

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

August 17, 2017

5:00 p.m.

CONVENE MEETING/ROLL CALL:

President Ratcliffe convened the meeting at 5:00 p.m.

Dirs. Smallman, Baughman, Ratcliffe, Hammer and Bruce were present. District Manager Lee, Director of Operations Rogers and Legal Counsel Nicholls and Hynes were also present.

ORAL COMMUNICATIONS (CLOSED SESSION): None

ADJOURNMENT TO CLOSED SESSION:

Pres. Ratcliffe adjourned to closed session at 5:01 p.m.

RECONVENE TO OPEN SESSION:

Pres. Ratcliffe reconvened the meeting to open session at 6:30 p.m.

Dirs. Smallman, Baughman, Ratcliffe and Bruce were present. DM Lee, Dir. of Ops Rogers, Environmental Programs Mgr. Michelsen and Legal Counsel Nicholls and Hynes were also present.

REPORT ACTIONS TAKEN IN CLOSED SESSION:

Pres. Ratcliffe reported that on July 31, 2017 DeBert and a District representative entered into a settlement agreement with the condition that the SLVWD Board of Directors approve the agreement. The Board did vote to approve today. The terms of the settlement agreement include a \$40,000 payment to Ms. DeBert of which \$5,000 will be paid by the District and \$35,000 to be paid by SDRMA (insurance). This was a long form settlement agreement.

ADDITIONS AND DELETIONS: None

ORAL COMMUNICATIONS:

E. Frech, Lompico, D. Loewen, Lompico, R. Shaw, Lompico, C. DeBert, Boulder Creek, and L. Henry, Lompico, addressed the Board.

DISTRICT MANAGER REPORTS

DM Lee shared information regarding the on-call/emergency process for the District. He related a situation where the editor of the Press Banner called the after-hours answering service claiming a water emergency when there was not one.

Dist. Counsel Nicholls warned that discussion was not appropriate so it was decided to agendize this discussion for a committee (to be determined).

Environmental Programs Manager Michelsen addressed the Board.

Director of Operations Rogers addressed the Board.

Committee Chairs related committee meeting information.

A motion was made to excuse Director Hammer for a business appointment. All present voted in favor.

NEW BUSINESS:

10a COMMUNITY ASSISTANCE

DM Lee introduced this item for financial assistance for people in need. Dir. Bruce gave additional information. Followed by Board discussion.

E. Frech, B. Holloway, Boulder Creek, L. Henry, L. Hammack, Lompico, L. Farris, Felton, C. DeBert, Boulder Creek, addressed the Board.

10b QUESTIONS AND ANSWERS ON PROPOSED WATER RATES AND CHARGES

DM Lee introduced this item. He gave a presentation on the reason for the rate restructuring process and asked for questions from the public.

L. Henry, C. White, R. Moran, D. Loewen, L. Farris, E. Frech, L. Hammack and B. Holloway addressed the Board.

If you have 2 parcels and received 4 notices, if you fill out all of the protests will your protest be nullified? No, if you have water service on one of the 2 parcels we will validate 1 protest. If you have water service on 2 parcels we will validate 2 protests.

If there is a property owner and a renter, who gets dibs on the single protest? If one or both parties send in a protest, and the renter is responsible for payment of the water bill, it will count as one protest. One protest per parcel.

Why were so many notices sent out? Prop 218 requires that we use the County Tax Roll for addresses in our sphere of influence in order to continue certain rights for the District. Not all of the addresses on the tax roll have water service

through the District but to make sure that we don't miss anyone, we send everyone a notice.

Is the rate increase enough to replace the building? Yes, the Needs Assessment concluded that the current Admin Building is not working for the District, so the Board said to find rental space, so it is not a capital project.

Why not a parcel tax? Each individual payment would vary depending on the value of the parcel so an engineer would have to determine the value to each property the multiple projects would have. For the number of projects and parcels, this would be a nearly unsurmountable task.

When does the rate stabilization kick in? Is it water sales only? It is for water sales for the average of the previous 3 years. It kicks in when staff goes to the Board with cumulative averages dip below 10%. Staff will tell the Board why we are experiencing a dip and what cost cutting measures we can take. At that point the Board can decide if the rate stabilization should be put into action or not.

Does the District have an overall master plan? Yes, there is a master plan but it is dated 1995. Staff has applied for a grant for a water system model to look at fire flow throughout the system and develop a comprehensive master plan focusing on the infrastructure of the District and the size for fire needs.

Why not continue the tiered water rates? Tiered rates are not illegal but they have to be justified and we cannot justify our current tiered system. Justifiable tiers include a seasonal tier (summer/winter rates), a rate based on elevation (prohibitive because of the terrain of the District) or indoor vs. outdoor use. We have looked into all of these possibilities and found them not worth pursuing.

What's the real cost of staying in the current building and going into leased space? Staff is developing a work plan. It is generally recognized that moving to a more modern building is nowhere near as expensive as trying to bring the current building up to code.

Which rate stabilization is one that will be implemented? The rate stabilization language has been agreed to and is stated in the Prop 218 Notice. The process has not been decided and will be finalized for the meeting on September 21, 2017.

Are Lompico's usage numbers included in the NBS study? No, Lompico's information is not included in the NBS study.

What is the truth regarding the payments to attorneys in the Vierra case? The District is no longer funding Dir. Vierra's conflict of interest case, we are however paying for the District's defense in Holloway's appeal of the 1090 violation.

10c RESOLUTION OF APPRECIATION FOR J. ORBUCH
Environmental Programs Manager Michelsen introduced this item.

A motion was made to approve Resolution No. 3 (17-18) Resolution of Appreciation for Jane Orbuch.

All present voted in favor.

10d GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE AWARD
DM Lee introduced this item. Please congratulate Stephanie Hill and her staff for a fine job.

10e CDSA 2017 ANNUAL CONFERENCE
DM Lee introduced this item.

A motion was made to reimburse the Board for registration and mileage to attend this conference.

L. Henry addressed the Board.

All present voted in favor.

UNFINISHED BUSINESS:

11a PUBLIC HEARING ON PROPOSED INCREASE IN METER CONNECTION FEES
Public Hearing was opened 9:03 p.m.

R. Shaw and L. Hammack addressed the Board.

Public Hearing was closed 9:07 p.m.

A motion was made to adopt Resolution No. 5 (17-18).

All present voted in favor.

11b SWIM TANK REPLACEMENT PROJECT
DM Lee explained that the District put out an RFP for the Swim Tank replacement and only received one bid that was 3 times higher than the engineer's estimate. Staff recommended rejecting the bid.

L. Farris addressed the Board.

All present voted in favor of rejection.

11c CalPERS AMENDMENT TO CONTRACT
DM Lee introduced the item.

A motion was made to approve the CalPers Amendment to Contract.

All present voted in favor.

11d KIRBY PROPERTY EASEMENT
Environmental Programs Manager Michelsen introduced this item.

Director of Operations Rogers requested an amendment to Exhibit A drawing.

A motion was made to authorize the easement with the changes requested by Dir. of Ops Rogers.

All present voted in favor.

CONSENT AGENDA:

A motion was made to approve the Consent Agenda with the change to the VP Baughman adjourned to Closed Session, Pres. Ratcliffe was not present.

Smallman, Baughman and Bruce voted in favor, Ratcliffe abstained.

ADJOURNMENT:

President Ratcliffe adjourned the meeting at 9:35 p.m.