700</b>	<b>31,022,700</b>	<b>38,441,000</b>	-10.53%
<b>South System Wells</b>				
Pasatiempo 5A	9,626,900	6,432,000	N/A	
Pasatiempo 6	131,000	131,000	10,349,000	
Pasatiempo 7	-	1,231,000	3,244,000	
<b>Sub Total Pasatiempo Wells</b>	<b>9,757,900</b>	<b>7,794,000</b>	<b>13,593,000</b>	-28.21%
<b>North South All Sources Combined</b>	<b>49,340,600</b>	<b>54,732,700</b>	<b>62,581,000</b>	-21.16%
<b>Felton System - Surface Water</b>				
Fall Creek	7,247,413	8,174,880	11,993,200	
Bennett Spring	2,282,789	2,298,920	3,458,100	
Bull 1 & 2	2,350,530	2,657,729	0	
<b>Total Felton System Sources</b>	<b>11,880,732</b>	<b>13,131,529</b>	<b>15,451,300</b>	-23.11%
<b>Manana Woods System</b>				
Well 1	-	-	851,364	
Paso Mana By Pass	952,030	998,881	613,721	
<b>Total Manana Woods Sources</b>	<b>952,030</b>	<b>998,881</b>	<b>1,465,085</b>	
<b>Sub - Total Production</b>				
<b>North / Felton / Manana</b>	<b>62,173,362</b>	<b>68,863,110</b>	<b>79,497,385</b>	-21.79%
<b>Less South /Manana Inter-Tie</b>	<b>952,030</b>	<b>998,881</b>	<b>613,721</b>	
<b>Total Production</b>	<b>61,221,332</b>	<b>67,864,229</b>	<b>78,883,664</b>	-22.39%
<b>Surface</b>	<b>17,070,732</b>	<b>29,047,529</b>	<b>25,998,300</b>	-34.34%
<b>Wells</b>	<b>44,150,600</b>	<b>38,816,700</b>	<b>52,885,364</b>	-16.52%
<b>Total Surface Water Percentage</b>	<b>27.88</b>	<b>42.80</b>	<b>32.96</b>	-15.40%
<b>Total Wells Percentage</b>	<b>72.12</b>	<b>57.20</b>	<b>67.04</b>	7.57%



**SAN LORENZO VALLEY WATER DISTRICT  
 PRODUCTION BY SYSTEM  
 +/- INTERTIES  
 September 2016**

<b>North System All Sources</b>	<b>49,340,600</b>
<b>Interties IN +</b>	<b>367,782</b>
<b>Interties OUT -</b>	<b>3,130,914</b>
<b>TOTAL NORHT SYSTEM</b>	<b>46,577,468</b>
<b>Felton Water system All Sources</b>	<b>11,880,732</b>
<b>Interties IN +</b>	<b>12,640</b>
<b>Interties OUT -</b>	<b>1</b>
<b>TOTAL FELTON SYSTEM</b>	<b>11,893,371</b>
<b>Manana Woods System</b>	
<b>Manana Woods Well 1</b>	<b>0</b>
<b>Interties IN +</b>	<b>952,030</b>
<b>TOTAL MANANA WOODS</b>	<b>952,030</b>

## SAN LORENZO VALLEY WATER DISTRICT INTERTIE USAGE September 2016

**INTERTIE 2**

SLVWD to SVWD 0

SVWD to SLVWD 0

**INTERTIE 3**

SLV SOUTH to SLV NORTH 367,781

SLV NORTH to SLV SOUTH 514,713

**INTERTIE 4**

SLVWD to MHWD 0

MHWD to SLVWD 0

**INTERTIE 6**

SLV NORTH to SLV FELTON 12,640

SLV FELTON to SLV NORTH 1

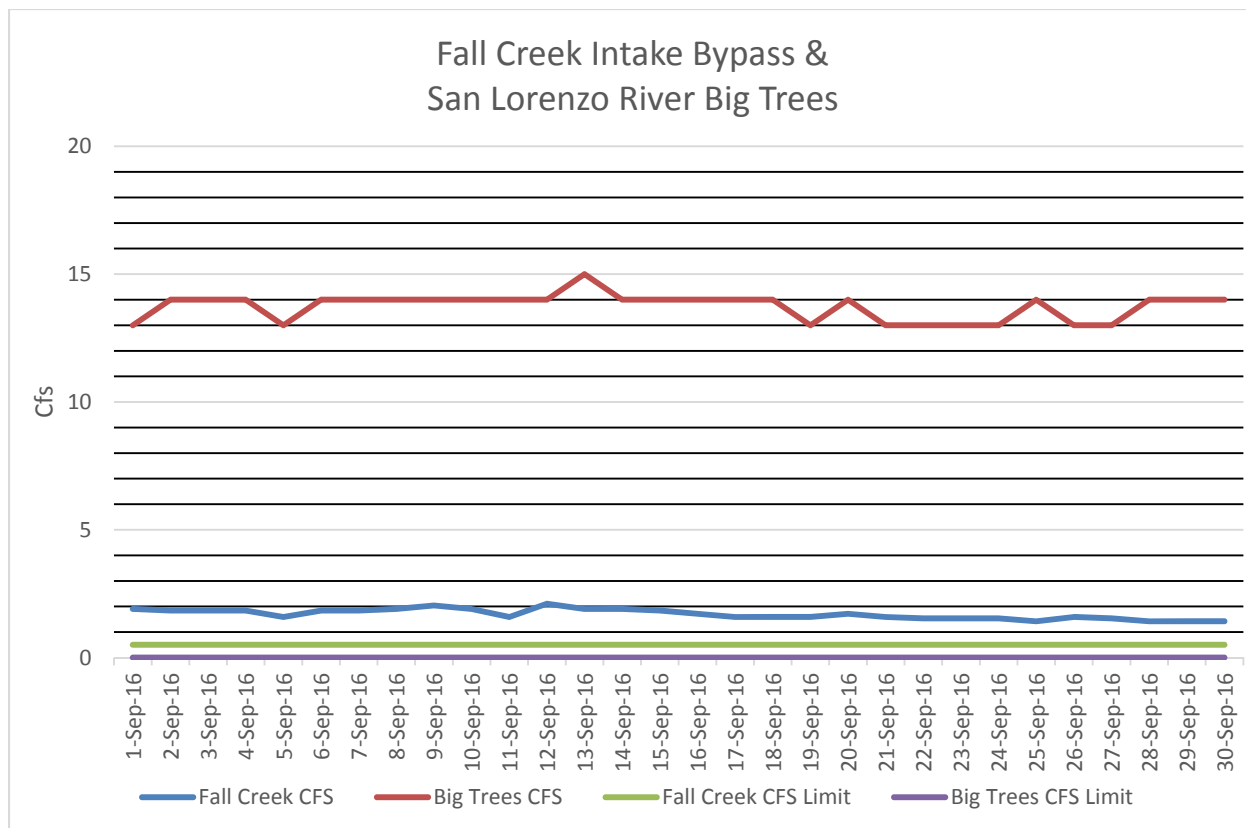
**LOMPICO INTERTIE**

SLV NORTH to LOMPICO 1,651,532

**MANANA WOODS INTERTIE**

SLVWD to MANANA WOODS 952,030

## Fall Creek Intake September 2016



### Normal Rainfall Fall Creek Intake Bypass Requirements

April 1 through October 31                      1.0 cubic feet per second

November 1 through March 31                      1.5 cubic feet per second

### Dry Conditions Fall Creek Intake Bypass Requirements

April 1 through October 31                      0.5 cubic feet per second

November 1 through March 31                      0.75 cubic feet per second

Number of Days in month 0.50 cfs or below, ZERO days

### San Lorenzo River USGS Big Trees Flow Requirements

September    11 cubic feet per second

October    26 cubic feet per second

November 1 through May 31                      21 cubic feet per second

June - August    No Requirements

## Fall Creek Intake September 2016

For the protection of fish and wildlife, during the period: (a) April 1 through October 31 bypass a minimum of 0.5 cfs; (b) November 1 through March 31 bypass a minimum of 1.5 cfs past the Fall Creek point of diversion. The natural streamflow shall be bypassed whenever it is less than 1.5 cfs; provided, however, that during a dry year, the bypass requirement shall be reduced from 1.5 to 0.75 cfs. A dry year is defined on a monthly basis of cumulative runoff beginning October 1 of each season in the San Lorenzo River at the USGS gage at Big Trees. These runoff figures are based on approximately 50 percent of normal runoff as the dividing level between normal and dry year runoff and are as follows:

- November 1 for the month of October 500 af
- December 1 for October-November, inclusive 1,500 af
- January 1 for October-December, inclusive 5,000 af
- February 1 for October-January, inclusive 12,500 af
- March 1 for October-February, inclusive 26,500 af



San Lorenzo Valley Water District  
Loch Lomond Water Supply  
September 2016

Loch Lomond Water Level



**Week ending 10/14/2016**

(in feet above mean sea level; lake spills at 577.25 feet)

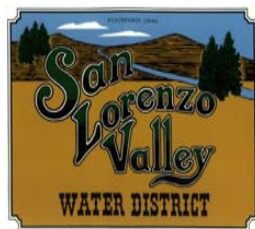
Currently:	570.90ft
Percent of capacity:	87.3%

In 1958 SLVWD sold 2,500 acres of property in the vicinity of the Newell Creek Watershed to the City of Santa Cruz, with the agreement that SLVWD would be entitled to purchase 12 ½ percent of the annual safe yield from a future Newell Creek reservoir, up to a maximum of 500 AF/yr. Based on the 1958 agreement, SLVWD began receiving deliveries of Loch Lomond water from the City in 1963. In 1965 the District constructed the Glen Arbor Water treatment plant for treating Loch Lomond water. Toward the end of the 1976-77 drought, the City stipulated that the District was not entitled to an allocation of 500 AF/yr, merely 12.5% of the safe yield. This decision based on a reduction to the estimated annual safe yield from the Newell Creek Reservoir, reduced the Districts contractual allocation. On June 7, 1977, the District filed a Complaint for Declaratory Relief, which requested the court to make a judicial determination of the respective parties' duties and rights. In June 1980 a court order fixed the estimated safe yield from Newell Creek Reservoir at reduced quantity, which resulted in a reduction to the Districts contractual allocation to 313 AF/yr.

