



# **BOARD OF DIRECTORS MEETING**

## **AGENDA**

### **April 12, 2024, Regular (Rescheduled) Meeting**

Monte Rio Community Center

20488 Highway 116

Monte Rio, CA 95462

**6:30 p.m.**

NOTICE TO PERSONS WITH DISABILITIES: It is the policy of the Sweetwater Springs Water District to offer its public programs, services and meetings in a manner that is readily accessible to everyone, including those with disabilities. Upon request made at least 48 hours in advance of the need for assistance, this Agenda will be made available in appropriate alternative formats to persons with disabilities. This notice is in compliance with the Americans with Disabilities Act (28 CFR, 35.102-35.104 ADA Title II).

Any person who has any questions concerning any agenda item may call the General Manager or Assistant Clerk of the Board to make inquiry concerning the nature of the item described on the agenda; copies of staff reports or other written documentation for each item of business are on file in the District Office and available for public inspection. All items listed are for Board discussion and action except for public comment items. In accordance with Section 5020.40 et seq. of the District Policies & Procedures, each speaker should limit their comments on any Agenda item to five (5) minutes or less. A maximum of twenty (20) minutes of public comment is allowed for each subject matter on the Agenda unless the Board President allows additional time.

### **I. CALL TO ORDER *(Est. time: 2 min.)***

- A. Board members Present
- B. Board members Absent
- C. Others in Attendance

### **II. CHANGES TO AGENDA and DECLARATIONS OF CONFLICT *(Est. time: 2 min.)***

### **III. CONSENT CALENDAR *(Est. time: 5 min.)***

*(Note: Items appearing on the Consent Calendar are deemed to be routine and non-controversial. A Board member may request that any item be removed from the Consent Calendar and added as an "Administrative" agenda item for the purposes of discussing the item(s).)*

- A. Approval of the Minutes of the March 7, 2024 Regular Board Meeting
- B. Approval of Operations Warrants/Online payments/EFT payments

- C. Receipt of Item(s) of Correspondence.  
*Note: Correspondence received regarding an item on the Administrative Agenda is not itemized here, but will be attached as back-up to that item in the Board packet and addressed with that item during the Board meeting.*

**IV. PUBLIC COMMENT:** The District invites public participation regarding the affairs of the District. This time is made available for members of the public to address the Board regarding matters which do not appear on the Agenda, but are related to business of the District. Pursuant to the Brown Act, however, the Board of Directors may not conduct discussions or take action on items presented under public comment. Board members may ask questions of a speaker for purposes of clarification.

**V. ADMINISTRATIVE**

- A. Discussion/Action re Other leasing use of District property. *(Est. time 10 min.)*
- B. Discussion/Action re FY 2024-25 Budget and Rate Increase and Report from the FY 2024-25 Budget Subcommittee *(Est. time 10 min.)*
- C. Discussion/Action re Approval of Resolution 24-04, Approving a Legal Services Agreement with Redwood Public Law and Authorizing the General Manager to Sign *(Est. time 10 min.)*
- D. Discussion/Action re Approval of Resolution 24-05, Approving the First Amendment to the At-Will Employment Agreement with General Manager Eric Schanz and Authorizing the Board President to Sign *(Est. time 5 min.)*
- E. Board Subcommittee Reports (standing item) *(Est. time 5 min.)*
  - 1. Subcommittees: Recruitment/Retention

**VI. GENERAL MANAGER’S REPORT**

- 1. Laboratory Testing/Regulatory Compliance
- 2. Water Production and Sales
- 3. Leaks
- 4. Guerneville Rainfall
- 5. In-House Construction Projects
- 6. Gantt Chart
- 7. Grants
- 8. Harrison Tank Replacement Project

**VII. BOARD MEMBERS’ ANNOUNCEMENTS**

**VIII. ITEMS FOR NEXT AGENDA**

**IX. CLOSED SESSION**

**ADJOURN**

## **Sweetwater Springs Water District Mission and Goals**

The mission of the Sweetwater Springs Water District (SSWD) is to provide its customers with quality water and service in an open, accountable, and cost-effective manner and to manage District resources for the benefit of the community and environment. The District provides water distribution and maintenance services to five townships adjacent to the Russian River:

- Guerneville
- Rio Nido
- Guernewood Park
- Villa Grande
- Monte Rio

**GOAL 1: IMPLEMENT SOUND FINANCIAL PRACTICES TO ENSURE EFFECTIVE UTILIZATION OF DISTRICT RESOURCES**

**GOAL 2: PROVIDE RELIABLE AND HIGH QUALITY POTABLE WATER WITH FACILITIES THAT ARE PROPERLY CONSTRUCTED, MANAGED AND MAINTAINED TO ASSURE SYSTEM RELIABILITY**

**GOAL 3: HAVE UPDATED EMERGENCY PREPAREDNESS PLANS FOR ALL REASONABLE, FORESEEABLE SITUATIONS**

**GOAL 4: DEVELOP AND MAINTAIN A QUALITY WORKFORCE**

**GOAL 5: PROVIDE EXCELLENT PUBLIC OUTREACH, INFORMATION AND EDUCATION**

**GOAL 6: ENHANCE BOARD COMMUNICATIONS AND INFORMATION**



## **BOARD MEETING MINUTES\***

**Meeting Date: March 7, 2024**

**(\*In order discussed)**

March 7, 2024  
6:30 p.m.

**Board Members Present:**

Tim Lipinski  
Rich Holmer  
Sukey Robb-Wilder  
Gaylord Schaap  
Nance Jones

**Board Members Absent:**

None

**Staff in Attendance:**

Eric Schanz, General Manager  
Nicole King, Administrative Associate

**Others in Attendance:**

Erica Gonzalez, Meyers Nave et al.  
John Wanger, Coastland Civil Engineering  
Steve Van Saun, Coastland Civil Engineering

### **I. CALL TO ORDER (6:30 p.m.)**

The properly agendized meeting was called to Order by President Lipinski at 6:30 p.m.

### **II. CHANGES TO AGENDA and DECLARATION OF CONFLICT (6:31 p.m.)**

(None.)

### **III. CONSENT CALENDAR (6:31 p.m.)**

President Lipinski reviewed the items on the Consent Calendar. Brief discussion ensued. Director Robb-Wilder moved to approve the Consent Calendar. Director Jones seconded. Motion carried 5-0.

- A. Approval of the following Minutes of the February 1, 2024, Regular Board Meeting
- B. Approval of Operations Warrants/Online payments/EFT
- C. Receipt of items of Correspondence. (None)

#### **IV. PUBLIC COMMENT (6:32 p.m.)**

(None.)

#### **V. ADMINISTRATIVE (6:32 p.m.) \***

*\*in the order discussed*

- V-A. (6:32p.m.) Discussion/Action re Master Plan overview presentation by Coastland Engineering.** John Wanger from Coastland Civil Engineering gave a presentation of the Master Plan. Discussion ensued. Comments were made by Legal Counsel Erica Gonzalez. Further discussion ensued. No action taken.
- V-B. (7:14 p.m.) Discussion/Action re Other leasing use of District property.** Director Lipinski gave an overview of this item. Discussion ensued. No action was taken.
- V-C. (7:28 p.m.) Discussion/Action re District website.** Director Robb-Wilder gave an overview of this item. Comments were made by Legal Counsel Erica Gonzalez. Discussion ensued. No action taken.
- V-D. (7:46 p.m.) Board Subcommittee Reports (standing item).**  
**Subcommittees: Recruitment/Retention**  
**2024-25 Budget Committee**

The Recruitment/Retention subcommittee did not meet; therefore, they did not have anything to report.  
Director Jones provided a brief report for the FY 2024-25 Budget Committee. Brief discussion ensued.

#### **VI. GENERAL MANAGER'S REPORT (7:50 p.m.)**

The GM provided a report on the following items:

1. Laboratory testing / Regulatory Compliance
2. Water production and sales
3. Leaks
4. Guerneville Rainfall
5. In-House Construction Projects
6. Gantt Chart
7. Harrison Tank Replacement Project

Discussion ensued.

#### **VII. BOARD MEMBERS' ANNOUNCEMENTS/COMMENTS (7:59 p.m.)**

Director Lipinski commented on CSDA survey for Initiative 1935. Discussion ensued.  
Director Robb-Wilder announced that she would be out of town for the May 2nd Board meeting.  
Director Schaap announced he would be out of town for the May 2nd Board meeting.

