

SLVWD Board Meeting Summary

May 21, 2020

Mark Dolson

Old Business

Long Service Line Agreement for Jameson Property

Darren Langfield (Engineering Manager) explained that the Jamesons are requesting water service where none currently exists (their property is north of Boulder Creek on Shadow Mountain Road). It is standard practice in such situations for the customer to assume responsibility for constructing the underground line from the existing meter. The contract itself was inadvertently omitted from the Board packet, but there was unanimous agreement that it is in the District's best interest to acquire this new customer. Board members asked about some of the implementation details, but the only significant question (raised by Director Fultz) was whether the contract could be rewritten to better reflect the best interests of the customer. It was agreed that this question can be deferred to a future occasion. The Board voted 5-0 to approve the proposed agreement.

Final Draft Fiscal Year 2020/21 Budget Review

Stephanie Hill (Finance Manager) provided a brief overview of the proposed budget (essentially the same as the budget discussed at the past two Board meetings). The total is \$21.8M, with \$11.8M for capital projects (a significant increase over prior years). Operating expenses increase \$447K (to \$8.4M) mainly due to routine employee-related expenses (\$320K) and to intermittent expenses such as election fees and the Urban Water Management Plan (\$90K). Operating revenues (89% of the District's revenue) increase (to \$11.4M) as expected with the approved rate increase. Reserves are expected to increase by \$61K.

Salaries and benefits account for two thirds of the operating expenses (there are 35 full-time-equivalent employees, 62% of which work primarily out in the field). Staffing levels have been flat across recent years, but associated expenses have increased by 7% over the previous year.

The District is tackling multiple major capital projects this year. These include the Redwood Park Tank, the Lompico Tanks, and five main pipelines (all funded by the \$14.5M Certificate of Participation financing). There is also one main FEMA project (the Lion slide repair) related to the FY16-17 storm damage (for which at least 75% of the cost should be covered by FEMA). Two projects received grant funding: CEQA work for the Intertie and the System Wide Master Plan.

Director Moran asked a number of detailed questions, most of which seemed oriented toward better understanding other minor sources of revenue. Stephanie said that it is still too soon to make any empirically-based projections relating to the impact of Covid-19, but it is reasonable to anticipate some increase in home water use due to increased occupancy and gardening. Director Moran asked who is available for grant writing. The primary person is the Environmental Planner; a 2020 RFQ for additional assistance did not receive any response. Director Moran also recommended that Board stipends be revisited at a future meeting.

Director Fultz read a long and impassioned statement about the importance of revising the District's budgeting process to responsibly ground it in a longer-term focus. The gist of his argument was that expenses cannot be allowed to continue increasing. He said, "If we accept this budget, we are moving into the same realm as the previous Board, allowing 100% of the rate increase to be consumed by increased expenses ... The first rule when you are in a hole is that you must stop digging ... What concrete benefits are we getting for this increased spending? ... What regularly measured metrics demonstrate these benefits in a manner that can be understood? ... The Board actions that Director Henry cited in the last meeting are all in the past ... We have 8,000 bosses who are asking what we are doing for them today ... We can't continue to conduct business as usual ... We're not wealthy like Scotts Valley and Santa Cruz. "

Director Henry responded by saying that the District is shouldering new responsibility and fixing the infrastructure in a big way while the whole U.S. is behind on infrastructure. She argued that the Board needs to provide the staff with the money to get this work done, and that it's not like we're throwing money down the toilet.

Director Farris said Director Fultz made some very good points that can't be ignored and that, in the next Fiscal Year, the Board needs to discuss how to increase the District's revenue stream. He said he is not advocating for cutting expenses, just for slowing the growth in expenses.

President Swan agreed that Director Fultz made a number of good points. He also agreed with Director Farris that the next twelve months should be spent focusing on the budget and that the key to success lies in finding new revenue opportunities.

The budget was approved 4-1 with Director Fultz in opposition.

Award of Construction Contract for 2020 Pipeline Replacement Project

Darren explained that this project involves the replacement of about 3300 feet of water main on Hillside Drive and California Ave in Ben Lomond. Five bids were received, and the low bidder (at \$1.2M, about \$300K below the highest bid) was Anderson Pacific. The District is currently using Anderson Pacific for the construction of the Lompico Tanks Replacement Project, and work on that project is proceeding smoothly. The Board was highly appreciative of Darren's work on this project (moving forward rapidly, obtaining multiple bids, and enabling work to be performed during the summer of 2020) and asked only about a few details. Director Fultz

wanted to know if Anderson Pacific (based in Santa Clara) would be employing anyone local, but this information was not available. The Board voted 5-0 to approve the proposed agreement.

Award of Construction Management Contract for 2020 Pipeline Replacement Project

Darren explained that this contract is for technical management and bookkeeping on the California Avenue project discussed immediately above. MME Civil & Structural Engineering submitted the low bid (of two) for about \$78,000. MME successfully performed construction management on the Probation Tank Project which was completed earlier this year, and MME is also currently providing effective construction management of the Lompico Tanks Replacement Project. Again, the Board asked only about a few details, and Director Fultz requested that the Board receive a quarterly progress report to facilitate tracking of expenses. The Board voted 5-0 to approve the proposed agreement.

New Business

Ordering an Election

Two Board seats (Directors Farris and Moran) are up for election on November 3, 2020. Prior to the election, state law requires special districts to file a Notice of Election with the County Clerk verifying which offices are up for election, as well as other pertinent information. The estimated cost is between \$1.50 and \$2.50 per voter (\$26,000 to \$43,000 total). The Board was satisfied with the default scenario in which candidate statements are limited to 200 words, and candidates are not reimbursed by the District for their publishing costs (a few hundred dollars). The Board voted 4-0 to approve this expenditure; Director Farris abstained.

Esri Contract

In 2017, the District chose Esri ArcGIS software for the implementation of the District's new GIS system. The original three-year contract was for \$30,000. ArcGIS software provides the ability to perform spatial analysis, hydrologic modeling, and mapping. Staff uses ArcGIS on numerous projects ranging from Fire Management to Watershed Protection. Staff has been pleased with the ArcGIS software and tech support provided by Esri. Based on the limited options for this type of software and staff's familiarity with the ArcGIS software, staff recommended awarding another three-year software contract to Esri. This item elicited only minimal discussion. The Board voted 5-0 to approve the new contract.

District Reports

Department Status

The Directors sought minor updates from Legal and Operations. For Environmental, Director Fultz asked whether the District intends to publish updated water conservation goals; he noted that specific goals help people to understand what they should be doing. Carly Blanchard (Environmental Planner) said that the District is unlikely to target a lower goal, as we are currently around 25% below the state average. Director Farris asked whether it would be helpful to formally prioritize Carly's current list of activities. Carly replied that some prioritization has been provided via the Environment Committee.

Committee Reports

Committee meetings will be starting up (via Zoom) in June, beginning with the Environmental Committee meeting Thursday 5/28. Scheduled agenda items are Integrated Pest Management, Fire Management, and an Update on Environmental Reports. Directors Henry and Farris are continuing to attend the Santa Margarita Groundwater Agency (SMGWA) meetings.

Directors Reports

Director Farris reported that a rough draft statement for the Groundwater Sustainability Plan (being developed for SMGWA) should be available for comment this fall. This will be added to an upcoming meeting agenda.