Production Loch Lomond to SLVWD

Date	Total Used	Total Available
1976 July to June 1977	353 AF	
1977 July to June 2015	0	313 AF
2015 July to 02/2016	0	313 AF
2/20/16 to Current	0	313 AF

Last time District used Loch Lomond water was June 1977

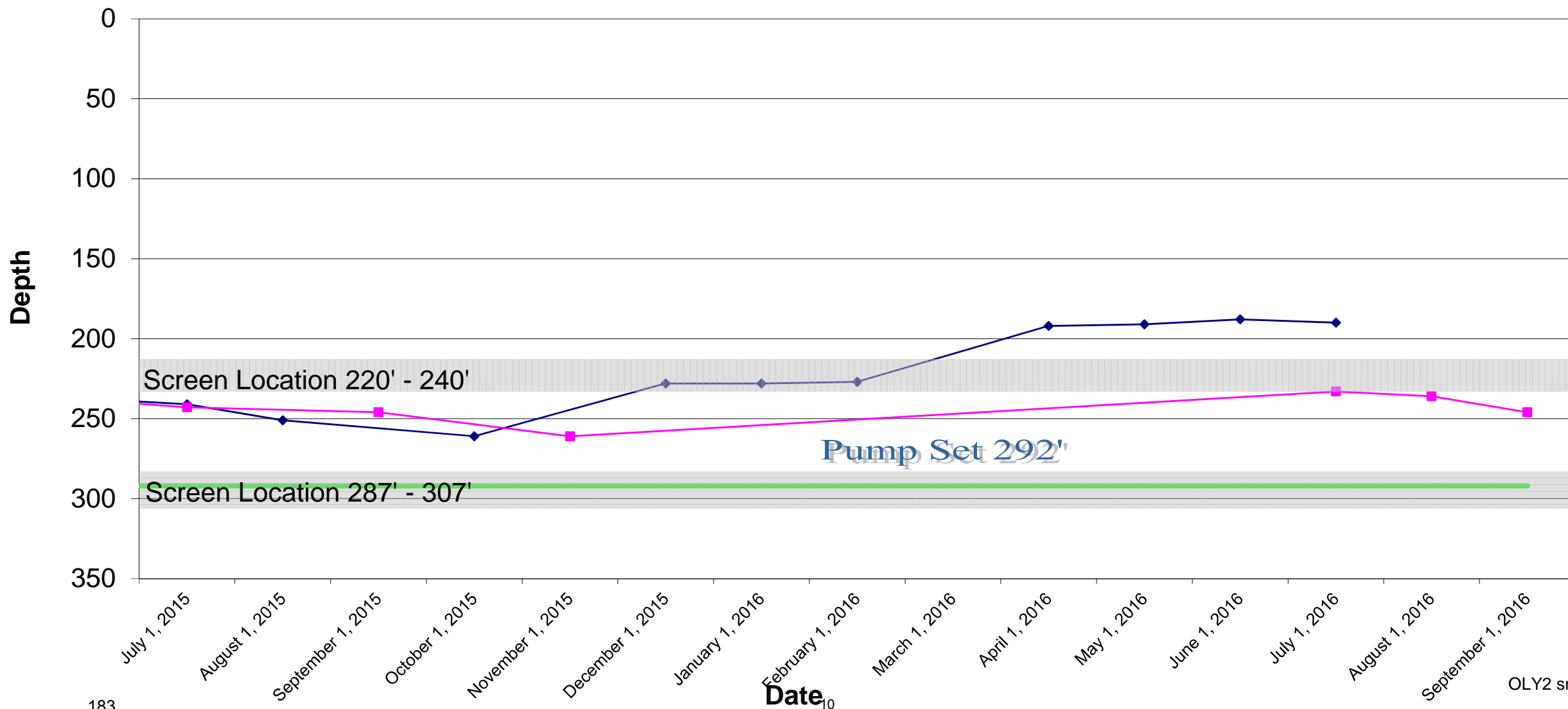


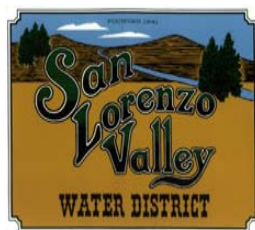
# SAN LORENZO VALLEY WATER DISTRICT

## Well Drawdown Report

### Olympia 2

Location: 7701 E. Zayante Rd.  
Elevation: 525'  
Installed: April 28, 1980  
State Well #: 10S/O2W-11P01  
New #: 4410014-010  
Completed Depth: 300'



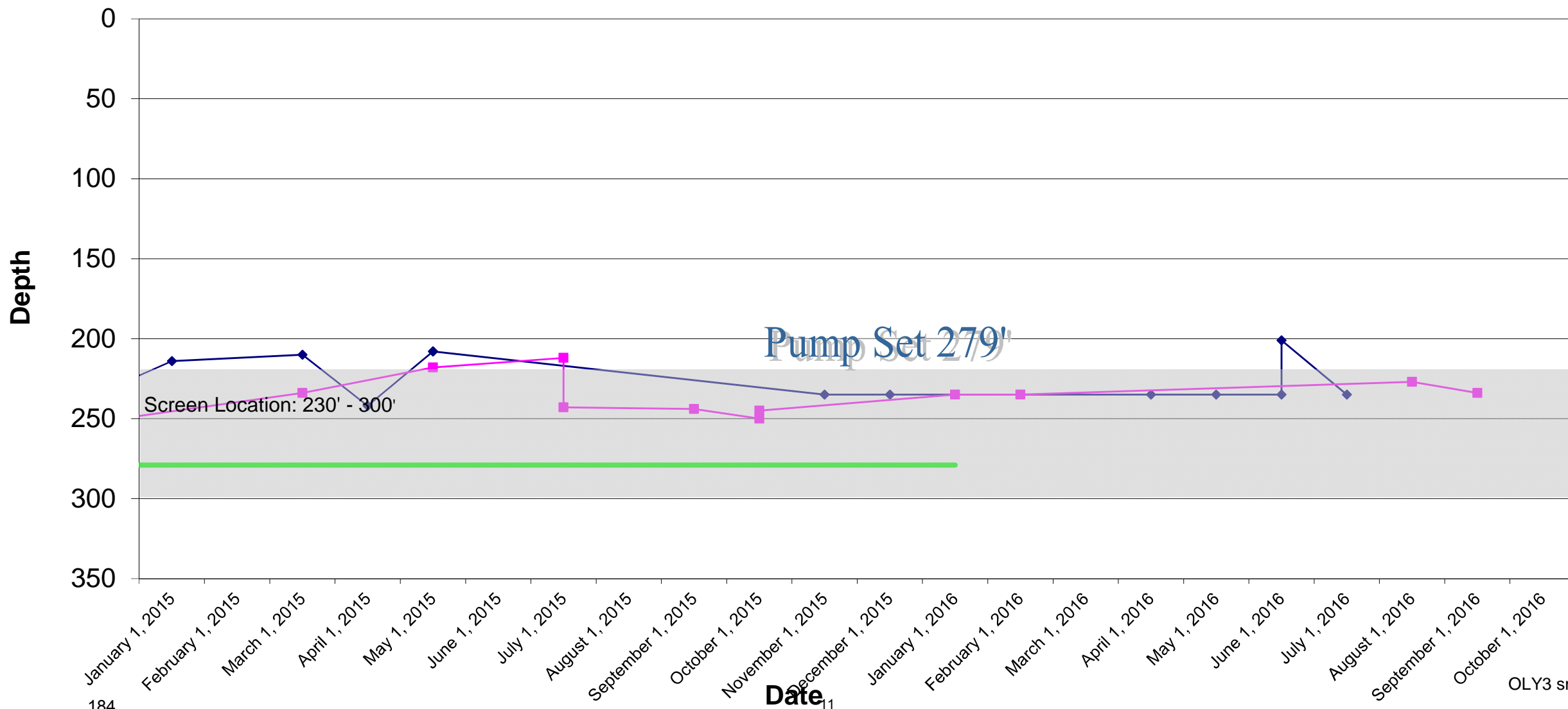


# SAN LORENZO VALLEY WATER DISTRICT

## Well Drawdown Report

### Olympia 3

Location: 7701 E. Zayante Rd  
Elevation: 538' Mean Sea Level  
Installed: 8-15-90  
State Well #: 4410014-022  
Completed Depth:



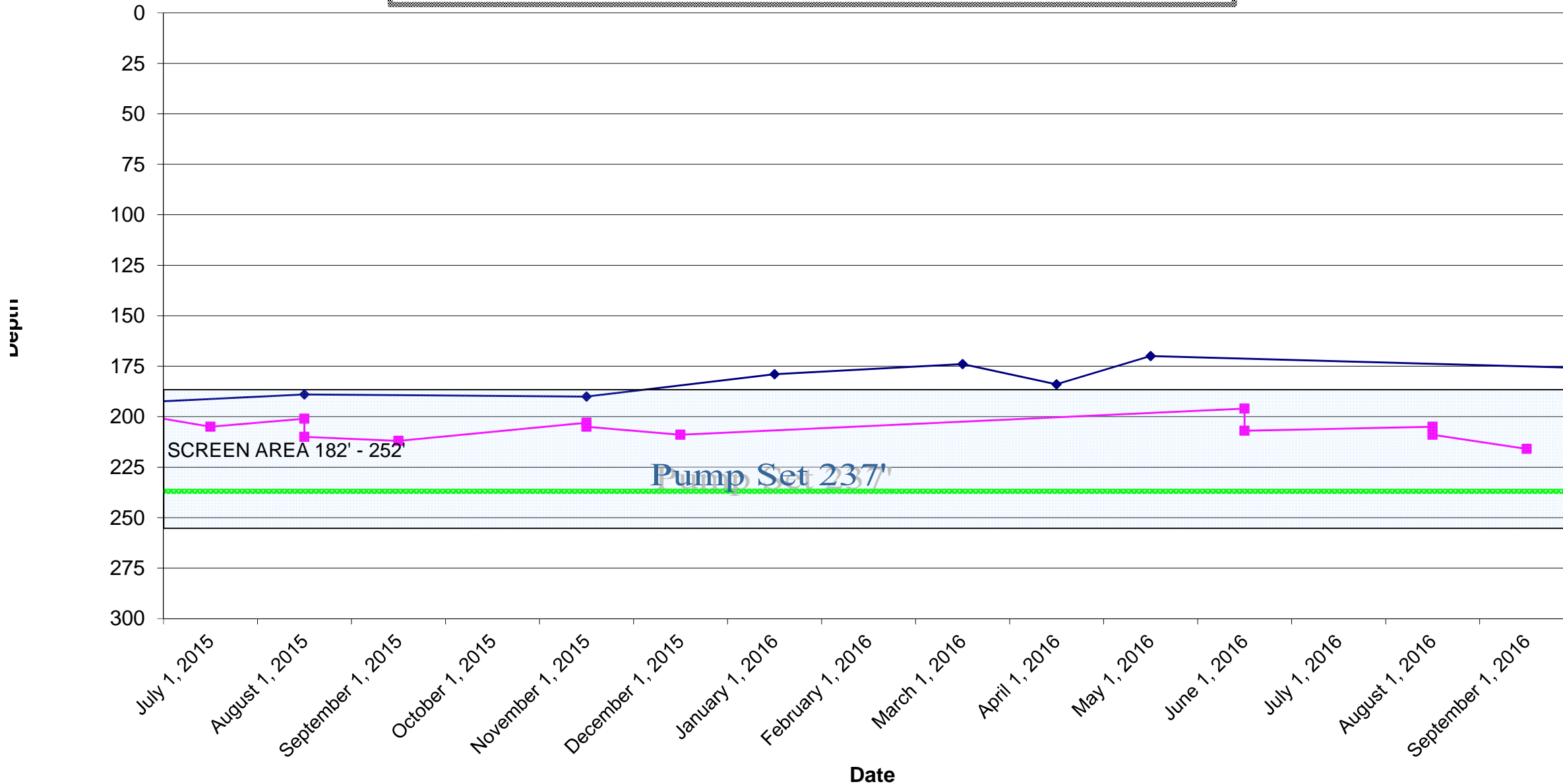
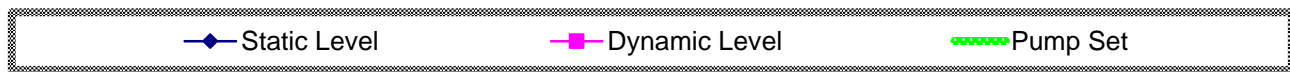