#### **VIII. ITEMS FOR THE NEXT AGENDA (8:08 p.m.)**

1. Other leasing use of District property
2. Budget Committee report

*\*\*At 8:11 p.m. the Board took a brief recess. The Meeting reconvened at 8:16 p.m.*

## **IX. CLOSED SESSION (8:21 p.m.)**

At 8:09 p.m. President Lipinski announced the items in Closed Session. There was no public comment. At 8:21 p.m. the Board went into Closed Session. At 9:46 p.m. the meeting reconvened from Closed Session and the following action was announced:

- A. Pursuant to Gov. Code Section 54957 – Public Employee Appointment  
Title: General Manager**  
  
No reportable action.
- B. Pursuant to Gov. Code Section 54957.6 – Conference with labor negotiators  
Agency designated representatives: General Manager Eric Schanz and  
Special Counsel Jennifer Faught.  
Unrepresented employee: General Counsel**  
  
No reportable action.
- C. Pursuant to Gov. Code Section 54957 (b)(1) – Public Employee  
Performance Evaluation  
Title: General Manager**  
  
No reportable action.
- D. Pursuant to Gov. Code Section 54957.6 – Compensation of General  
Manager  
District Negotiators: Board Members**  
  
No reportable action.

## **ADJOURN**

The meeting adjourned at 9:48 p.m.

Respectfully submitted,

Nicole King  
Clerk to the Board of Directors

APPROVED:

Gaylord Schaap: \_\_\_\_\_  
 Sukey Robb-Wilder: \_\_\_\_\_  
 Tim Lipinski: \_\_\_\_\_  
 Rich Holmer \_\_\_\_\_  
 Nance Jones \_\_\_\_\_

# SWEETWATER SPRINGS WATER DISTRICT

**TO:** Board of Directors

**AGENDA NO. V-A**

**FROM:** Eric Schanz, General Manager

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**Meeting Date: April 12, 2024**

**Subject: Other Lease Use of District Property**

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**RECOMMENDED ACTION:**

This Item is a continuation of the discussion from the March 7<sup>th</sup> meeting. Director Lipinsky requested that the item be placed on the meeting agenda to allow for further discussion/action of other leased use of District property.

**FISCAL IMPACT:**

Varies depending on lease use.

**DISCUSSION:**

For discussion is the other lease use of District property. During March 7<sup>th</sup> meeting Director Lipinski requested that the board take up further conversation regarding possible revenue generating uses of District properties. During the meeting ideas for leased use of district property were discussed. The Board approved a motion for the formation of an "ad hoc Leased Use Property Sub Committee" formation. Director Lipinski and Director Holmer were appointed to serve on the committee.

Director Lipinski will provide an update on his communications with Sonoma Clean Power.

# SWEETWATER SPRINGS WATER DISTRICT

**TO:** Board of Directors

**AGENDA NO. V-B**

**FROM:** Eric Schanz, General Manager

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Meeting Date: April 12, 2024

**SUBJECT: DRAFT FY 2023-2024 BUDGET**

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**RECOMMENDED ACTION:** Receive a report on the Draft District FY 2024-2025 Budget, including the District's proposed water rates based on four budget options, and provide direction to staff and the *ad hoc* Budget subcommittee.

**FISCAL IMPACT:** Provides financial direction for FY 2024-2025.

## **DISCUSSION:**

The *ad hoc* Budget Subcommittee has had two meetings to discuss the draft 2024-2025 Budget which is being presented at this meeting (the line-item draft Budget, the Operating Budget Options, the Capital Projects and Capital Dept Budget is attached. Among the items to be discussed:

### **Proposed FY 2024-2025 Water Rates**

As part of the draft budget process four different budget options have been provided to offer a view on the fiscal impacts based on the percent of increase, in particular the impact on operating surplus available for capital projects. Water sales and growth have been lower than the projected revenues and growth from the Water Rates Study. The added cost of inflation could not be anticipated when the Rate Study was completed.

Fees: No increase or changes to fees are recommended for this fiscal year budget. District staff and the *ad hoc* Budget Subcommittee will review the fee schedule and make recommendations for the next fiscal budget year 2025-2026.

### **Fiscal Year 2024-2025 Budget**

The draft FY 2024-2025 Budget has been discussed by the *ad hoc* Budget Subcommittee in two meetings in February and March. Staff have met several times to develop the appropriate line item amounts for the Operating section of the Budget.

Items discussed and assumptions used to develop the Operating section of the Budget include:



- Water Usage and Base Rate and Capital Debt Reduction Charges will be raised based on direction from the board from the Operating Budget Options sheet.
- Water Usage revenues are predicted to be lower. Current water sales revenue are down.
- The effects of inflation on operating cost can be seen reflected in this year's operating budget. The largest increase can be seen in services and supplies as utilities charges, chemical cost, parts and materials cost have all increased.
- Salaries and Retirement have been adjusted to reflect the 2020 Union Memorandum of Understanding with a 3% increase, however, labor cost are expected to see a larger increase with MOU negotiations taking place before expiration of current contract in July of 2025. This will have fiscal impacts for the fiscal year 2025-26 budget.

## **Capital Budget**

Staff introduced a new Capital Budget spreadsheet last year (attached). The spreadsheet covers multiple years and is designed to be a living document, amended as needed to reflect the frequent project and timing changes that can occur with our capital spending. It also includes information about grant funding.

Capital expenditures are broken down into three (3) categories:

- (1) Large projects;
- (2) In-house projects and equipment; and
- (3) Debt payments and *Sinking Fund* (see, Debt Maintenance Planning, below)

As the Capital Budget spreadsheet shows in more detail, the District has several small projects scheduled for FY 2024-25. Grant funding for the Wright Drive Design project has been approved but not yet received pending environmental review completion. It is anticipated that the design phase will be completed in fiscal year 2024-2025 with the construction phases of the project starting in fiscal year 2025-2026. This allows time to secure additional grant funding for the construction phase of the project. The new Capital Budget spreadsheet – a conservative cash budget -- will only recognize grant funding as revenue when it is received.

## ***Debt Maintenance Planning***

### **Sinking Fund**

In FY 2023-24 staff with the Board's approval began a sinking fund for our District debt. The idea of a sinking fund is to set money aside to cover known expenses in

the future. In our case, money allocated to the sinking fund would be transferred out of CIRF and into our debt payment fund at the County. The District’s annual debt expense is around \$780,000 each year. Staff believes it is prudent to maintain the sinking fund to lower that amount not just this year but in future years as well. The timing is right as we are currently receiving extra revenue in the way of grant funding.

The District has been approved for \$871,654 in grant funding in FY 2023-24. Staff is recommending setting aside \$200,000 of this capital revenue for the sinking fund.

The Board should note that should a financial emergency arise in the future, the unused portion of the sinking fund could be transferred back into CIRF.

**Proposition 218 Notice**

Proposition 218 requires that 45-day notice be given to all property owners in the area affected by a proposed rate increase. Notice for a proposed water rate increases will need to be mailed to all property owners by April 19, 2024. The Notice will provide for an increase to the Base Rate and Water Usage Charges and Capital Debt Reduction Charge based on the option selected by the board and will include the proposed rate schedules and a protest form.

<b>Table 1. FY 2023-2024 Budget Preparation</b>	
Introduce Budget Process	March 7, 2024
Budget Committee meetings	February and March 2024
Draft Budget to Board for Discussion/Action, Including Direction on Water Rates	April 12, 2024
Prop 218 Mailing for Water Rate Increase	April 19, 2024
Draft Budget to Board for Discussion/Action	May 2, 2024
Approve Budget <ul style="list-style-type: none"><li>• Prop 218 Public Hearing on Rates</li></ul>	June 6, 2024

