

SLVWD Board Meeting Summary

June 18, 2020

Mark Dolson

Old Business

Low Income Ratepayer Assistance (LIRA) Program

The Budget and Finance Committee on 6/2 unanimously approved a plan for a one-year pilot LIRA program, funded by \$25K in non-ratepayer revenue, to provide \$10 monthly discounts to the first 208 PG&E-CARE-eligible applicants. This proposed plan needed the Board's approval and a launch date. As a member of the Budget and Finance Committee deliberations, Director Fultz had already approved this proposal, but he had also noted that the State rather than the District should properly fund such a program. In addition, he had requested that the staff identify \$25K in budget reductions to offset this new spending and that they also draft a letter to the State urging legislative action.

The proposal presented by staff at the Board meeting detailed \$25K in budget reductions (although there was no discussion of how this was suddenly determined to be feasible). This proposal obscured the intent for LIRA to launch as a pilot program, but Counsel Gina Nichols advised that the proposal still effectively specified a one-year program. In addition, the proposal was accompanied by a detailed formal policy description with ten specific provisions and a draft letter to specific state representatives.

Public input supported the proposed program, though it was noted that \$25K was likely only a drop in the bucket, as actual need could turn out to be between \$150K and \$300K (where the latter figure assumes a \$20/month discount).

Director Moran felt that this was a positive step; he said that the District need to stay within its means and that he appreciated the staff's work on this. He suggested using Chatterbox PR to help with aggressive outreach. Director Henry agreed that the allocated amount was woefully inadequate but said that the District needed the opportunity to learn via a pilot program.

Director Fultz reiterated his principled objections from the Budget and Finance Committee discussion and then proposed four amendments, two of which were substantial: (1) replace the first-come, first-served policy with a lottery, and (2) formally allow disputes to be appealed to the Board (if customers are unhappy with the District Manager's otherwise-final decision). Rick Rogers (District Manager) said that a lottery would potentially increase the demands on staff and would therefore require further assessment. Rick strongly advised against the second proposed change because it would potentially overburden the Board (and because citizens can always bring matters to the Board in any event). Director Henry argued against the proposed

changes and also wondered why they weren't brought up in the Budget and Finance Committee meeting.

After further discussion, the Board voted 4-1 to launch the proposed LIRA program on July 15th of 2020. Director Fultz cast the opposing vote.

The Board then turned its attention to the draft letter. Director Fultz suggested that the verbiage was too mild and that the situation is more dire than described. Director Henry endorsed the letter as written. Rick Rogers noted that neighboring District Managers have expressed a strong desire to send letters from each District.

The Board voted 5-0 to send the letter as is.

Strategic Plan and Governance Training

The District currently operates with a cumbersome and out-of-date Strategic Plan from 2016. The Board began discussions in early 2019 about developing an updated and more useful Strategic Plan. However, in an attempt to save money, the Board rejected the recognized best practice of employing an outside facilitator to systematically gather input from all relevant stakeholders. This led to an increasingly contentious sequence of events in which Director Fultz initially drafted a new plan and then worked with Director Farris to jointly revise it in the fall of 2019. Some disagreement arose in this evening's meeting over the details of this history, but the following sequence of events is undisputed:

- The Board met with a prospective facilitator in November of 2019 and discussed ways in which he could assist with the development of a new Strategic Plan.
- The Strategic Plan development effort was put on hold in December of 2019 so that the Board could first receive training in conflict resolution.
- The Board initiated conflict resolution training in February of 2020 but suspended it in March when the Covid-19 pandemic made it impossible to stage the planned in-person Board meeting.
- The Finance Manager has become increasingly concerned over continued lack of progress on the development of a new Strategic Plan, as this guidance is essential for upcoming budget planning. It is absolutely needed before the end of 2020.

Director Henry suggested that the most expedient solution at this point would be to task District Manager Rick Rogers with producing a draft Strategic Plan in the next month or two. Director Moran argued that the training should still be completed first, but Director Henry responded that the Board no longer needed to couple these two initiatives together.

Director Farris stated that it was not feasible for Director Fultz and him to make further progress on their joint draft. He further argued that it was too late now to involve a consultant, and he essentially restated Director Henry's proposed solution. He moved that the Board direct

Rick Rogers to develop a final draft revision of the current Fultz/Farris draft plan for the second Board meeting in August so that the Board could approve the new Strategic Plan at the second Board meeting October, following an intervening round of public review. He argued that Rick Rogers has the appropriate combination of available time, relevant knowledge, calm demeanor, and public credibility to succeed at this task.

Public input on this topic tended to support Rick Rogers as the best choice and also to emphasize the importance of including adequate public input in the process.