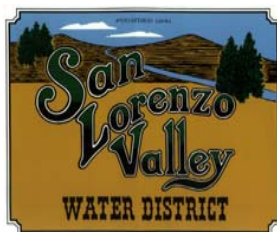
# SAN LORENZO VALLEY WATER DISTRICT

## Well Drawdown Report

### Quail Well 4-A

Location: Cumora Ln. Ben Lomond  
Elevation: 596.54 ft @ Pad  
Installed: 6-07-2001  
State Well #: 4410014-026  
Completed Depth: 265



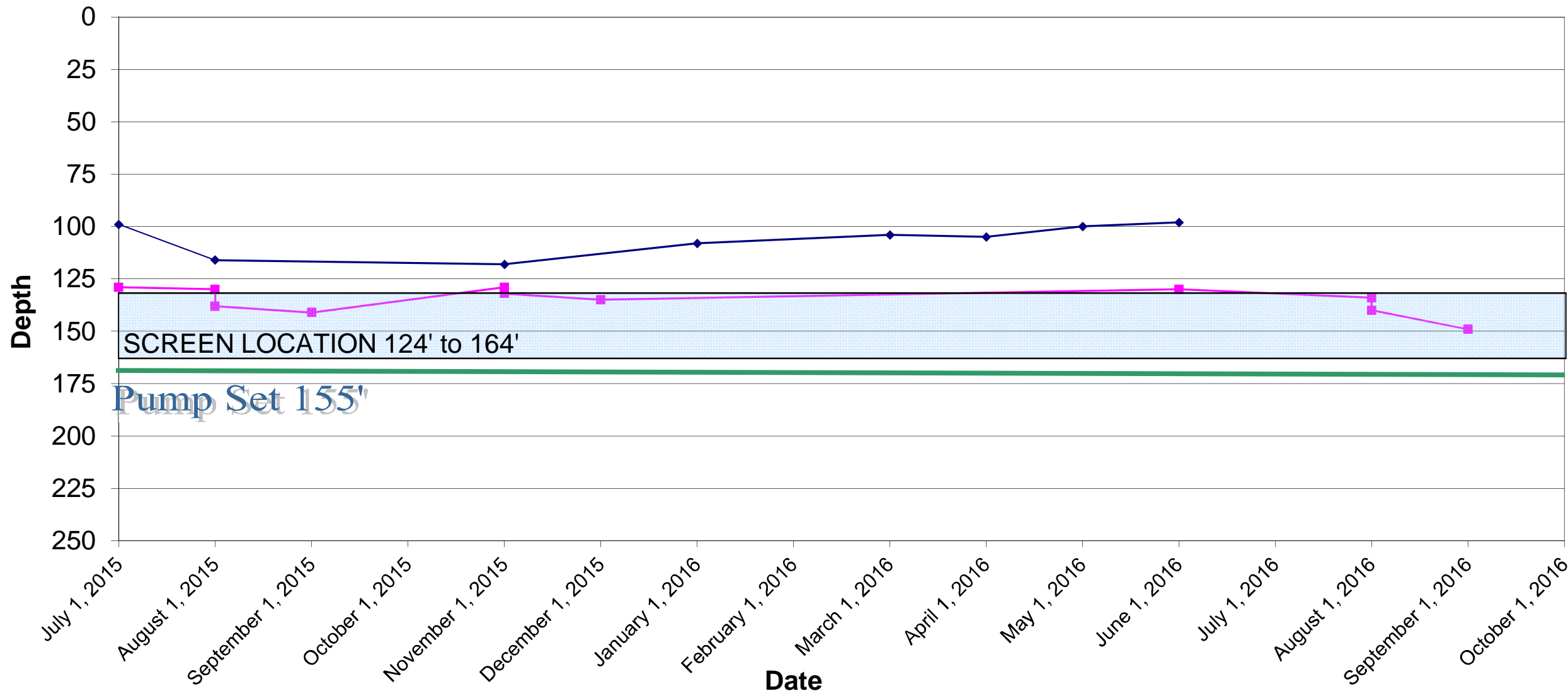
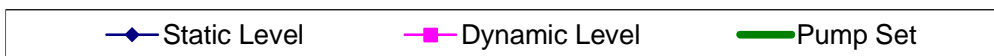


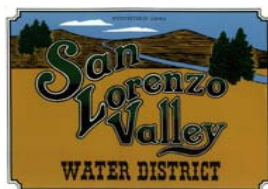
# SAN LORENZO VALLEY WATER DISTRICT

## Well Drawdown Report

### Quail Well 5-A

Location: 1161 Quail Hollow Rd.  
Ben Lomond  
Elevation: 517.65 ft. @ Pad  
Installed: March 2000  
State Well #: 4410014-025  
Completed Depth: 174'



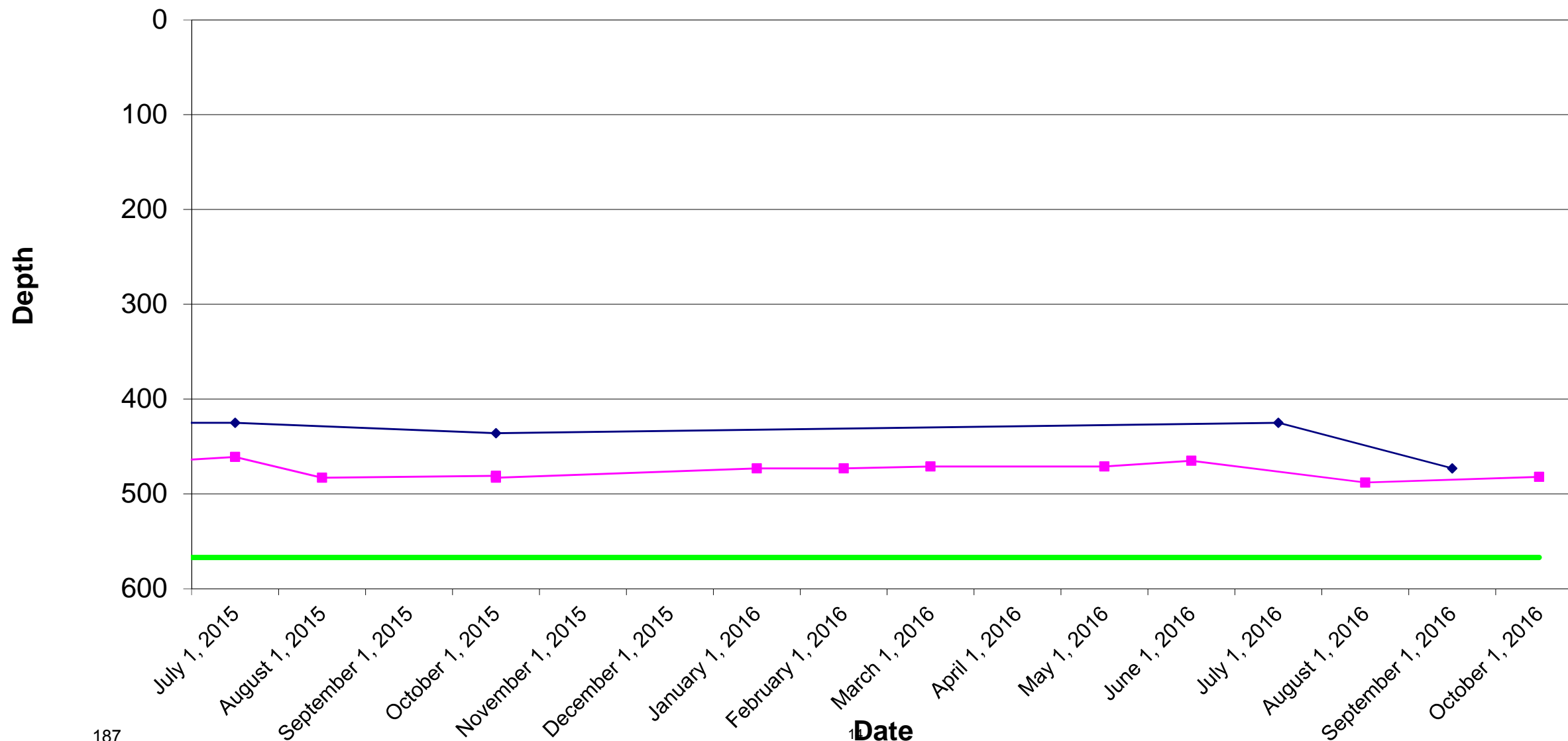


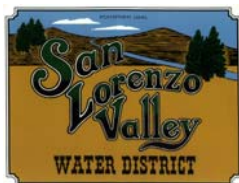
# **SAN LORENZO VALLEY WATER DISTRICT**

## **Well Drawdown Report**

### **Pasatiempo 5-A**

Location: So. Of 3650 Graham Hill Rd  
Elevation: 752'  
Installed 1-1-14  
State Well #:4410014-014  
Completed Depth: 710'