## 2024-25 Operating Budget Options

	2023-24 Actual (Est.)	2024-25 Option 1	2024-25 Option 2	2024-25 Option 3	2024-25 Option 4
	7.5% rate increase plus Tier 1 Adjustment	5% rate increase	6.5% rate increase	7.5% rate increase	9% rate increase
Base Rate	\$81.21	\$85.27	\$85.27	\$87.30	\$88.52
CDR	\$14.87	\$15.61	\$15.61	\$15.99	\$16.21
Tier 1 rate	\$2.10	\$2.21	\$2.10	\$2.26	\$2.29
Tier 2 rate	\$4.47	\$4.69	\$4.69	\$4.81	\$4.87
<b>Projected SFD Bimonthly Bill (6 hcf)</b>	<b>\$108.68</b>	<b>\$114.11</b>	<b>\$113.48</b>	<b>\$116.83</b>	<b>\$118.46</b>
<b>REVENUE</b>					
<b>Water Sales</b>					
Base Rate	\$2,117,309	\$2,223,174	\$2,254,934	\$2,276,107	\$2,307,867
Current Charges	\$685,788	\$720,077	\$730,364	\$737,222	\$747,509
CDR	\$368,793	\$387,233	\$392,765	\$396,452	\$401,984
<b>Total Water Sales</b>	<b>\$3,171,890</b>	<b>\$3,330,485</b>	<b>\$3,378,063</b>	<b>\$3,409,782</b>	<b>\$3,457,360</b>
Rent	\$124,800	\$128,500	\$128,500	\$128,500	\$128,500
Other	\$44,000	\$37,500	\$37,500	\$37,500	\$37,500
<b>Total Non-Operating Revenue</b>	<b>\$168,800</b>	<b>\$166,000</b>	<b>\$166,000</b>	<b>\$166,000</b>	<b>\$166,000</b>
<b>Total Income</b>	<b>\$3,340,690</b>	<b>\$3,496,485</b>	<b>\$3,544,063</b>	<b>\$3,575,782</b>	<b>\$3,623,360</b>
<b>EXPENDITURES</b>					
<b>Salary and Benefits</b>					
Wages/Overtime/On-Call	\$1,046,558	\$1,141,810	\$1,141,810	\$1,141,810	\$1,141,810
Benefits	\$473,808	\$574,208	\$574,208	\$574,208	\$574,208
<b>Total Salary and Benefits</b>	<b>\$1,520,366</b>	<b>\$1,716,018</b>	<b>\$1,716,018</b>	<b>\$1,716,018</b>	<b>\$1,716,018</b>
<b>Total Services and Supplies</b>	<b>\$878,965</b>	<b>\$918,250</b>	<b>\$918,250</b>	<b>\$918,250</b>	<b>\$918,250</b>
<b>Total Expenditures</b>	<b>\$2,399,331</b>	<b>\$2,634,268</b>	<b>\$2,634,268</b>	<b>\$2,634,268</b>	<b>\$2,634,268</b>
<b>OPERATING INCOME</b>	<b>\$941,359</b>	<b>\$862,217</b>	<b>\$909,795</b>	<b>\$941,514</b>	<b>\$989,092</b>
<i>* Move to Capital Spreadsheet</i>					
<b>Transfers to Capital</b>					
CIRF (CDR Revenue)	\$389,419	\$387,233	\$392,765	\$396,452	\$401,984
<b>CIRF (Operating Surplus)</b> RATE STUDY PROJ: \$665,000	<b>\$535,000</b>	<b>\$455,000</b>	<b>\$500,000</b>	<b>\$525,000</b>	<b>\$570,000</b>
Building Fund	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
<b>Total Transfers to Capital</b>	<b>\$939,419</b>	<b>\$857,233</b>	<b>\$907,765</b>	<b>\$936,452</b>	<b>\$986,984</b>
Undesignated Operating func	\$1,940	\$4,984	\$2,030	\$5,061	\$2,108

SWEETWATER SPRINGS WATER DISTRICT  
DRAFT OPERATING BUDGET  
FY 2024-25

DRAFT

		YEAR END ACTUAL (CASH)	APPROVED BUDGET 7.5% rate incr	ESTIMATED YEAR END ACTUAL	PROPOSED BUDGET 9% rate increase	+/- Change (from last year)
REVENUE		FY 2022-23	FY 2023-24	FY 2023-24	FY 2024-25	
<b>OPERATING REVENUE</b>						
<b>Water Sales</b>						
	Base Rate	1,900,134	2,128,436	2,117,309	2,307,867	179,431
	Current Charges	493,571	697,430	685,788	747,509	50,079
	Capital Debt Reduction Charges	348,408	389,419	368,793	401,984	12,565
	<b>TOTAL WATER SALES</b>	<b>2,742,113</b>	<b>3,215,285</b>	<b>3,171,890</b>	<b>3,457,360</b>	<b>242,075</b>
	<b>Total OPERATING REVENUE</b>	<b>2,742,113</b>	<b>3,215,285</b>	<b>3,171,890</b>	<b>3,457,360</b>	<b>242,075</b>
<b>NON-OPERATING REVENUE</b>						
	Grant Proceeds	20,000	0		-	-
1700	Interest	15,168	6,000	27,000	22,000	16,000
3600	Construction New Services	3,206	8,000	8,000	8,000	
3601	Construction Service Upgrades	7,065	6,000	6,000	6,000	
4032	Rent	121,061	124,800	124,800	128,500	3,700
4040	Miscellaneous Income	19,859	1,500	3,000	1,500	-
	<b>Total NON-OPERATING REVENUE</b>	<b>186,359</b>	<b>146,300</b>	<b>168,800</b>	<b>166,000</b>	<b>19,700</b>
	<b>Total OPERATING INCOME</b>	<b>2,928,472</b>	<b>3,361,585</b>	<b>3,340,690</b>	<b>3,623,360</b>	<b>261,775</b>
<b>EXPENSES</b>						
<b>OPERATING EXPENSES</b>						
<b>SALARY &amp; BENEFITS</b>						
<b>Salary</b>						
5910	Wages	831,242	999,600	964,558	1,052,814	53,214
5912	Overtime	36,600	35,000	40,000	45,000	10,000
5916	On-Call Pay	43,430	40,000	42,000	44,000	4,000
	<b>Total Salary</b>	<b>911,272</b>	<b>1,074,600</b>	<b>1,046,558</b>	<b>1,141,810</b>	<b>67,210</b>
<b>Benefits</b>						
5500	Flex Spending	-2,315	0	0	0	-

SWEETWATER SPRINGS WATER DISTRICT  
DRAFT OPERATING BUDGET  
FY 2024-25

		YEAR END ACTUAL (CASH)	APPROVED BUDGET 7.5% rate incr	ESTIMATED YEAR END ACTUAL	PROPOSED BUDGET 9% rate increase	+/- Change (from last year)
5920	Retirement (District portion)	67,115	85,600	72,000	88,000	2,400
5920.4	Retirement - UL	3,001	1,500	1,385	9,400	7,900
5922	Payroll Taxes (District share)	15,010	18,400	20,000	22,000	3,600
5930	Health Benefits (District share)	266,803	321,600	330,000	405,308	83,708
5931	Retiree Health	13,800	14,100	14,000	14,500	400
5940	Workers Comp Insurance	23,829	32,000	35,423	34,000	2,000
5941	Life Insurance (GM)	0	1,000	1,000	1,000	-
	<b>Total Benefits</b>	<b>387,243</b>	<b>474,200</b>	<b>473,808</b>	<b>574,208</b>	<b>100,008</b>
	<b>TOTAL SALARY &amp; BENEFITS</b>	<b>1,298,515</b>	<b>1,548,800</b>	<b>1,520,366</b>	<b>1,716,018</b>	<b>167,218</b>
<b>SERVICES &amp; SUPPLIES</b>						
<b>Communications</b>						
6040-I	Internet service	5,714	4,600	5,500	4,500	(100)
6040-C	Cell Phones/Radios	7,490	7,250	6,000	5,500	(1,750)
6040-T	Telephones	32,196	35,000	40,000	38,000	3,000
	<b>Total Communications</b>	<b>45,400</b>	<b>46,850</b>	<b>51,500</b>	<b>48,000</b>	<b>1,150</b>
<b>Insurances</b>						
6101	Liability & Auto Ins.	45,266	50,000	50,150	53,000	3,000
	<b>Total Insurances</b>	<b>45,266</b>	<b>50,000</b>	<b>50,150</b>	<b>53,000</b>	<b>3,000</b>
<b>Maintenance - Office &amp; Vehicles</b>						
6140	Vehicle Maintenance	16,218	18,000	25,000	25,000	7,000
6151	Office Maintenance	4,951	5,000	6,000	8,400	3,400
	<b>Total Maintenance - Office &amp; Vehicles</b>	<b>21,169</b>	<b>23,000</b>	<b>31,000</b>	<b>33,400</b>	<b>10,400</b>
<b>Maintenance - Facilities</b>						
6085	Janitorial Services	10,562	12,000	12,000	12,000	-
6100	SCADA System	9,000	8,000	8,000	10,000	2,000
6180	Distribution System Repairs	40,951	60,000	60,000	65,000	5,000
6235	Treatment Sys/Well Repairs	42,435	45,000	40,000	40,000	(5,000)
6143	Generator Maintenance	467	5,000	3,000	4,000	(1,000)
	<b>Total Maintenance - Facilities</b>	<b>103,415</b>	<b>130,000</b>	<b>123,000</b>	<b>131,000</b>	<b>1,000</b>
<b>Miscellaneous Expenses</b>						