The Board voted to approve Director Farris's resolution; the vote was 4-0 with Director Fultz abstaining without explanation.

The discussion then turned to the conflict resolution training. Rick Rogers reported that the trainer was willing to drive up from Los Angeles at nearly any time to conduct the pending face-to-face training with appropriate social-distancing provisions and no public on-site participation. Legal Counsel Gina Nichols advised that this could still comply with the Brown Act provided that the public is allowed to participate remotely. President Swan stated that he was not willing to participate on-site at this time, but the Board agreed that even a sub-optimal training session was preferable to continued indefinite delay. Rick Rogers therefore agreed to work on setting up the training as soon as feasible.

Operational and Ecological Gaging Contract

In 2014 the District began a long-term stream flow and water quality monitoring program on all of its diversions to inform and work with regulatory agencies. In 2019 a more refined monitoring and diversion-management program was developed to address remaining questions and establish baseline conditions. The District also requested to separate the ecological and operational gauging. The District has reduced its costs for these activities, but it still has ongoing commitments. The purpose of this agenda item was to authorize the District Manager to enter into a contract with Balance Hydrologics for its 2020 Streamflow, Salinity and Temperature Monitoring and the Operational Gauging Proposal at a total cost of \$73,000.

Rick Rogers said that, through ongoing discussions with the Santa Margarita Groundwater Agency, it looked like County would take responsibility for stream monitoring next year. The District will continue well monitoring along with some surface monitoring, but this is much less costly. Director Fultz asked about the possibility of automated monitoring, but Rick explained that this would entail additional costs for the communication link.

The Board voted 5-0 to approve the resolution.

Revenue Update

Stephanie Hill (Finance Manager) provided an informational report on the projected near-term impact of Covid-19 on revenue. Since SLVWD is highly residential, it is not experiencing the severe revenue reductions of neighboring districts. In fact, residential use has increased slightly due to a very dry February and heightened home demand for toilets and gardening. Stephanie projected an increase in uncollectable account balances in the range of \$10,000 to \$50,000. She estimated that FY2019-20 revenue will be \$115,000 higher than planned in the current budget; this excess will automatically transfer into the reserve fund as of June 30, 2020.

The far more substantial risk is the potential suspension of property tax revenues (which are about \$800,000 annually). The County has not yet notified the District about this, but there is historical precedent.

Grand Jury Update

The Santa Cruz County Grand Jury issued a report in 2018 entitled, "San Lorenzo Valley Water District: Encouraging the Flow of Information to the Public." This report included a number of recommendations which the District has gradually followed through on. Director Fultz noted that the last progress report from the Board to the County was one year ago, so the District should proactively provide an update.

Rick Rogers said that there are only three pending items: the above-mentioned Board training, a newsletter for Lompico, and training for the Lompico Assessment District Oversight Committee. He suggested that these items should be completed in the next month and a half; hence, it might suffice to send only a final report at that time. Director Fultz expressed concern that this timetable might slip, so he recommended that the Board check in again in one month. Director Farris stated that a separate final report should be prepared in any event to provide a formal assessment of the District's complete response for the permanent record.

Director Request for Financial Information

Director Fultz placed this item on the agenda to advocate for the development of a comprehensive list of liabilities, promises, best practices, etc. that factor into the District's ongoing cash needs. He suggested that this could either be taken up at the Board level or sent to the Budget Committee with specific instructions from the Board. Rick Rogers responded on behalf of the staff and detailed the work that has either been done recently or is in the process of being done to generate the desired information. He argued that it would be highly disruptive to divert staff resources to respond to intervening requests.

In reply, Director Fultz insisted that he only wanted easily generated, ballpark estimates of long-term future expenses. He was concerned that these numbers were large and could outstrip our

current ability to fund them. He asked that the Board direct the Budget Committee to undertake this effort to get these conversations started.

Director Henry spoke for many when she stated that she was really confused, and the subsequent discussion provided only minimal clarification. Both President Swan and Director Farris talked about the importance of allowing staff to do their jobs and not burden them with too many ad hoc requests for information. Director Farris said that the District Manager has every right to refuse such requests. Director Henry said that staff were happy to answer questions but that these answers frequently led to more questions, and she cited a recent (unspecified) Board meeting as a case in point.

In response, Director Fultz insisted that his requests were not burdensome (contrary to the staff's experience of them), and that he simply wanted the Budget Committee to take up the task of looking at the capital requirements to make sure that all liabilities were covered as the District planned to spend its \$3M margin each year as compared to the more than \$10M in liabilities. At this point, the meeting was nearing 3.5 hours in length, and President Swan vaguely agreed to "send this to the Budget and Finance Committee."

New Business

None.