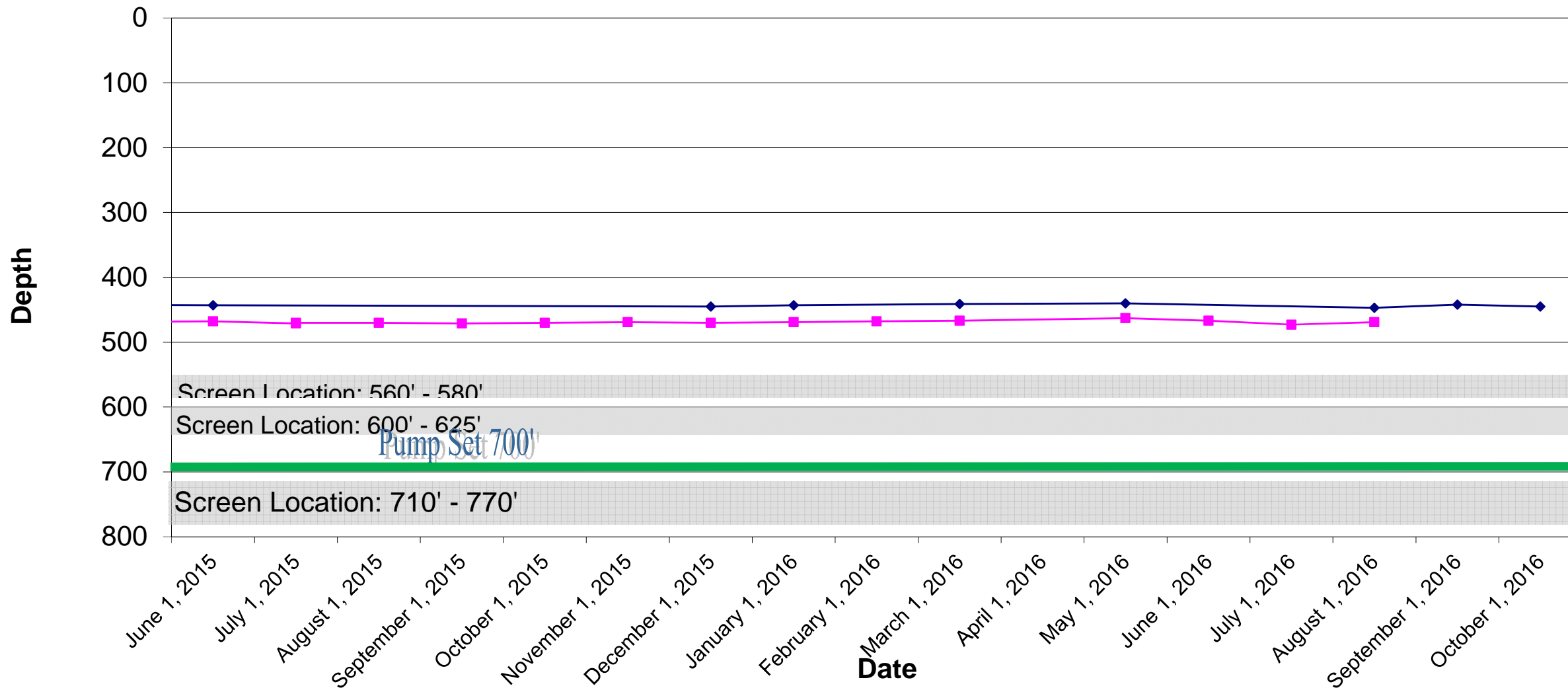
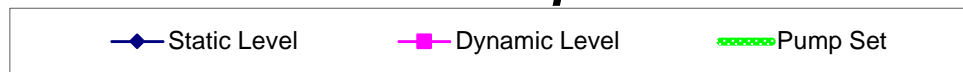


# SAN LORENZO VALLEY WATER DISTRICT

## Well Drawdown Report

### Pasatiempo 6

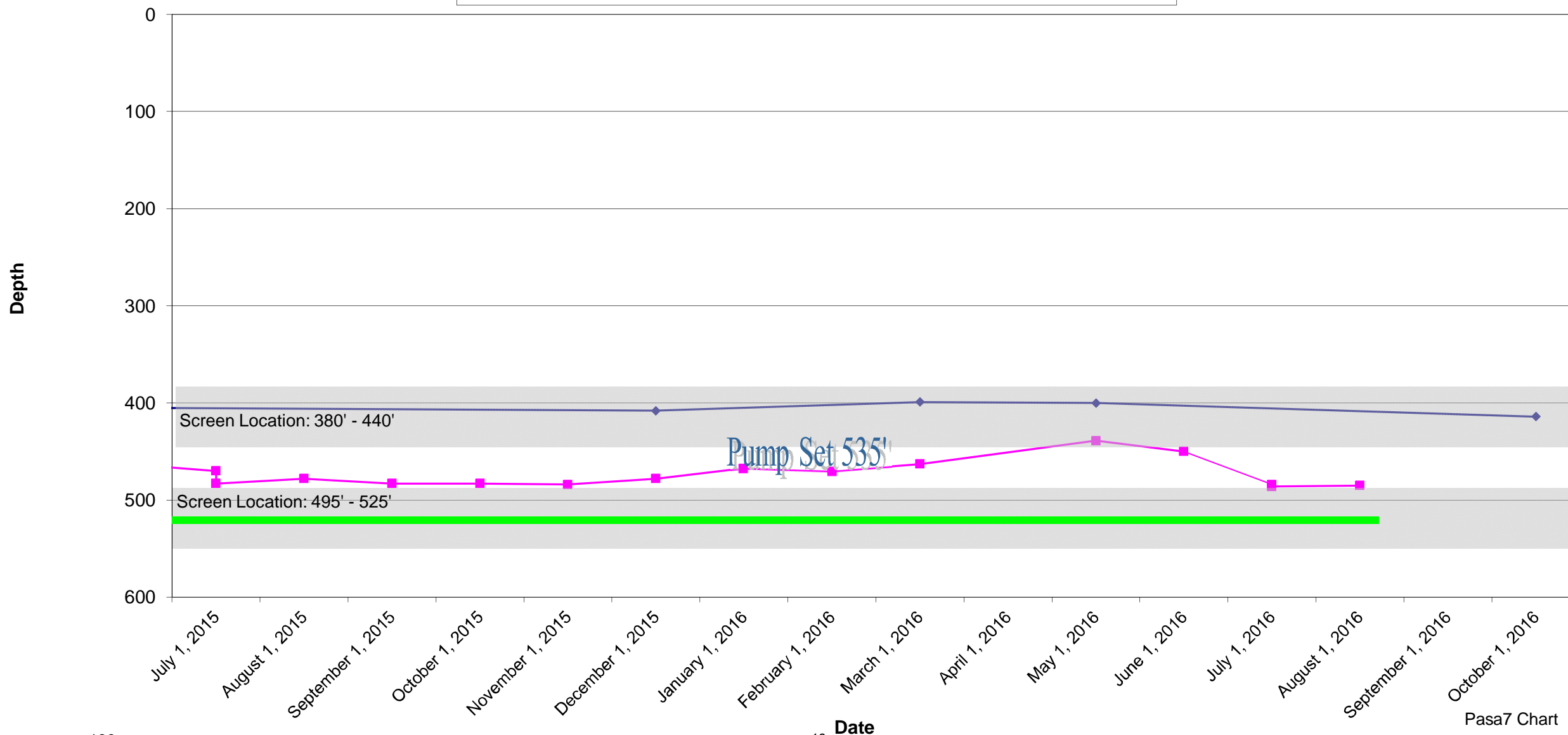
Location: Behind 3650 Graham Hill Rd.  
Elevation: 775'  
Installed: 5-30-91  
State Well #: 4410014-023





## SAN LORENZO VALLEY WATER DISTRICT Well Drawdown Report Pasatiempo 7

Location: South of Probation Center  
Elevation: 734' MSL  
Installed: July 21, 1990  
State Well #: 4410014-024  
Completed Depth: 540'



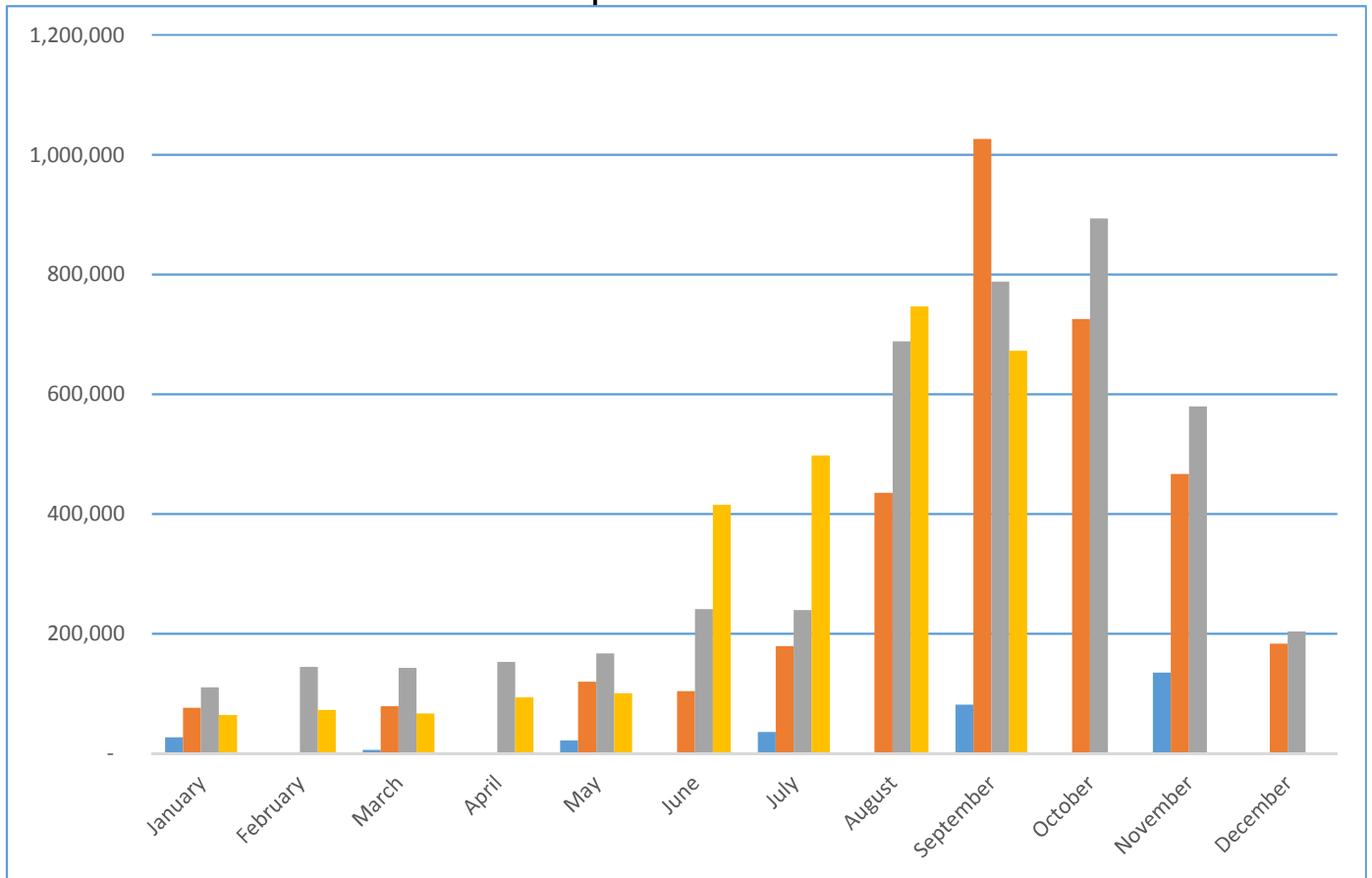
Agenda: 10.20.16  
Item: 13a1iii

# SAN LORENZO VALLEY WATER DISTRICT

## BULK WATER SALES

### GALLONS

### September 2016



<u>Month</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
January	26,928	76,296	109,965	63,850
February			144,364	72,556
March	5,984	78,540	142,868	66,572
April			152,592	93,500
May	21,692	119,680	166,804	100,232
June		103,972	240,983	415,140
July	35,904	178,772	239,360	497,420
August		435,336	688,160	746,504
September	81,352	1,026,256	787,644	672,183
October		725,560	893,112	
November	134,640	466,752	579,700	
December		183,260	203,456	
<b>Totals</b>	<b>306,500</b>	<b>3,394,424</b>	<b>4,349,008</b>	<b>2,727,957</b>