SWEETWATER SPRINGS WATER DISTRICT  
DRAFT OPERATING BUDGET  
FY 2024-25

	YEAR END ACTUAL (CASH)	APPROVED BUDGET 7.5% rate incr	ESTIMATED YEAR END ACTUAL	PROPOSED BUDGET 9% rate increase	+/- Change (from last year)
6280	Memberships	10,906	11,500	11,500	-
6303	Claims	0	1,000	1,000	-
6593	Governmental Fees	32,203	31,755	24,000	(7,755)
	<b>Total Miscellaneous Expenses</b>	<b>43,109</b>	<b>44,255</b>	<b>36,500</b>	<b>(7,755)</b>
	<b>Office Expense</b>				
6410	Postage	17,545	20,000	20,000	-
6430	Printing Expense	4,333	8,200	5,000	(3,200)
6461	Office Supplies	9,368	6,000	11,000	6,000
6800	Subscriptions/Legal Notices	1,980	1,400	1,000	100
6890	Computers/Software	3,237	2,500	2,500	(1,000)
6895	Billing System	15,780	15,400	15,400	1,100
6897	Website	2,400	3,000	3,000	500
	<b>Total Office Expense</b>	<b>54,643</b>	<b>56,500</b>	<b>60,000</b>	<b>3,500</b>
	<b>Operating Supplies</b>				
6300	Chemicals	17,803	20,000	22,000	2,000
6880	Tools and Equipment	3,947	7,500	14,000	-
6881	Safety Equipment	2,468	3,000	4,000	2,000
	<b>Total Operating Supplies</b>	<b>24,218</b>	<b>30,500</b>	<b>38,000</b>	<b>4,000</b>
	<b>Professional Services</b>				
6514	Lab/Testing Fees	16,066	16,000	16,000	1,000
6570	Consultant Fees	25,231	23,000	20,000	4,000
6590	Engineering	9,346	10,000	8,000	-
6610	Legal	27,513	30,000	25,000	-
6630	Audit/Accounting	44,821	45,850	45,850	(850)
	<b>Total Professional Services</b>	<b>122,977</b>	<b>124,850</b>	<b>114,850</b>	<b>4,150</b>
	<b>Rents &amp; Leases &amp; Loans</b>				
6820	Equipment	1,670	3,800	2,000	(1,800)
6840	Building & Warehouse	31,275	32,000	32,000	1,000
7913	Policy Reserve Loan	135,000	135,000	135,000	-
	<b>Total Rents, Leases &amp; Loans</b>	<b>167,945</b>	<b>170,800</b>	<b>169,000</b>	<b>(800)</b>
	<b>Transportation &amp; Travel</b>				

SWEETWATER SPRINGS WATER DISTRICT  
DRAFT OPERATING BUDGET  
FY 2024-25

		YEAR END ACTUAL (CASH)	APPROVED BUDGET 7.5% rate incr	ESTIMATED YEAR END ACTUAL	PROPOSED BUDGET 9% rate increase	+/- Change (from last year)
7120	Seminars & related travel	2,006	3,000	1,500	2,000	(1,000)
7201	Vehicle Gas	37,541	42,000	46,000	49,000	7,000
7300	Travel Reimbursements	4,307	4,100	4,100	4,100	-
<b>Total Transportation &amp; Travel</b>		<b>43,854</b>	<b>49,100</b>	<b>51,600</b>	<b>55,100</b>	<b>6,000</b>
<b>Uniforms</b>						
6021.1	Boots	2,108	1,715	1,715	2,000	285
6021.3	T-shirts	825	1,500	1,500	1,500	-
6021.4	Jackets	901	250	250	250	-
<b>Total Uniforms</b>		<b>3,834</b>	<b>3,465</b>	<b>3,465</b>	<b>3,750</b>	<b>285</b>
<b>Utilities</b>						
7320	Electricity	137,240	139,000	150,000	160,000	21,000
7321	Propane	4,157	4,000	4,000	4,000	-
<b>Total Utilities</b>		<b>141,397</b>	<b>143,000</b>	<b>154,000</b>	<b>164,000</b>	<b>21,000</b>
<b>Total SERVICES &amp; SUPPLIES</b>		<b>817,227</b>	<b>872,320</b>	<b>878,965</b>	<b>918,250</b>	<b>45,930</b>
<b>FIXED ASSET EXPENDITURES</b>						
8517	Field/Office equipment	0	-	0	-	-
8511.1	Tank/Facilities Sites	11,980	-	0	-	-
8511.6	Leasehold Improvements	0	0	0	-	-
<b>Total FIXED ASSET EXPENDITURES</b>		<b>11,980</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total OPERATING EXPENSES</b>		<b>2,127,722</b>	<b>2,421,120</b>	<b>2,399,331</b>	<b>2,634,268</b>	<b>213,148</b>
<b>TRANSFERS TO OTHER FUNDS</b>						
8620.7	Tfers to CIRF for CDR Revenue	349,022	389,419	389,419	401,984	12,565
8620.3	Tfers to CIRF	400,000	535,000	535,000	570,000	35,000
8620.5	Tfers to Building Fund	15,000	15,000	15,000	15,000	-
8620.2	Tfers to In-House Constr	25,000	-	0	-	-
<b>Total TRANSFERS TO OTHER FUNDS</b>		<b>789,022</b>	<b>939,419</b>	<b>939,419</b>	<b>986,984</b>	<b>47,565</b>
<b>OPERATING SURPLUS/DEFICIT AFTER TFERS</b>		<b>11,728</b>	<b>1,046</b>	<b>1,940</b>	<b>2,108</b>	<b>1,062</b>

## FY 2023-24 Capital Projects and Capital Debt Budget (Cash)

			2022-23 (Estimate) (Actual)	2023-24 Budget/Actual (7.5% incr.)	2024-25 Budget (9% incr.)				
<b>Total CIRF Balance Beginning of Year</b>			<b>\$1,994,980</b>	<b>\$1,031,288</b>	<b>\$750,755</b>				
<b>REVENUE</b>									
Assessments/New Services			\$781,634	\$750,000	\$750,000				
CDR Transfer from Operations			\$349,022	\$389,419	\$401,984				
Operating Surplus Transfer from Operations			\$400,000	\$535,000	\$570,000				
Close out In-House Construction acct			\$0	\$54,637	\$0				
Interest			\$16,579	\$24,177	\$30,000				
New Construction			\$15,636	\$16,304	\$0				
Grants Received			\$701,360	\$146,234	\$0				
<b>Total Revenue</b>			<b>\$2,264,231</b>	<b>\$1,915,771</b>	<b>\$1,751,984</b>				
<b>Total Available for Capital Expenses</b>			<b>\$4,259,211</b>	<b>\$2,947,059</b>	<b>\$2,502,739</b>				
<b>EXPENDITURES</b>						<b>GRANT INFORMATION</b>			
	TOTAL PROJECT COST	PAID (PY)				GRANTS APPROVED	GRANTS RECEIVED CY	GRANTS RECEIVED PY	GRANTS APPROVED BUT NOT YET REC'D
<b>CIP Projects</b>									
CIP 2021	\$1,790,608	\$1,790,608	\$1,650,342	\$0	\$0	\$818,280	\$0	\$818,280	\$0
Lower Harrison	\$941,775	\$60,323	\$38,754	\$850,000	\$0	\$871,654	\$60,835	\$0	\$810,819
MR Well 5	\$120,047	\$110,191	\$32,678	\$0	\$0	\$90,860	\$81,774	\$0	\$9,086
County MR Bridge (CANCELLED)	\$4,028	\$4,028	\$1,373	\$0	\$0	\$4,028	\$3,625	\$0	\$403
County Moscow Road 2019 slide	\$50,000	\$7,898	\$3,353	\$0	\$0	\$0	\$0	\$0	\$0
County Moscow Road 2023 slide	\$257,640	\$205,685	\$192,079	\$371	\$0	\$188,884	\$0	\$0	\$188,884
County Neeley Road Emergency Proj	\$489,790	\$339,860	\$339,860	\$42,111	\$0	\$0	\$0	\$0	\$0
Wright Dr - Design	\$243,810	\$0	\$0	\$0	\$243,810	\$160,450	\$0	\$0	\$160,450
Wright Drive main pressure zone*	\$3,087,093	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Wright Drive upper pressure zone	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bohemian Hwy Boring Proj	\$100,000	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0	\$0
Schoeneman pressure zone	\$900,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Schoeneman tank	\$600,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total CIP Projects</b>			<b>\$2,258,438</b>	<b>\$892,483</b>	<b>\$343,810</b>				
			OBLIGATIONS:						
<b>Other Capital Expenses</b>									
Annual transfer to Policy Reserves			\$8,174	\$32,821	\$88,000				
In-House Project/Site Improvements			\$15,289	\$105,000	\$95,000				
District Master Plan	\$218,840	\$0	\$0	\$220,000	\$0				
Vehicle			\$0	\$1,000	\$80,000				
<b>Total Other Capital Projects/Equipment</b>			<b>\$23,463</b>	<b>\$358,821</b>	<b>\$263,000</b>				
<b>Capital Debt Payments (for next FY)</b>									
Debt tfer (reduced by Sinking Fund adj.)			\$744,661	\$745,000	\$745,000				
Debt or UL Sinking Fund			\$200,000	\$200,000	\$0				
<b>Total Debt</b>			<b>\$944,661</b>	<b>\$945,000</b>	<b>\$745,000</b>				
<b>Total CIP/Debt Expenditures</b>			<b>\$3,226,563</b>	<b>\$2,196,304</b>	<b>\$1,351,810</b>				
<b>Total CIRF Balance End of Year (Est.)</b>			<b>\$1,032,648</b>	<b>\$750,755</b>	<b>\$1,150,929</b>				
			Actual CIRF	\$1,031,288					

FY 2023-24: El Bo Well Rehab (\$80G); In-House projects  
 FY 2024-25: Eagle Nest water line (\$20,000); Lower Summit equipment improvements (pump, generator, tank liner \$60,000)



# SWEETWATER SPRINGS WATER DISTRICT

**TO:** Board of Directors

**AGENDA NO. V-C**

**FROM:** Eric Schanz, General Manager

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**Meeting Date: April 12, 2024**

**Subject: Approval of Resolution 24-04, Approving a Legal Services Agreement with Redwood Public Law and Authorizing the General Manager to Sign**

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**RECOMMENDED ACTION:**

Adopt Resolution 24-04, approving a legal services agreement with Redwood Public Law to provide general and specialized services to the District, and approving the General Manager to sign the agreement.

