

SLVWD Board Meeting Summary

April 16, 2020

Mark Dolson

Public Input

Elaine Fresco and Jim Mosher asked why committee meetings are still suspended (as directed by the Board in mid-March). Why not resume these meetings and conduct them remotely? President Swan replied that the Board would consider this.

Old Business

Naccari Property Purchase Agreement

Gina Nicholls (Legal Counsel) explained that final Board approval was needed to officially complete the \$88,000 purchase of this property to enable the construction of a much-needed new water storage tank off of Scenic Way. The Board had already discussed this acquisition at length in its meeting of March 5th and had already voted 4-1 to proceed (with Director Fultz opposing because he viewed the price as excessive; multiple neighbors also expressed concerns about potential impact). Rick Rogers (District Manager) responded to a public question by noting that very few parcels in that vicinity met the necessary criteria for elevation and flatness. The Board again voted 4-1 to approve.

Draft Fiscal Year 2020/21 Budget Review

The Fiscal 2020-21 budget must be approved by June. Stephanie Hill (Finance Director) initially presented the budget at the previous Board meeting on March 19th. Director Fultz responded at that time by requesting that Stephanie return to the Board with an alternative budget proposal based on a 5% cut (which would be achieved by forgoing the already-approved 5% rate increase planned for this fall). The staff position is that this would require the Board to explicitly specify the strategic investment that they wish to sacrifice. However, the Board offered no such guidance, so it was unclear exactly what Stephanie was supposed to do.

In today's meeting, Stephanie provided some further clarification and refinement of the March 19th budget but did not present an alternative reduced budget. Director Fultz, in turn, made no mention of his previous request and, instead, launched a wholly new line of inquiry. Drilling deep into the budget, he questioned why the District was planning to replace 2500 badly outdated meters (roughly 1/3 of its total supply) in the upcoming year. This led to a very long,

very detailed, and ultimately inconclusive discussion of meter failure modes and of meter testing and replacement strategies.

The larger argument that Director Fultz seemed to be making was that the Board should be undertaking much more detailed scrutiny of the District's spending plans and that the District should be providing the Board with far more detailed data and ROI calculations as input for this assessment. However, nobody really engaged with this argument. In the end, President Swan suggested that the Board should approve 1000 new meters and move on to the next agenda item.

Draft Letter to PG&E Re: Wildfire Mitigation and Tree Removal

Based on input from Nancy Macy, it was previously recommended that the District draft and send a letter to PG&E seeking to redirect their wildfire mitigation efforts from aggressive vegetation removal (which has substantial negative impacts on both the local environment and the District) to infrastructure improvement (which would prevent fires from starting, rather than reducing their fuel supply). Carly Blanchard (Staff) presented the draft letter, and most Board members were fine with it (Director Farris objected to one specific sentence).

Director Fultz suggested that it might be more effective for the District's letter to be more collaborative in tone and to focus more on shared objectives than specific solutions. Director Fultz then presented an entirely different letter of his own. Board members saw merit in both letters and agreed that Director Fultz, Carly, and Nancy should collaborate on revising the Fultz draft to incorporate the key missing elements of the Blanchard/Macy draft.

New Business

Temporary Billing Policy Changes in Response to Covid-19

Stephanie explained the changes that the staff has proactively introduced to be more supportive of customers who have been hit hard by the Covid-19 pandemic. The Board was unanimously supportive and appreciative of the staff's work on this. There were a few questions and comments about specific details both from Board members and the public, but everyone was generally happy with the staff's response. The Board voted 5-0 to approve the staff's recommended changes.

Aware of Service Contract for Swim Tank / Redwood Park Tank

In conjunction with the Naccari property acquisition (see above), the District needs to hire a consultant to complete an environmental assessment. Two bids were received (\$25,000 and

\$35,000). The Board voted 5-0 to approve the staff's recommendation to accept the cheaper bid (from Rincon Consultants).

Award of Contract for Environmental Consultant for Lyon Slide Project

Rainfall during the winter of 2017 triggered a large landslide below the District's Lyon Tank and Treatment Plant in Boulder Creek, damaging a portion of the access road. A temporary road is in place, but a long-term solution is needed and will cost \$12-15 million. In order to remain within the FEMA timeline, the District needs to retain an environmental consultant who will participate throughout the entire process. The only bid received was from Rincon Consultants for around \$171,000. The Board voted 5-0 to approve this.

Low Income Ratepayer Assistance

Friends of San Lorenzo Valley Water (FSLVW) submitted a memo to the Board arguing that it would be both feasible and appropriate for the District to implement a Low Income Ratepayer Assistance (LIRA) program modeled on those already in place in several other California water districts. FSLVW requested that the Board adopt a resolution expressing their intent to implement such a program.

The FSLVW LIRA proposal was summarized in the meeting by Elaine Fresco. Elaine noted that the state of California has recognized safe, affordable water as a fundamental human right, but that the cost of water delivery has been rising alarmingly across the state for over a decade. This makes it imperative for individual water districts to devise at least interim solutions for addressing the plight of impoverished ratepayers.

The solution proposed by FSLVW piggybacks on the PG&E CARE program to minimize the demands on District staff. It also avoids the constraints of Proposition 218 by relying upon revenue sources other than customer payments. At an annual cost of \$120,000, the District could offer a substantial \$10/month (i.e., roughly 25%) discount to 1000 of its neediest (CARE-qualified) customers. This would be far more effective and far less costly than trying to help these individuals via an across-the-board rate freeze.

This proposal was generally well-received by the Board, staff, and individuals who spoke during the public comment phase of the discussion. Various nuances were considered, and it was agreed that this idea should be further scrutinized both by staff and the Board.

However, Director Fultz argued that this scrutiny needed to be subsumed into a much larger assessment of the funding issues currently facing the District, some of which have built up over many years. This assessment, in turn, is contingent upon the staff providing the Board with detailed information and additional analysis that Director Fultz has been requesting for over a year. Director Fultz insisted that it would be easy for the staff to produce this, but Rick Rogers

disputed this, saying that it would be extremely time consuming and that a directive of this scope should properly come from the full Board rather than from a single Director.

At this point, Director Fultz unexpectedly revived his March suggestion that the District should forgo the planned 2020 rate increase, thereby effectively instituting a 5% budget cut. Now, though, instead of linking this to the Covid-19 pandemic, he seemed to suggest that it was the only responsible alternative to the in-depth financial review that he has been seeking.

The meeting was now nearing three hours in length, and President Swan was clearly trying to wrap things up. After some inconclusive further discussion, it was agreed that the Board would meet May 7th to focus specifically on the LIRA proposal (and maybe also unfunded liabilities as requested by Director Fultz? – this was left unclear).