SAN LORENZO VALLEY WATER DISTRICT  
MONTHLY LEAK REPORT  
September 2016

Agenda: 10.20.16  
Item: 13a1iii

NORTH SYSTEM

Leak Type	Location	Town	Gallons Lost
400 MAIN LEAKING	845 Woodland Drive	Ben Lomond	n/a
400 MAIN LEAKING	8200 OAK Avenue	Ben Lomond	1,200.00
420 HYDRANT LEAK/REPAIRS	9425 Central Ave.	Ben Lomond	n/a
400 MAIN LEAKING	FOREST/PINE ST.	Boulder Creek	2,880.00
400 MAIN LEAKING	12520 BOULDER ST	Boulder Creek	1,008.00
400 MAIN LEAKING	Sylvan Ave.	Boulder Creek	22,500.00
400 MAIN LEAKING	12704 Hwy 9	Boulder Creek	240.00
400 MAIN LEAKING	In front of 255 glenwood	Boulder Creek	960.00
400 MAIN LEAKING	405 Fairview Avenue	Boulder Creek	21,600.00
400 MAIN LEAKING	MITCHELL DR	Boulder Creek	2,160.00
400 MAIN LEAKING	St. Francis Dr.	Boulder Creek	10.00
400 MAIN LEAKING	540 Primavera Rd.	Boulder Creek	1,440.00
400 MAIN LEAKING	River Rd	Boulder Creek	50,400.00
420 HYDRANT LEAK/REPAIRS	150 Lovers Lane	Boulder Creek	n/a
400 MAIN LEAKING	10570 Hwy 9	Brookdale	4,500.00

North System Total Gallons 108,898

LOMPICO SYSTEM

400 MAIN LEAKING	Meter across from 10454 Lomita Avenue	Lompico	1,440
------------------	---------------------------------------	---------	-------

Lompico System Total Gallons 1,440

FELTON SYSTEM

400 MAIN LEAKING	10765 Visitar St.	Felton	2,400.00
400 MAIN LEAKING	526 FALL CREEK DRIVE	Felton	720.00
400 MAIN LEAKING	345 Felton Empire	Felton	1,500.00
400 MAIN LEAKING	925 Brookside Way	Felton	n/a
420 HYDRANT LEAK/REPAIRS	EAST ZAYANTE	Felton	n/a

Felton System Total Gallons 4,620

MANANA WOODS

Manana Woods Total Gallons 0

Total All Systems 114,958

SAN LORENZO VALLEY WATER DISTRICT  
 Authorized Unmetered Water Use (GALLONS)  
 September 2016

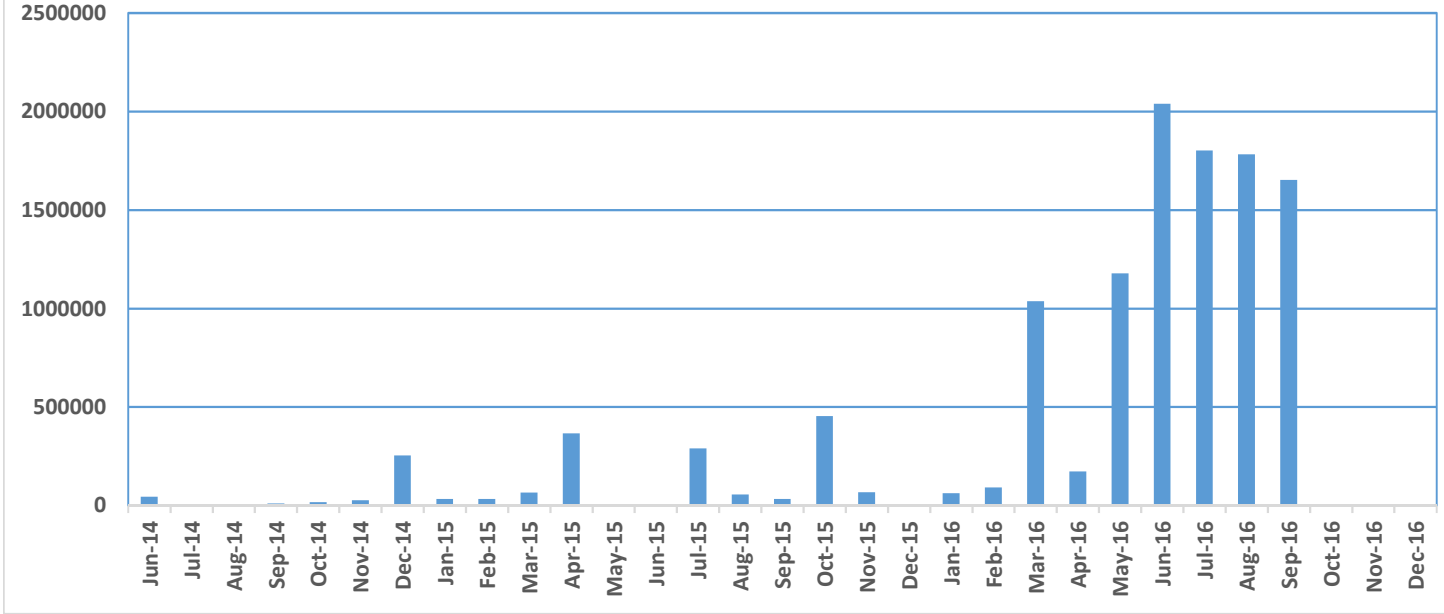
Agenda: 10.20.16  
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<u>North System</u>	Monthly Total	
Mainline Flushing		-
Tank Leakage		90,720
Probation	1.0 gpm	43,200
Upper Swim	0.3 gpm	12,960
Blue Ridge	0.4 gpm	17,280
Echo	0.1 gpm	4,320
Highland	0.3 gpm	12,960
Process Water		92,880
Lyon cL2 Analyzer	0.02 gpm	864
Quail 5 cL2 Analyzer	0.11 gpm	4,752
Olympia cL2 Analyzer	1.32 gpm	57,024
Paso cL2 Analyzer	0.7 gpm	30,240
Firefighting		0
Tank Overflow		0
Waste Water		0
<b>Sub Total North</b>		<b>183,600</b>
<u>Felton Water System</u>		
Mainline Flushing		
Tank Leakage		4,320
El Solyo	0.1 gpm	4,320
Process Water		
Kirby WTP cL2 Analyzers	0.8 gpm	34,560
Firefighting		0
Tank Overflow		0
Waste Water		0
<b>Sub Total Felton</b>		<b>38,880</b>
<u>Manana Woods Water System</u>		
Mainline Flushing		-
Tank Leakage		
Process Water		
Firefighting		
Tank Overflow		
Waste Water		
<b>Sub Total Manana Woods</b>		<b>0</b>
<u>Lompico Water System</u>		
Kaski Tank	0.1 gpm	4,320
Lewis Tank	0.3 gpm	12,960
<b>Sub Total Lompico</b>		<b>17,280</b>
<b>Total All Systems</b>		<b>239,760</b>



SAN LORENZO VALLEY WATER DISTRICT  
LOMPICO INTERTIE  
September 2016

**Booster Usage in Gallons**

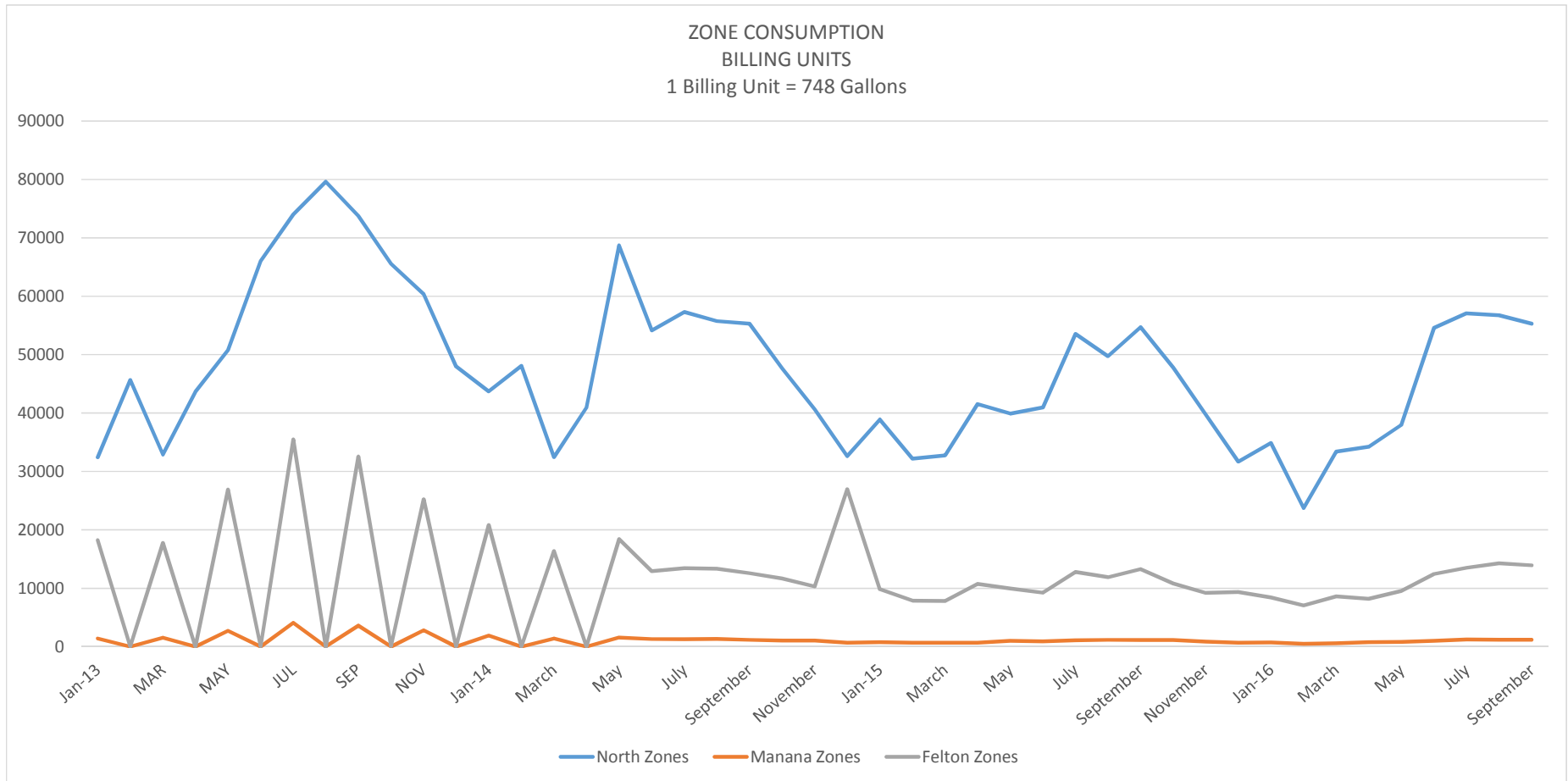


Month / Year	2014	2015	2016
January		32,164	62,641
February		32,912	91,503
March		65,076	1,036,730
April		365,540	172,572
May		3,740	1,177,674
June	44,800	3,740	2,039,326
July		288,728	1,801,916
August	5,984	55,934	1,782,037
September	9,724	32,252	1651532
October	17,204	454,036	
November	26,180	66,572	
December	254,320	0	
<b>Totals</b>	<b>358,212</b>	<b>1,400,694</b>	<b>9,815,929</b>