**FISCAL IMPACT:**

The proposed agreement will increase the hourly rate for legal services consistent with the terms of the current legal services agreement which allows the rate to be adjusted annually by 3% or the CPI, whichever is greater. The hourly rate for General Counsel Erica Gonzalez's services will increase from her current rate of \$285/hr. to \$295/hr. These rates do not include fees for other services, such as online legal research. Travel shall be billed at one-half the legal rate and is estimated to total approximately \$7,080 annually for the remaining FY 2023-2024.

**BACKGROUND:**

Effective February 1 2023, Erica Gonzalez assumed the role as General Counsel for the District as a member of the firm Meyers Nave, PLC ("Meyers Nave"). Meyers Nave (formerly Meyers Nave Riback Silver & Wilson) has provided general and special counsel services to the District since October 1, 2006. Meyers Nave contracts with third party attorneys to provide labor relations on behalf of the District. Ms. Gonzalez and Meyers Nave have recently advised the District that she and the team of attorneys that currently provide legal services to the District departed Meyers Nave to join Redwood Public Law, LLP ("Redwood Public Law") effective March 15, 2024. Redwood Public Law is a law firm that is focused on the representation of public agencies and includes lawyers who specialize in municipal and special district law, open meeting laws, and general counsel services.

**DISCUSSION:**

The legal services provided to the District under the current agreement with Meyers Nave includes general and special counsel services. These services are provided primarily by the attorneys who have joined Redwood Public Law. Staff are proposing that an agreement with Redwood Public Law be approved, to allow Ms. Gonzalez and her team to continue to provide the general and special counsel services they currently provide.

This will provide for a continuity of legal services. Redwood Public Law has agreed to maintain the hourly rates set forth in the current agreement with Meyers Nave, subject to annual adjustment. These rates do not include fees for other services, such as online legal research. Attorney travel for District matters, including attendance at board meetings, shall be billed at one-half the legal rate. Travel cost is estimated to total approximately \$7,080 annually for the remaining FY 2023-2024 (calculated at 4 hours round trip for 12 months). Additionally, Redwood Public Law will continue to contract with third party attorneys to provide labor relations on behalf of the District.

The proposed agreement with Redwood Public Law includes substantially the same terms as the current agreement with Meyers Nave for general and special counsel services and continues to provide for Ms. Gonzalez to serve as District General Counsel. The proposed agreement would be effective as of March 15, 2024.

**Attachments:**

1. Resolution Approving Legal Services Agreement with Redwood Public Law
2. Agreement with Redwood Public Law

## **RESOLUTION 24-04**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT APPROVING A LEGAL SERVICES AGREEMENT WITH REDWOOD PUBLIC LAW AND AUTHORIZING THE GENERAL MANAGER TO SIGN**

**WHEREAS**, the Sweetwater Springs Water District (District) and Meyers Nave, PLC (formerly Meyers Nave Riback Silver & Wilson) have had a longstanding representational relationship to serve as District Counsel and provide general and specialized legal services, pursuant to the terms and conditions of the Agreement for Legal Services dated October 1, 2006; and

**WHEREAS**, a new legal services agreement between the District and Redwood Public Law LLP is presented to the District, to provide for a continuity of legal services by the team of attorneys that currently provide legal services to the District who have departed Meyers Nave to join Redwood Public Law, LLP, a draft of which is attached to the Resolution; and

**WHEREAS**, the new legal services agreement between the District and Redwood Public Law LLP includes substantially the same terms as the current agreement with Meyers Nave for general and special counsel services, with the addition of Attorney travel for District matters, including attendance at board meetings, estimated to total approximately \$7,080 annually for the remaining FY 2023-2024;

**WHEREAS**, the proposed agreement does not affect the current budget for general legal services in the existing FY 2023-2024 and FY 2024-2025 budget; and

**WHEREAS**, the District Board of Directors is familiar with the contents thereof;

**WHEREAS**, the District Board of Directors finds that approving the proposed agreement is in the best interest of the District.

**NOW, THEREFORE, BE IT RESOLVED**, that:

1. The legal services agreement, attached as Exhibit A, is hereby approved; and
2. The provisions of the legal services agreement shall be effective March 15, 2024; and
3. The General Manager is hereby authorized to execute the legal services agreement in substantially the same form as Exhibit A, with Special Counsel Jennifer Fraught to assist with final drafting.

I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER

SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on April 12, 2024, by the following vote.

<b>Director</b>	<b>Aye</b>	<b>No</b>
Sukey Robb-Wilder	_____	_____
Tim Lipinski	_____	_____
Rich Holmer	_____	_____
Gaylord Schaap	_____	_____
Nance Jones	_____	_____

\_\_\_\_\_  
Tim Lipinski  
President of the Board of Directors

\_\_\_\_\_  
Attest: Julie A. Kenny  
Clerk of the Board of Directors

## **EXHIBIT A**

### **REDWOOD PUBLIC LAW LLP**

#### **AGREEMENT FOR LEGAL SERVICES WITH SWEDETWATER SPRINGS WATER DISTRICT (MARCH 15, 2024)**

##### **1. Scope of Services**

Redwood Public Law, LLP (“Redwood”) will provide Sweetwater Springs Water District (“District”) legal services in the following matter: General legal services, including advice and counsel to District and the Board, transactional services, and risk management. Redwood will provide those legal services reasonably required to represent District. Redwood will also provide specialized legal services for additional matters that District requests of us, provided Redwood agrees to perform that additional work. Specialized services, include litigation, eminent domain, and labor & employment advice. A letter confirming such additional work shall bring such work within the scope of this agreement. Redwood will take reasonable steps to keep District informed of progress and will promptly respond to your inquiries. Redwood will also provide additional services to District pursuant to the terms of this letter, if we both so agree in writing. Email confirmation of your request for the additional services will be sufficient to bring them within the scope of this Agreement.

##### **2. Staffing**

Erica Gonzalez, Senior Associate will serve as General Counsel. Richard Pio Roda will serve as the Partner on the engagement and supervisor. While Ms. Gonzalez and Mr. Pio Roda intend to have primary responsibility for handling these matters, District is retaining Redwood and not any specific attorney. Ms. Gonzalez and Mr. Pio Roda will utilize other attorneys and legal assistants in the best exercise of our professional judgment. If, at any time, District has any questions, concerns, or comments about how the matter is staffed, or anything else, please contact Ms. Gonzalzal or Mr. Pio Roda.

##### **3. Monthly statements**

Redwood will provide District with a monthly statement of all attorney fees and costs incurred during the applicable billing period, as described in section 6 below. If applicable and required, Redwood will apply a deposit to the balance shown on the statement. No deposit will be required for this engagement, although Redwood reserves the right to require one should it become necessary. If attorney fees and costs exceed the amount of the deposit, District will pay any additional balance due on receipt of Redwood’s monthly statement. District will also replenish the deposit each month in the amount of all payments made to Redwood from the deposit. At the conclusion of the matter, the deposit will be applied to the final statement. District will be responsible for any amount due over and above the deposit. If the amount due from District in the final statement is less than the amount of the deposit, the difference will be refunded to District.

#### **4. Fees and Billing Practices**

As compensation for our services, District agrees to pay by the hour at our hourly rates for all time spent on your matter by Redwood's legal personnel. Current hourly rates for legal personnel are set forth in Attachment 1. Time is billed in minimum increments of one-tenth (0.1) of an hour.

The rates on this schedule are typically revised on January 1. If District declines to pay increased rates, Redwood will have the right to withdraw as attorney for District if permitted under the Rules of Professional Conduct of the State Bar of California and/or applicable law.

The time charged will include, but is not limited to, the time attorneys spend on telephone calls, e-mails and other electronic communications relating to your matter, including calls and e-mails with District and other parties and attorneys. Attorneys will charge for waiting time and for travel time, both local and out of town.

#### **5. Costs and Other Charges**

##### **5.1. Costs, generally**

Redwood will incur various costs and expenses in performing legal services under this Agreement. District agrees to pay for all costs, disbursements, and expenses in addition to the hourly fees.