# SAN LORENZO VALLEY WATER DISTRICT

## Consumption by Zone

### September 2016



SAN LORENZO VALLEY WATER DISTRICT  
CONSUMPTION BY ZONE

Agenda: 10.20.16  
Item: 13a1iii

Zones	Jan-13	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1	0	742	0	684	0	1053	0	1315	0	1267	2	1204
2	0	174	0	199	0	486	0	631	0	519	0	458
3	0	436	0	399	0	653	0	814	0	850	5	676
4	1	14856	0	13189	16	20742	5	25687	18	20923	8	15756
5	0	2782	0	2430	3	4121	1	4676	5	3612	0	2820
6	0	100	0	90	0	105	0	157	0	104	0	82
7	0	118	0	147	0	315	0	333	0	297	0	266
8	52	9308	19	9210	60	13143	52	15349	107	12132	123	9060
9	0	622	0	701	0	1182	0	1671	0	1289	0	907
10	0	231	0	66	0	122	0	278	0	188	0	152
11	0	1144	2	1180	9	1869	0	2131	0	2353	6	1613
12	0	18	0	20	0	48	0	47	0	42	0	39
13	0	694	0	668	14	1198	0	1420	2	1117	0	828
14	0	1024	0	981	0	1837	0	2144	0	1648	5	1251
15	0	13	0	33	0	58	0	74	0	54	0	37
16	12023	9045	12059	9786	16486	13371	25131	16108	27729	13526	20690	7555
17	0	592	0	569	0	736	0	891	2	707	10	674
18	8	1752	0	1457	0	2087	1	2386	0	2001	1	1907
19	2	608	0	538	1	815	5	869	1	842	0	796
20	1203	12	1359	9	2262	12	3325	44	2985	12	2900	11
21	5759	0	5447	3	8307	0	12741	7	12050	2	9618	0
22	12014	0	12416	0	20676	11	28212	29	26767	24	23624	0
23	1340	0	1567	0	2932	0	4511	30	4056	9	3360	0
24	26	1408	26	1284	55	2060	36	2521	40	2062	29	1902
<b>North Totals</b>	<b>32428</b>	<b>45679</b>	<b>32895</b>	<b>43643</b>	<b>50821</b>	<b>66024</b>	<b>74020</b>	<b>79612</b>	<b>73762</b>	<b>65580</b>	<b>60381</b>	<b>47994</b>
25	1053	0	1118	0	1773	0	3000	0	2760	0	2136	0
26	302	0	332	0	855	0	937	0	725	0	561	0
27	55	0	65	0	80	0	136	0	121	0	105	0
<b>Manana Totals</b>	<b>1410</b>	<b>0</b>	<b>1515</b>	<b>0</b>	<b>2708</b>	<b>0</b>	<b>4073</b>	<b>0</b>	<b>3606</b>	<b>0</b>	<b>2802</b>	<b>0</b>
28	675	0	632	0	970	0	1308	0	935	0	827	0
29	185	0	177	0	436	0	699	0	637	0	464	0
30	514	0	580	0	691	0	991	8	1000	0	765	0
31	13634	0	13424	0	20483	14	27588	10	25615	12	19096	0
32	239	0	258	0	321	0	307	0	293	0	324	0
33	2978	0	2663	1	3984	0	4604	-54	4080	58	3777	0
<b>Felton Totals</b>	<b>18225</b>	<b>0</b>	<b>17734</b>	<b>1</b>	<b>26885</b>	<b>14</b>	<b>35497</b>	<b>-36</b>	<b>32560</b>	<b>70</b>	<b>25253</b>	<b>0</b>

SAN LORENZO VALLEY WATER DISTRICT  
CONSUMPTION BY ZONE

Agenda: 10.20.16  
Item: 13a1iii

Zones	Jan-14	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
1	0	911	0	686	616	548	514	562	492	457	411	300
2	0	397	0	279	228	197	190	214	217	149	167	92
3	0	577	0	422	373	284	311	389	266	310	235	163
4	17	14471	5	12306	10732	9023	9868	9573	8845	8286	6338	5540
5	5	2647	-22	2116	1829	1600	1654	1652	1407	1291	1184	854
6	2	104	0	89	71	52	53	51	44	42	45	41
7	0	215	81	134	133	94	106	101	107	89	61	41
8	238	9707	0	8387	5879	5312	6271	5501	6341	5593	4051	3837
9	0	900	0	631	457	496	425	515	419	426	380	221
10	0	106	4	105	101	102	88	94	139	68	51	33
11	0	1533	0	1109	789	716	700	644	725	542	545	379
12	0	22	0	25	29	18	17	20	40	18	19	6
13	2	887	0	721	648	484	561	515	457	472	327	261
14	0	1258	0	902	756	702	761	704	653	691	466	354
15	0	33	11804	30	26	30	32	18	19	19	12	8
16	15851	9694	0	9163	18029	14392	14747	15650	14297	11712	10482	7978
17	0	578	0	490	306	263	302	273	309	260	222	325
18	7	1747	0	1481	1578	947	957	868	1034	799	823	533
19	1	762	0	544	417	317	351	320	363	301	321	194
20	1973	11	1334	15	1487	1060	1203	987	964	971	778	593
21	7125	25	5372	0	6284	4518	4780	4705	4212	3912	3450	3327
22	16003	11	12196	2	14711	10524	10920	10121	11515	9124	8293	6193
23	2451	0	1634	0	1960	1562	1315	1264	1472	1215	1045	730
24	33	1474	31	1286	1260	920	1172	990	969	894	927	604
<b>North Totals</b>	<b>43708</b>	<b>48070</b>	<b>32439</b>	<b>40923</b>	<b>68699</b>	<b>54161</b>	<b>57298</b>	<b>55731</b>	<b>55306</b>	<b>47641</b>	<b>40633</b>	<b>32607</b>
25	1435	0	1049	0	1172	1008	973	1025	909	830	777	514
26	404	0	300	0	348	250	245	286	237	210	206	133
27	49	0	40	0	47	21	23	22	22	19	31	12
<b>Manana Totals</b>	<b>1888</b>	<b>0</b>	<b>1389</b>	<b>0</b>	<b>1567</b>	<b>1279</b>	<b>1241</b>	<b>1333</b>	<b>1168</b>	<b>1059</b>	<b>1014</b>	<b>659</b>
28	730	0	541	0	602	412	375	466	345	355	326	229
29	311	0	182	0	317	248	286	257	248	247	173	138
30	640	0	457	0	526	355	414	319	300	333	246	183
31	15707	3	12246	1	13736	9945	10294	10341	9717	8968	7894	25290
32	289	0	345	0	426	260	266	243	276	229	241	155
33	3134	0	2584	0	2782	1690	1802	1700	1683	1555	1424	966
<b>Felton Totals</b>	<b>20811</b>	<b>3</b>	<b>16355</b>	<b>1</b>	<b>18389</b>	<b>12910</b>	<b>13437</b>	<b>13326</b>	<b>12569</b>	<b>11687</b>	<b>10304</b>	<b>26961</b>

SAN LORENZO VALLEY WATER DISTRICT  
CONSUMPTION BY ZONE

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Zones	Jan-15	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
1	326	311	347	322	397	375	402	458	415	425	343	258
2	83	81	121	183	170	164	189	223	237	221	196	94
3	189	185	203	220	208	237	326	253	291	274	229	166
4	6869	5450	5779	7138	6624	7035	9539	7914	8396	7595	5959	5021
5	1724	944	1032	1115	1169	1405	1512	1356	1652	1463	1085	976
6	60	44	51	49	52	51	52	62	63	60	48	36
7	71	59	64	78	67	68	100	89	114	82	70	66
8	4567	3788	3864	4590	4438	4849	6115	5352	6775	5380	4144	3964
9	302	255	287	340	274	293	386	353	466	363	301	151
10	54	41	40	59	55	75	85	68	70	79	45	32
11	649	464	401	538	468	528	709	571	667	654	514	426
12	13	10	12	15	12	15	17	17	17	23	12	6
13	437	270	298	391	350	390	508	383	507	407	399	249
14	516	415	428	589	514	538	689	595	846	617	439	368
15	8	8	15	20	17	18	27	14	44	23	14	12
16	8729	7826	8767	10388	10232	10971	13128	13307	14181	13525	10530	7906
17	282	217	214	258	226	281	268	258	314	234	228	265
18	827	673	674	810	705	717	911	776	962	755	737	586
19	284	246	256	312	264	261	317	280	373	278	295	212
20	742	597	605	823	761	732	1018	889	940	1013	789	590
21	3367	2493	2587	3317	3984	3259	5163	5226	4947	4679	4120	3026
22	7333	6458	5402	8115	7125	7006	9817	9032	9940	7359	7438	6031
23	720	761	716	1160	937	979	1331	1187	1561	1327	1079	711
24	736	584	592	684	867	715	935	1063	929	929	696	536
<b>North Totals</b>	<b>38888</b>	<b>32180</b>	<b>32755</b>	<b>41514</b>	<b>39916</b>	<b>40962</b>	<b>53544</b>	<b>49726</b>	<b>54707</b>	<b>47765</b>	<b>39710</b>	<b>31688</b>
25	576	524	506	667	774	701	857	920	877	884	667	528
26	154	132	141	165	202	177	219	220	201	225	164	137
27	25	17	21	18	14	15	20	22	36	23	15	9
<b>Manana Totals</b>	<b>755</b>	<b>673</b>	<b>668</b>	<b>850</b>	<b>990</b>	<b>893</b>	<b>1096</b>	<b>1162</b>	<b>1114</b>	<b>1132</b>	<b>846</b>	<b>674</b>
28	264	227	206	276	288	259	322	374	364	208	148	124
29	158	130	125	179	140	154	234	198	243	185	171	179
30	239	193	191	268	286	231	333	256	307	271	236	212
31	7477	6048	5906	8188	7683	7018	9736	9279	10208	8432	7030	7588
32	231	176	210	236	207	212	268	244	359	275	297	173
33	1446	1108	1175	1590	1346	1350	1877	1548	1772	1445	1324	1043
<b>Felton Totals</b>	<b>9815</b>	<b>7882</b>	<b>7813</b>	<b>10737</b>	<b>9950</b>	<b>9224</b>	<b>12770</b>	<b>11899</b>	<b>13253</b>	<b>10816</b>	<b>9206</b>	<b>9319</b>

SAN LORENZO VALLEY WATER DISTRICT  
CONSUMPTION BY ZONE

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Zones	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
1	329	288	296	430	319	449	448	475	508.85			
2	76	63	57	91	118	216	211	229	173			
3	437	276	151	149	169	271	284	305	304.92			
4	7122	5428	5909	5840	6444	9068	9163	9567	8747.49			
5	1235	1018	1237	1029	1176	1748	1542	1610	1666			
6	46	42	50	36	42	50	59	70	83			
7	65	55	57	64	126	201	173	167	154			
8	3970	4050	4342	3754	4465	6214	6963	6632	6001.34			
9	227	195	227	226	253	300	360	411	326			
10	42	39	34	49	61	92	118	118	106			
11	527	410	418	446	567	625	759	674	624			
12	6	5	3	6	7	16	22	20	14			
13	311	242	298	302	315	460	409	441	407			
14	405	357	406	411	438	802	743	789	763			
15	14	14	18	17	15	22	22	23	18			
16	8487	1589	7985	9003	10501	13585	15009	15944	14740.21			
17	284	392	220	225	303	268	307	329	267.6			
18	755	600	605	669	816	773	976	838	856			
19	267	219	203	217	277	311	384	327	330.1			
20	661	461	528	614	643	1047	1042	989	1207			
21	3036	2802	3447	4390	3478	6851	5456	4909	5282			
22	4955	4230	5690	4978	6110	8786	9935	9466	10238.36			
23	535	432	637	557	704	1393	1723	1409	1441.53			
24	1063	524	571	697	632	1004	969	1011	1041			
<b>North Totals</b>	<b>34855</b>	<b>23731</b>	<b>33389</b>	<b>34201</b>	<b>37977</b>	<b>54552</b>	<b>57076</b>	<b>56752</b>	<b>55300</b>	<b>0</b>	<b>0</b>	<b>0</b>
25	529	355	419	562	658	794	973	983	995			
26	160	106	132	154	117	168	228	178	171			
27	17	15	16	17	16	15	26	34	33			
<b>Manana Totals</b>	<b>706</b>	<b>476</b>	<b>567</b>	<b>733</b>	<b>791</b>	<b>977</b>	<b>1227</b>	<b>1195</b>	<b>1199</b>	<b>0</b>	<b>0</b>	<b>0</b>
28	133	218	260	306	304	418	547	558	691.95			
29	350	101	118	118	133	196	246	232	227			
30	195	161	178	157	175	272	255	294	466.56			
31	6347	5394	6525	6305	7316	9692	10479	11103	10525.97			
32	223	162	256	172	228	225	271	265	301			
33	1176	1026	1269	1136	1371	1634	1702	1824	1704.06			
<b>Felton Totals</b>	<b>8424</b>	<b>7062</b>	<b>8606</b>	<b>8194</b>	<b>9527</b>	<b>12438</b>	<b>13500</b>	<b>14275</b>	<b>13917</b>	<b>0</b>	<b>0</b>	<b>0</b>

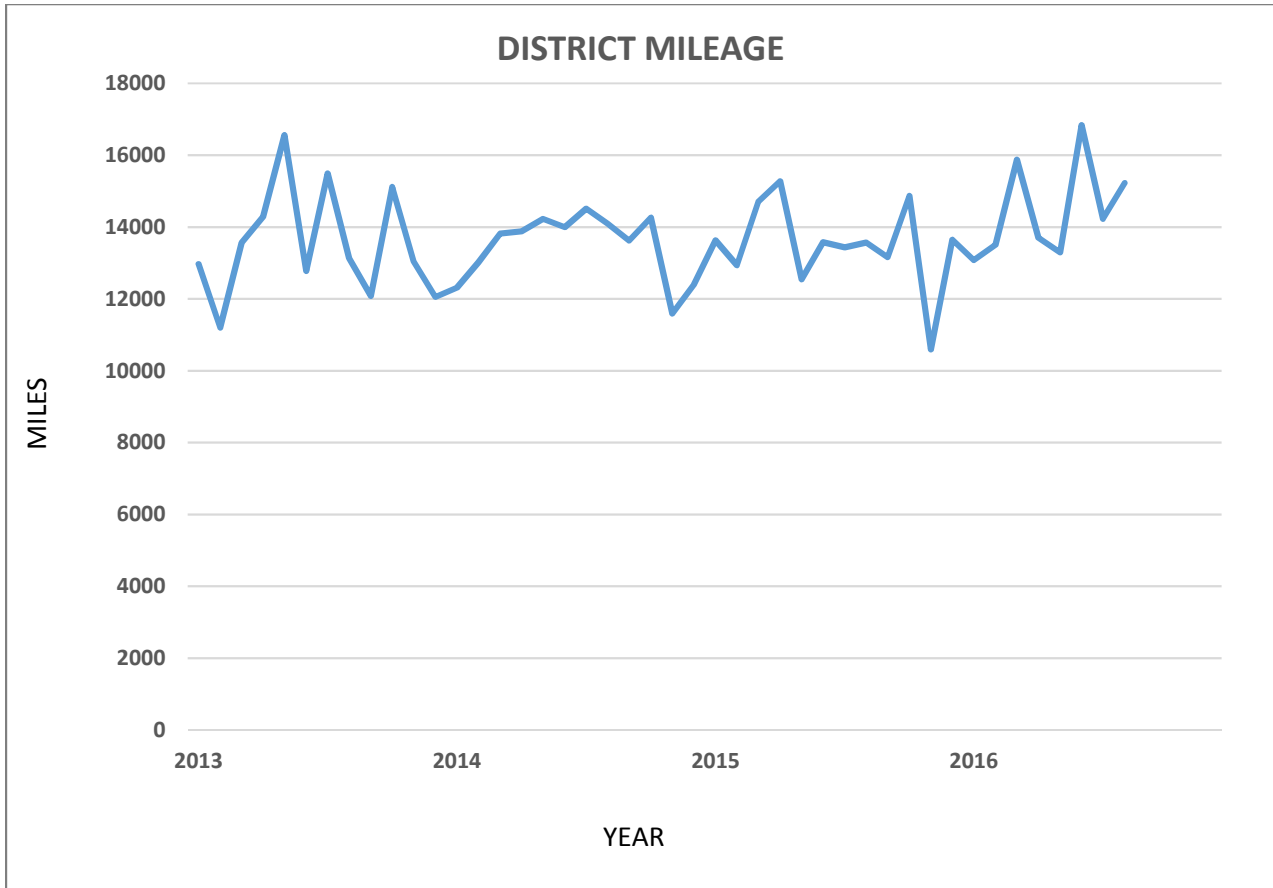
Water Quality Complaint List										
Date Received	Type Of Complaint							Address	Conclusion	System
	Taste/ Odor	Color	Turbidity/ Particles	Worms/ Other Visible Organisms	Pressure (High/Low)	Illness (Waterborne)	Other (Specify)			
9/13/2016	X							10829 West Dr.	Customer complained of strong chlorine odor. Upon field investigation, customers water was shut off. A chlorine residual was taken across the street at 10830 West Dr. Free chlorine was normal and withing range at 0.8 mg/L. Customer was satisfied with results.	Lompico
9/20/2016			X					9984 Lake Blvd	Customer observed dirty water. A main break had occoured earlier in the day on Visitar St. Following the main repair, distribution crews flushed. Upon field investigation, chlorine was 0.9 mg/L and turbidity was 0.6 NTU.	Lompico
9/30/2016	X							12174 Lake Blvd	Customer complained of strong chlorine odor. Upon field investigation, free chlorine was 0.9 mg/L. Customer was satisfied with results.	Lompico
9/19/2016			X					10385 Hwy 9	Customer had stated that their water had appeared dirty following an accident nearby that damaged a fire hydrant. Upon field investigation, turbidity was 10 NTU. A water distribution crew was called to flush the main. Following flushing, turbidity was 1.1 NTU and free chlorine was 0.4 mg/L.	SLV-North
9/22/2016		X						10101 Hwy 9	Customer had stated that their water appeared yellowish following an accident that damaged a fire hydrant. Upon field investigation, the customers line was flushed until the water did not have visually apparent color. Following flushing, free chlorine was 0.2 mg/L.	SLV-North

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# SAN LORENZO VALLEY WATER DISTRICT

## VEHICLE MILEAGE

### September 2016

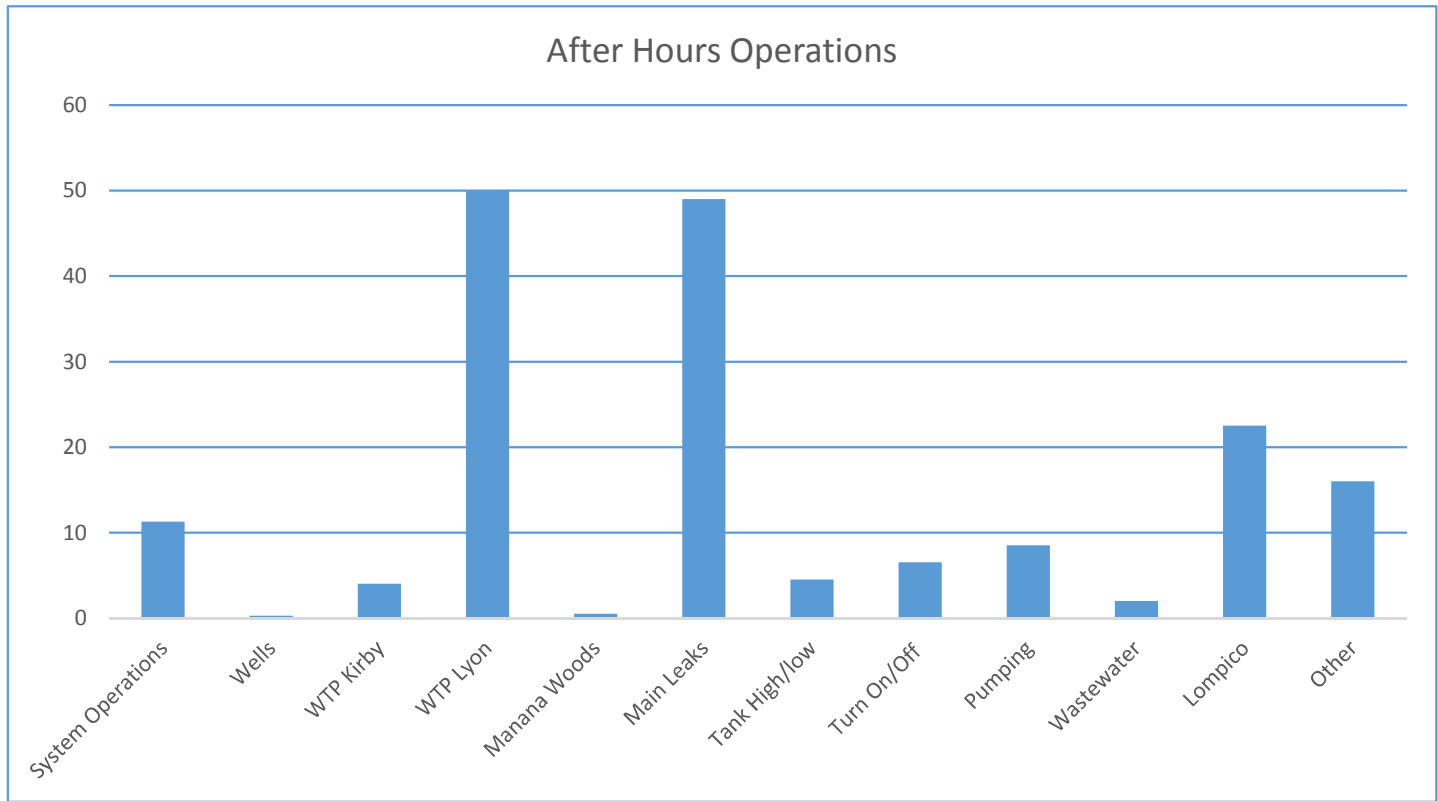


Month	2013	2014	2015	2016
January	12,976	12,317	13,633	13,082
February	11,201	13,015	12,934	13,505
March	13,558	13,817	14,714	15,882
April	14,283	13,883	15,279	13,704
May	16,560	14,228	12,550	13,290
June	12,780	14,000	13,582	16,841
July	15,497	14,519	13,441	14,228
August	13,136	14,096	13,569	14,923
September	12,087	13,622	13,137	15,229
October	15,120	14,261	14,868	
November	13,046	11,594	10,591	
December	12,060	12,394	13,648	
<b>Totals</b>	<b>162,304</b>	<b>161,746</b>	<b>161,946</b>	<b>130,684</b>