##### **5.2. External costs**

External costs and expenses commonly include notary fees, long distance telephone charges, messenger and other delivery fees, postage, outside photocopying and other reproduction costs, travel costs including parking, mileage, transportation, meals and hotel costs, investigation expenses, translator/interpreter fees, consultants' fees and/or special master fees and other similar items. The foregoing external costs and expenses will be charged at Redwood's cost, with the exception of travel time. Time spent traveling on behalf of the District shall be billed at one-half (1/2) of the rate set forth in Attachment 1. Costs will be advanced by Redwood and then billed to District unless the costs can be met out of your deposits that are applicable toward costs. However, for substantial cost items, Redwood may, at our option, require that District make advance payment.

##### **5.3. Internal costs**

Internal charges include, but are not limited to, storage of electronic and physical client files and other documents and files kept as part of providing legal services, duplicating, facsimile charges, telephone and video and teleconference system charges, postage, mileage, and other administrative expenses. Redwood have determined that the most effective method of accounting for these administrative costs is to charge a flat 5% of the professional fees incurred.

#### **5.4. Out-of-town travel**

District agrees to pay transportation, meals, lodging and all other costs of any necessary out-of-town travel by our legal personnel. District will also be charged our hourly rates for the time legal personnel spend traveling.

#### **5.5. Experts, Consultants, and Investigators**

To aid in your matter, it may become necessary to hire expert witnesses, consultants, or investigators. District agrees to pay such fees and charges. After consulting with District, Redwood will select any expert witnesses, consultants, or investigators to be hired, and Redwood will inform District of who is chosen and their charges.

#### **5.6. Pre-approval for large-cost items**

Redwood will obtain your consent before incurring any costs more than \$1,000.

### **6. Statements and Payments**

Redwood will send District periodic statements indicating attorney fees and costs incurred and their bases, any amounts applied from the deposit(s), and any current balance owed. If no attorney fees or costs are incurred for a particular month, or if they are minimal, the statement may be held and combined with that for the following month unless District requests a statement. Any balance will be paid in full within 30 days after the statement is mailed. District agrees to promptly review all statements Redwood send District and to promptly communicate any objections, questions, or concerns about them.

If a statement is not paid when due, interest will be charged on the principal balance (consisting of any unpaid fees, costs, and/or expenses) shown on the bill. Interest will be calculated by multiplying the unpaid balance by the periodic rate of 0.833% per month. The unpaid balance will bear interest until paid.

### **7. Arbitration**

#### **7.1. Arbitration of All Claims Including Claims of Malpractice**

Any dispute between Redwood and District regarding the construction, application, or performance of any services under this Agreement, and any claim arising out of or relating to this Agreement or its breach, including, without limitation, claims for breach of contract, professional negligence, breach of fiduciary duty, misrepresentation, fraud, and disputes regarding attorney fees and/or costs charged under this Agreement (except as provided in 7.2 below) shall be subject to a mediation process or other alternative dispute resolution including but not limited to mediation, non-binding arbitration, or settlement conference using a neutral mediator prior to initiation of litigation. The parties shall appoint a neutral mediator to hear the dispute and assist the parties to reach agreement on all issues in a collaborative manner in Sonoma County, California, unless the parties agree in writing to a different arbitration method or forum.

#### **7.2. Mandatory Fee Arbitration**

Notwithstanding 7.1 above, the parties acknowledge that in any dispute over attorneys' fees, costs or both subject to the jurisdiction of the State of California over attorneys' fees, charges, costs, or expenses, District have the right to elect arbitration pursuant to procedures

as set forth in California Business and Professions Code Sections 6200-6206 (the Mandatory Fee Arbitration Act). If, after receiving a Notice of District's Right to Fee Arbitration, District do not elect to proceed under the Mandatory Fee Arbitration Act procedures by failing to file a request for fee arbitration within 30 days, any dispute over fees, charges, costs, or expenses will be resolved by binding arbitration as provided in 7.1 above. Arbitration pursuant to the Mandatory Fee Arbitration Act is non-binding unless the parties agree in writing, after the dispute has arisen, to be bound by the arbitration award. The Mandatory Fee Arbitration Act procedures permit a court trial after non-binding arbitration, or a subsequent binding contractual arbitration if the parties have agreed to binding arbitration, if either party rejects the award within 30 days after the award is mailed to the parties.

#### **8. District Approval Necessary for Settlement**

Redwood will not make any settlement or compromise of any nature of any of your claims without District's prior approval. District retains the absolute right to accept or reject any settlement.

#### **9. Termination of Representation**

District may terminate the attorney-client relationship at any time. Redwood may withdraw with District consent or for good cause or if permitted under the Rules of Professional Conduct of the State Bar of California and/or applicable law. Among the circumstances under which Redwood may withdraw are: (a) with District consent; (b) District conduct renders it unreasonably difficult for the Redwood to carry out the representation effectively; and/or (c) District fails to pay Redwood's fees or costs as required by this Agreement. Notwithstanding the discharge, District will remain obligated to pay Redwood at the agreed rates for all services provided and to reimburse Redwood for all costs advanced. Following any termination of representation, Redwood will release your client files only following your delivery to us of a signed release letter containing appropriate directions and an acknowledgment of the obligation to pay outstanding fees. District will be charged for the reasonable costs of retrieval, assembly, copying, processing, and transfer of all files or materials.

#### **10. Conclusion of Services**

When Redwood's services conclude, whether by completing the services covered by this Agreement, or by discharge or withdrawal, all unpaid charges for fees or costs will be due and payable immediately.

#### **11. Document Retention.**

During Redwood's representation of District, District may provide Redwood with, and Redwood may obtain documents that are relevant to, the representation. Some of those documents may be important to District and so that there is no confusion Redwood finds that it is useful at the inception of the representation for us to communicate our document retention policy. Redwood is committed to using less paper and eliminating unnecessary copies of documents. Documents of record can be either hard copies or digital, regardless of the form they took originally when created or received by Redwood. Whenever it is proper and practicable, Redwood prefers documents of record (official version) to be in digital



format. Further, if a record is stored electronically, then paper copies may be deemed duplicative and may be purged. This helps us manage information, helps the environment, and helps control your and our costs. The materials pertaining to our representation belong to District and District may access them or have duplicates provided to District at any time during our engagement apart from certain Redwood accounting information. At the conclusion of our representation, no further representation will be provided, and Redwood recommend that District make arrangements to retrieve original documents, if District desire to retain them.

It is Redwood's general policy that Redwood maintain records for a period of five (5) years after conclusion of the matter, although due to certain practical considerations that is not always possible. Additionally, while Redwood takes steps to ensure that all records are held in strict confidence and maintained in a secure location, Redwood cannot guarantee that something beyond our control will not occur resulting in damage to your records.

Thus, if during our representation District provides Redwood with original documents that District considers important or desires to keep, Redwood recommends that, first, District inform Redwood in writing that the documents are important. And second, Redwood asks that District take immediate possession of such documents upon the conclusion of our representation. If Redwood do not hear from District, Redwood will generally retain only the documents and materials pertaining to the representation that Redwood designates as vital for a period of five (5) years, after which such documents will be destroyed unless, before that time, District notify us in writing that District wish to take possession of them.

## **12. Disclaimer of Guaranty and Estimates**

Nothing in this Agreement and nothing in Redwood's statements to District will be construed as a promise or guarantee about the outcome of the matter. Redwood makes no such promises or guarantees. Redwood's comments about the outcome of the matter are expressions of opinion only, are neither promises nor guarantees, and will not be construed as promises or guarantees. Any deposits that District make or estimate of fees given by Redwood are not a representation of a flat fee and will not be a limitation on fees or a guarantee that fees and costs will not exceed the amount of the deposit or estimate. Actual fees may vary significantly from estimates given.

## **13. Professional Liability Insurance Disclosure**

Pursuant to California Rule of Professional Conduct 1.4.2.(a), Redwood is informing District in writing that Redwood has professional liability insurance.

Redwood maintain the following insurance, at a minimum:

General liability and property damage	\$2,000,000 per occurrence \$4,000,000 aggregate
Professional errors and omission	\$5,000,000 aggregate

## **14. Reserved.**

## **15. Notices**

District may give written notice to Redwood using the address set forth above, and Redwood may give notice using the address set forth above. Either party may change its address for notifications by notifying the other party in writing in accordance with this paragraph.

## **16. Consent to Use of E-Mail and Cloud Services**

To provide District with efficient and convenient legal services, District and Redwood will frequently communicate and transmit documents using email. There may be risks communicating in this manner, including risks related to confidentiality and security. By entering into this Agreement, District are consenting to such email transmissions with District and your representatives and agents. Redwood are happy to make arrangements to ensure secure electronic transmittal of documents.

In addition, Redwood uses a cloud computing service with servers located in a facility other than Redwood's office. Most of Redwood's electronic data, including emails and documents, are stored in this manner. By entering into this Agreement, District understand and consent to having communications, documents, and information pertinent to your matter stored in such a cloud-based service.

Rest assured that Redwood takes reasonable precautions to ensure that your data is maintained in a secure manner.

## **17. Conflicts of Interest**

Redwood's practice involves the representation of many public agencies in the State of California of all types. It is not uncommon for public agencies to have strong views on matters of public policy that diverge from one another.

Redwood performs a variety of professional services for its clients, and it is possible that Redwood will represent public agency clients that are adverse to District on other, unrelated matters or that Redwood will represent another client that has views on public policy or legal matters that differ from your own views on those policies or matters. District expressly agree that District waive any actual or potential conflicts that might arise from such future representations, that District will not attempt to disqualify Redwood on such matters, and that Redwood is free to represent its clients on such matters.

By executing this Agreement, District acknowledge that District and Redwood have discussed these matters and that District confirm that District do not object to Redwood's representation of clients on matters where those clients' legal, governmental, or political objectives and/or positions may be different from or adverse to yours, and that District waive any conflicts of interest with respect to our representation of such clients with differing legal, governmental or political interests. District further confirm that District will not assert any conflict of interest concerning such representations or attempt to disqualify Redwood from representing such clients notwithstanding such adversity.

District agrees that, while District may terminate your attorney-client relationship with Redwood, Redwood would be free to represent such clients even on those matters that

District consider adverse to District, and that District waive any conflict of interest in connection therewith.

Of course, your acknowledgments and consents above do not permit Redwood to represent another client in the same matter in which Redwood is adverse to District and do not permit Redwood to represent another client if there would be a significant risk that Redwood's representation of District would be materially limited by the representation of the other client. Any such representation would require Redwood to obtain your informed written consent and of the other client.

**18. Entire Agreement**

This represent the entire agreement. No other agreement, statement, or promise made on or before the effective date of this agreement will bind either of us.

**19. Severability in Event of Partial Invalidity**

If any provision of this letter, as agreed to by District, is held in whole or in part to be unenforceable for any reason, the remainder of that provision and the letter will be severable and remain in effect.

**20. Modification By Subsequent Agreement**

Redwood (District and Redwood) may only modify this letter by our mutual subsequent written agreement signed by all parties.

**21. Governing Law**

This letter is governed by, and must be interpreted under, California law, and any court proceedings relating to this agreement must be instituted in the County of Sonoma.

**22. Effective Date**

This agreement will govern all legal services performed by Redwood effective March 15, 2024. Even if this Agreement does not take effect, District will be obligated to pay Redwood the reasonable value of any services Redwood may have performed for District.

Dated: REDWOOD PUBLIC LAW, LLP

By: \_\_\_\_\_  
Richard D. Pio Roda, Partner

Dated: SWEETWATER SPRINGS WATER DISTRICT

By: \_\_\_\_\_  
Name: Eric Schanz  
Its: General Manager

## ATTACHMENT 1

Senior Principal	\$335
Principal	\$335
Sr. Of Counsel	\$310
Of Counsel	\$310
Sr. Associate	\$295
Mid. Associate	\$240
Associate	\$240
Sr. Paralegal	\$140
Paralegal	\$140
Law Clerk	\$135

Redwood Public Law rates adjust every January 1 by the greater of 3% or the relevant local CPI increase over the prior 12-month period, rounded to the nearest \$5.

Specialized legal services, including litigation, eminent domain, and labor & employment advice shall be compensated at Redwood's then-current standard public agency rates for the applicable practice or as otherwise agreed to in writing.

Notwithstanding anything to the contrary in this Agreement, the District shall have the right to retain counsel other than Redwood in particular matters.

# SWEETWATER SPRINGS WATER DISTRICT

**TO:** Board of Directors

**AGENDA NO. V-D**

**FROM:** Erica Gonzalez, District Counsel

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**Meeting Date: April 12, 2024**

**Subject: Approval of Resolution 24-05, Approving the First Amendment to the At-Will Employment Agreement with General Manager Eric Schanz and Authorizing the Board President to Sign**

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**RECOMMENDED ACTION:**

Adopt Resolution 24-05, approving the First Amendment to the At-Will Employment Agreement with General Manager Eric Schanz amending compensation and removing certain restrictions, and authorizing the Board President to execute the amended employment agreement.

**FISCAL IMPACT:**

An annual increase of \$7,725.02 will be added to the General Manager base salary.

**DISCUSSION:**

On August 4, 2022, at the regular meeting of the Board of Directors, the Board adopted Resolution 22-16, appointing Eric Schanz to the position of General Manager effective July 25, 2022. In efforts to maximize General Manager Eric Schanz's attention and ability to perform his duties successfully, Section 4 of the agreement stated a condition upon which General Manager shall not hold secondary employment or continue his current duties as a volunteer firefighter and work for a small private water company should the duties interfere with his duties and responsibilities as a General Manager.

Since that time, General Manager Eric Schanz has successfully directed and managed District operations. Upon completion of his first year of service, the Board of Directors completed an annual performance evaluation for General Manager Eric Schanz. In accordance with the General Manager's current Employment Agreement, Mr. Schanz is eligible for a merit salary increase based upon performance at the time of the employee's annual evaluation on or about July 2023 and each July thereafter. Mr. Schanz's first annual review, intended for July 2023, did not occur until February 1, 2024. Based on a favorable performance evaluation by the Board, the Board discussed compensation at closed session on March 7, 2024. The Board of Directors seeks to provide a five (5) percent salary merit increase to the General Manager's current base salary beginning on Mr. Schanz's intended annual review date of July 1, 2023. Additionally, the Board seeks to remove the restrictions concerning Mr. Schanz's secondary employment with the private water district and volunteer activities.

Pursuant to the terms of the General Manager's current Employment Agreement, his base salary is \$150,000. He subsequently received a 3% cost of living increase making his current salary \$154,500.32. With the 5% increase, Mr. Schanz's base salary will increase to \$162,225.34.

As such, it is recommended that the Board of Directors adopt Resolution 24-05 to amend the compensation and remove restrictions of the General Manager's Employment Agreement to provide for the requested changes.

**Attachments:**

1. Resolution Approving the First Amendment to the At-Will Employment Agreement with General Manager Eric Schanz
2. First Amendment to the At-Will Employment Agreement

**RESOLUTION 24-05**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT APPROVING THE FIRST AMENDMENT TO THE AT-WILL EMPLOYMENT AGREEMENT WITH GENERAL MANAGER ERIC SCHANZ AND AUTHORIZING THE BOARD PRESIDENT TO SIGN**

**WHEREAS**, on July 25, 2022, Sweetwater Springs Water District (“Employer”) and Eric Schanz (“Employee”) entered into an At-Will Employment Agreement for services as General Manager of Sweetwater Springs Water District (“Employment Agreement”); and

**WHEREAS**, pursuant to the terms of the Employment Agreement, Employee is eligible for a merit salary increase based upon performance at the time of the employee’s annual evaluation on or about July 2023 and each July thereafter; and

**WHEREAS**, upon completion of his first year of service, the Board of Directors completed an annual performance evaluation for Employee and find Employee has successfully directed and managed District operations; and

**WHEREAS**, the parties desire to amend the Employment Agreement to provide for a merit based salary increase and remove certain restrictions with the Employment Agreement related to secondary employment as provided for in the First Amendment to the Employment Agreement, attached here as Exhibit A.

**NOW, THEREFORE, BE IT RESOLVED**, that:

1. The First Amendment to the At-Will Employment Agreement with General Manager Eric Schanz, attached here as Exhibit A, is hereby approved; and
2. The provisions of the amended agreement shall be effective July 1, 2023; and
3. The Boad President is hereby authorized to execute the amended agreement in substantially the same form as Exhibit A.

I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on April 12, 2024, by the following vote.

<b>Director</b>	<b>Aye</b>	<b>No</b>
Sukey Robb-Wilder	_____	_____
Tim Lipinski	_____	_____
Rich Holmer	_____	_____
Gaylord Schaap	_____	_____
Nance Jones	_____	_____

---

Tim Lipinski  
President of the Board of Directors

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Attest: Julie A. Kenny  
Clerk of the Board of Directors



## **EXHIBIT A**

### **AMENDMENT NO. 1 TO THE AT-WILL EMPLOYMENT AGREEMENT FOR GENERAL MANAGER**

#### RECITALS

**WHEREAS**, effective July 25, 2022, Sweetwater Springs Water District (“Employer”) and Eric Schanz (“Employee”) entered into an At-Will Employment Agreement for services as General Manager of Sweetwater Springs Water District (“Employment Agreement”); and

**WHEREAS**, pursuant to the terms of the Employment Agreement, Employee is eligible for a merit salary increase based upon performance at the time of the employee’s annual evaluation on or about July 2023 and each July thereafter; and

**WHEREAS**, upon completion of his first year of service, the Board of Directors completed an annual performance evaluation for Employee and find Employee has successfully directed and managed District operations; and

**WHEREAS**, the parties desire to amend the Employment Agreement to provide for a merit based salary increase effective July 1, 2023, and remove certain restrictions with the Employment Agreement related to secondary employment.