**SAN LORENZO VALLEY WATER DISTRICT**  
**OPERATIONS DEPARTMENT**  
**September 2016**

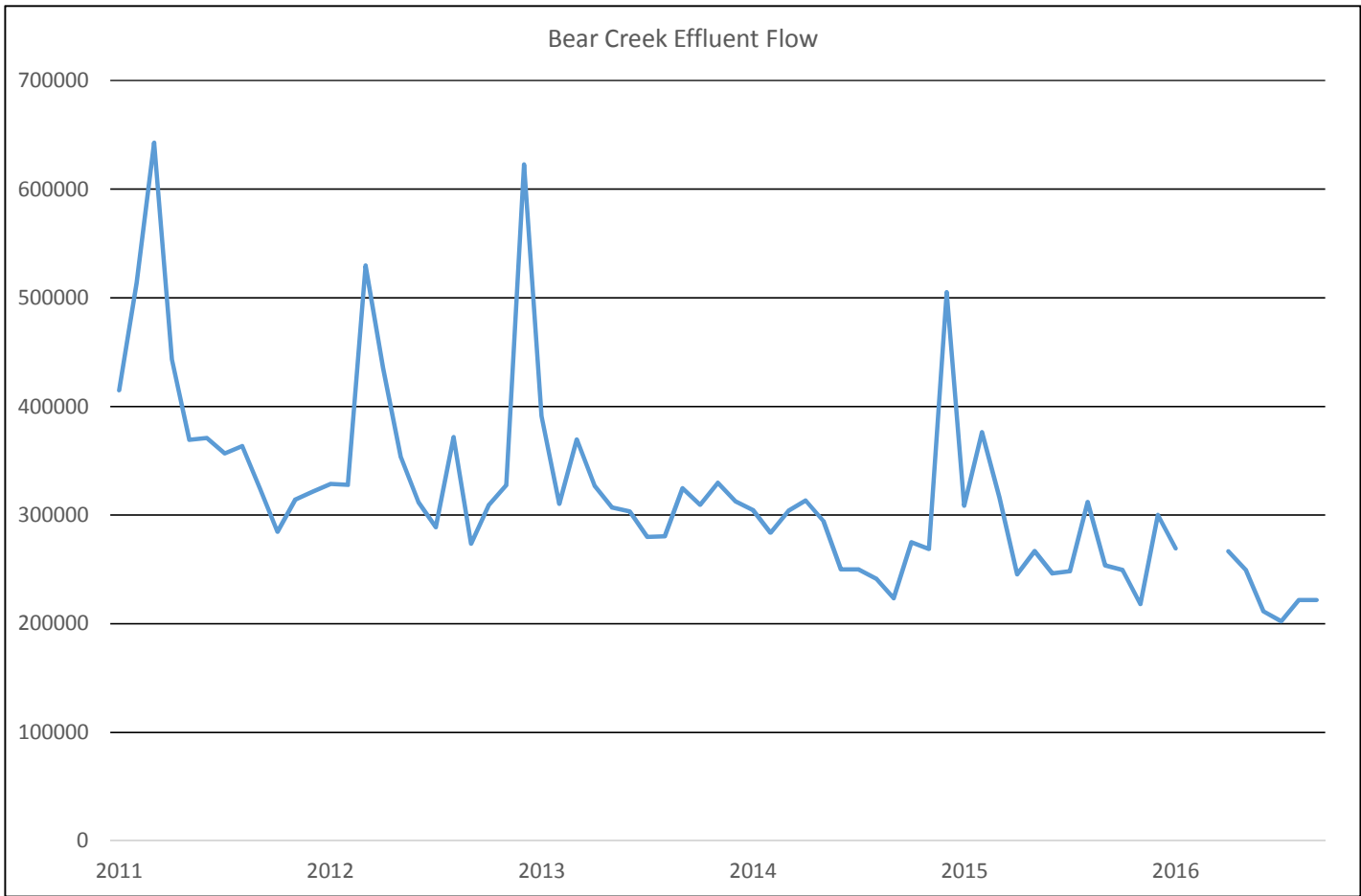
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<u>Description</u>	<u>Hours</u>		<u>2015</u>	<u>2016</u>
System Operations	11.25	January	N/A	145
Wells	0.25	February	N/A	86.5
WTP Kirby	4	March	N/A	153.75
WTP Lyon	50	April	82.50	72
Manana Woods	0.5	May	104.75	49.25
Main Leaks	49	June	172.50	83.25
Tank High/low	4.5	July	124.25	80.25
Turn On/Off	6.5	August	111.75	81.25
Pumping	8.5	September	230.25	175
Wastewater	2	October	128.25	
Lompico	22.5	November	114.25	
Other	16	December	186.25	
<b>Total</b>	<b>175</b>		<b>1254.75</b>	<b>926.25</b>

SAN LORENZO VALLEY WATER DISTRICT  
 BEAR CREEK ESTATES WASTEWATER  
 September 2016

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Month/Year	2011	2012	2013	2014	2015	2016
January	414,900	328,500	391,200	304,700	308,500	269,467
February	513,700	327,600	310,100	283,800	376,100	Out for Repair
March	642,800	529,700	369,500	303,800	316,100	Out for Repair
April	443,400	435,300	326,800	313,200	245,500	266,400
May	369,200	353,200	306,900	294,400	266,700	249,100
June	370,800	311,900	303,300	250,000	246,200	211,200
July	356,800	288,900	297,800	250,000	248,200	202,200
August	363,400	371,800	280,400	241,500	311,900	221,800
September	324,400	273,600	324,600	223,300	253,500	221,700
October	284,700	309,400	304,900	274,900	249,300	
November	314,100	327,700	329,600	268,900	218,100	
December	321,500	622,500	312,900	505,100	300,200	
<b>Totals</b>	<b>4,719,700</b>	<b>4,480,100</b>	<b>3,858,000</b>	<b>3,513,600</b>	<b>3,340,300</b>	<b>1,641,867</b>

# Santa Cruz County water agencies complete 'emergency' pipelines



Officials from Scotts Valley and San Lorenzo water districts celebrate completion of a \$10 million intertie project connecting the two districts and the Mount Hermon Association, providing an emergency backup water supply. (Dan Coyro -- Santa Cruz Sentinel)

**By Jessica A. York, Santa Cruz Sentinel**

POSTED: 10/04/16, 4:24 PM PDT | UPDATED: 5 DAYS AGO

**SCOTTS VALLEY >>** Water district officials from Scotts Valley and San Lorenzo Valley celebrated Tuesday the completion of a \$10 million interagency water supply project more than 12 years in the making.

“We have successfully completed the construction of four interties that connect three agencies,” said Piret Harmon, Scotts Valley Water District general manager, during a press conference at Scotts Valley’s Skypark Drive station on Tuesday morning. “Total grant funding: \$4.3 million. Total project cost: \$10 million. Security of the water system: priceless.”

The two public water districts and the private Mount Hermon Association water supply recently completed construction on their new water pipe intertie stations, which allow water sharing during emergencies, consisting of everything from fires and earthquakes to flooding and power outages, officials said. Grant funding came from state Water

Resources Control Board Proposition 50 public agency grant funding, with the remaining cost coming from water suppliers' coffers.

Santa Cruz County Supervisor Bruce McPherson, whose district includes both water districts, was given a nod for helping to smooth political will between the agencies as the project progressed.

"Last week's terrible Loma Fire is an example of exactly how important and critical this is to put this project together," said McPherson. "We all know that emergency preparedness and the ability to respond to is a critical part of life in the two valleys of San Lorenzo Valley and Scotts Valley."

After the press conference, Randall Brown, San Lorenzo Valley Water District board president, said the joint effort represented a "cultural change" for the region, whose water agencies have had "walls" between them for years. In addition to the intertie project, San Lorenzo and Scotts Valley water districts are working together on forming a Santa Margarita basin joint powers agreement to oversee a new groundwater agency, and water district managers from around North County meet monthly to discuss their latest projects and plans, officials said.

The Skypark site, a squat building painted in unassuming colors set at the beginning of a bike path, was completed a year ago as the first in the series. Since readied, Scotts Valley has turned on the tap twice during emergencies for San Lorenzo Valley, as recently as this spring, officials said Tuesday. For water sharing longer than brief emergency use, respective water agencies will be billed the cost of the service, Harmon said.

"Emergencies are forest fighters, wildfires, earthquakes, things like that nature. They also can be as simple as a car accident taking out a power pole, which recently happened and we did get to use this emergency intertie when our well fields in the Graham Hill Road area lost power and we were without water for a period of time," said Brian Lee, district manager for San Lorenzo Valley Water District. "Not quite as simple as a flick of a switch, but almost as simple, we were able to activate the intertie and bring water from Scotts Valley into our south zone and provide our customers continued water service while we restored power."

In addition to Skypark Drive, additional stations are helping connect San Lorenzo Water District for the first time to its own dispersed service zones in the north, south and Felton areas. The district encompasses Boulder Creek, Brookdale, Ben Lomond, Zayante, Quail Hollow, part of Scotts Valley, Whispering Pines, Manana Woods and Felton.

The intertie project, as planned in 2013, initially included creation of intertie connections leading to the Soquel Creek Water District and the city of Santa Cruz, but state funding was later reduced, resulting in a project reworking, Harmon said. Water officials said Tuesday that in the long term, the emergency intertie project could lead to a larger water sharing agreement between agencies. That move, however, will require additional funding and a state-mandated environmental review process. Lee said grant funding sources are tending to favor regional projects and "conjunctive" use between agencies, and that both Scotts Valley and San Lorenzo Valley water districts are supportive of an eventual larger water exchange project.