**NOW, THEREFORE**, the parties hereby agree as follows:

1. Amendment No. 1 To the At-Will Employment Agreement For General Manager is entered into effective July 1, 2023.
2. Section 7. Compensation subsection A. Base Salary; Salary Adjustment is hereby amended to read as follows:

“Base Salary; Salary Adjustment. Employer shall pay Employee an annual base salary of One Hundred Sixty-Two Thousand Two Hundred and Twenty-Five Dollars and Thirty-Four Cents (\$162,225.34), less all applicable federal, state and local withholding, payable in installments at the same time that other District employees are paid. Employee’s base salary will be reviewed by the Board of Directors and may be increased at the time of Employee’s annual evaluation on or about July 2023 and each July thereafter.”

3. Section 4. Standard of Performance subsection B is stricken. Section 4 is hereby amended to read as follows:

“4. Standard of Performance.

- A. Employee shall perform their duties to the best of their ability in accordance with the highest professional and ethical standards of the profession. Employee agrees to devote their full time, ability, attention, and energy, knowledge and skills to the performance of their duties under this Agreement.
- B. Employee acknowledges that the position of General Manager is a position of high visibility before the public. Employee shall conduct themselves before the public, both during and outside of regular working hours, in a manner that reflects favorably upon Employer.
- C. Employer shall, at Employer's expense, supply Employee with sufficient personnel and equipment to allow Employee to perform Employee's duties and obligations under this Agreement. Employee shall maintain a valid California driver's license and, at their expense, provide an automobile for use in carrying out their duties as General Manager as further described in Section 7.B.vi."

4. All other terms of the Employment Agreement not modified by this Amendment No. 1 shall remain in full force and effect.

EMPLOYEE

EMPLOYER

\_\_\_\_\_  
Eric Schanz

\_\_\_\_\_  
By: Tim Lipinski  
President, Board of Directors  
Sweetwater Springs Water District

# SWEETWATER SPRINGS WATER DISTRICT

**TO:** Board of Directors

**AGENDA NO. V-E**

**FROM:** Eric Schanz, General Manager

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**Meeting Date: April 12, 2024**

**Subject: Board subcommittee reports**

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**RECOMMENDED ACTION:**

Receive updates from active Board subcommittees.

**FISCAL IMPACT:**

Varies.

**DISCUSSION:**

This item is a standing placeholder for any Board subcommittee updates that have not been addressed in a separate item.

Ad Hoc Subcommittees: Recruitment and Retention  
2024-25 Budget Committee  
Leased Use of District Lands

# SWEETWATER SPRINGS WATER DISTRICT

**TO:** Board of Directors

**AGENDA NO. VI**

**FROM:** Eric Schanz, General Manager

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**Meeting Date:** April 12, 2024

**Subject: GENERAL MANAGER'S REPORT**

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**RECOMMENDED ACTION:** Receive report from the General Manager.

**FISCAL IMPACT:** None

**DISCUSSION:**

- 1. Laboratory Testing/ Regulatory Compliance:** Water quality tests confirm that all SSWD water meets all known State and Federal water quality standards.
- 2. Water Production and Sales:** Water sales in February were 18,122 units (Guerneville cycle). Water Sales for February were up compared to last year at this time and trends more in line with previous water use for the month. Total combined Monte Rio and Guerneville water production for February was 54.34 AF.
- 3. Leaks:** There were a total of 4 water main repairs in February requiring 22 work hours total, and 2 service line leaks requiring 14 work hours total (Figure 2). There were 3 water main repairs in Guerneville and 1 water main repair in Monte Rio. There was 1 service line repair in Guerneville and 1 in Monte Rio.
- 4. Guerneville Rainfall:** Total cumulative rainfall to the end of February was 42.37 inches (Figure 3). Last year cumulative rainfall was 51.24 inches by the end of February.
- 5. In-House Construction Projects:** February projects included a service line upgrade to 1 inch at 18002 Neeley Road.
- 6. Gantt Chart:** The Gantt Chart is updated for February 2024 (Figure 4).
- 7. Grants:**

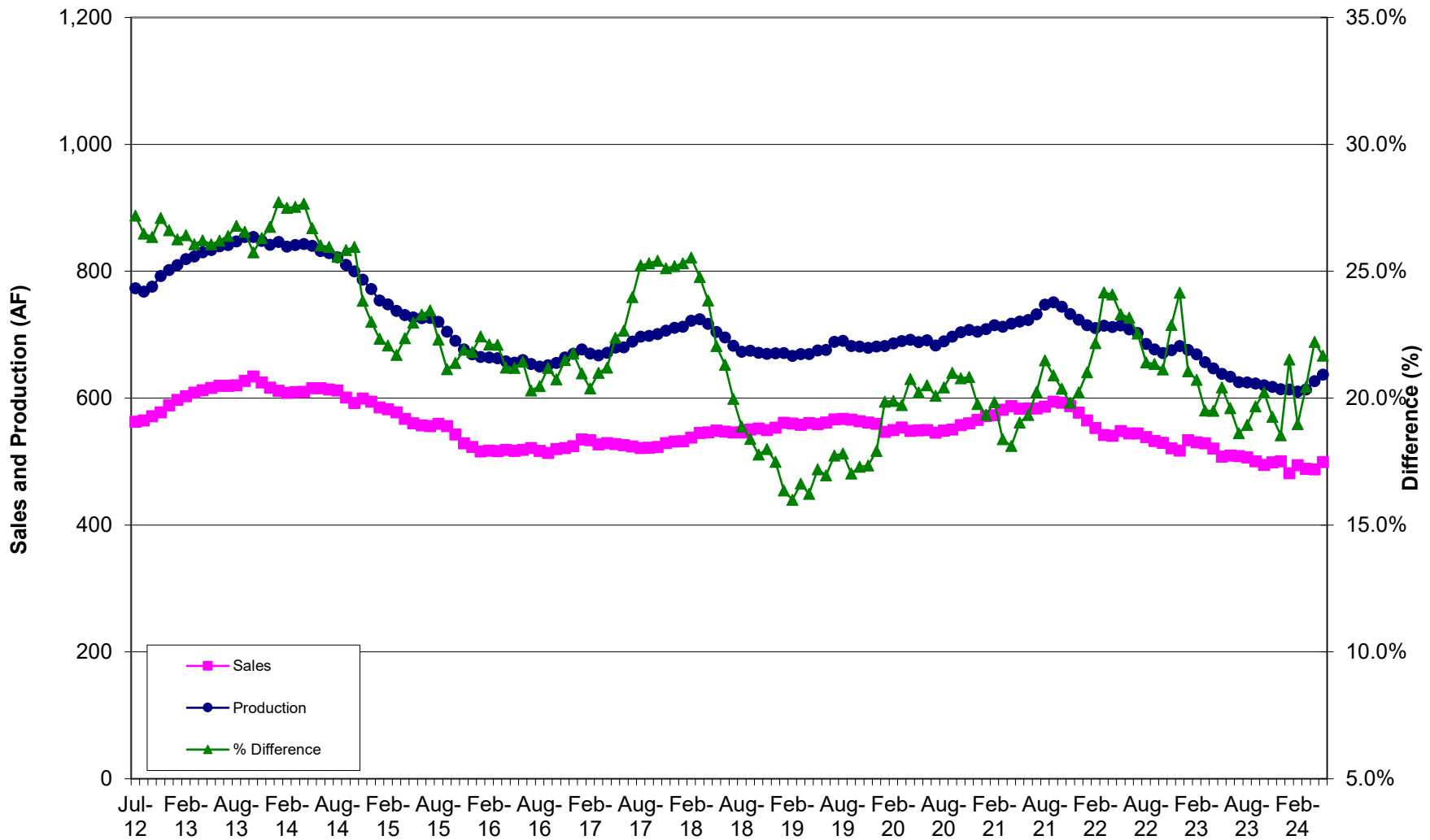
The FEMA grant for the 2023 emergency water main repair on Moscow Road is under final CAL OES review. Cumulative obligated funds for the project are \$188,884.80. The FEMA share is \$148,144.94 and State-California Disaster Assistance ACT (CDAA) share is \$40,739.86

There were two final closeout reports submitted to CAL OES for FEMA projects in 2017 for “Emergency Protective Measures” for the El Bonita Wells vault lid installation and for the installation of 2 valves on the 6-inch water main at the Old Monte Rio Road slide.

- 8. Harrison Tank Replacement:** Demolition of the Lower Harrison Tank is completed. The tank and tank slab have been removed and site work has started. Due to soils analysis from our Geotech contractor the tank bedding soil was excavated and replaced to provide better soils compaction. Additionally, site drainage design was modified to accommodate for the larger tank foundation ring (see photos Attached below).

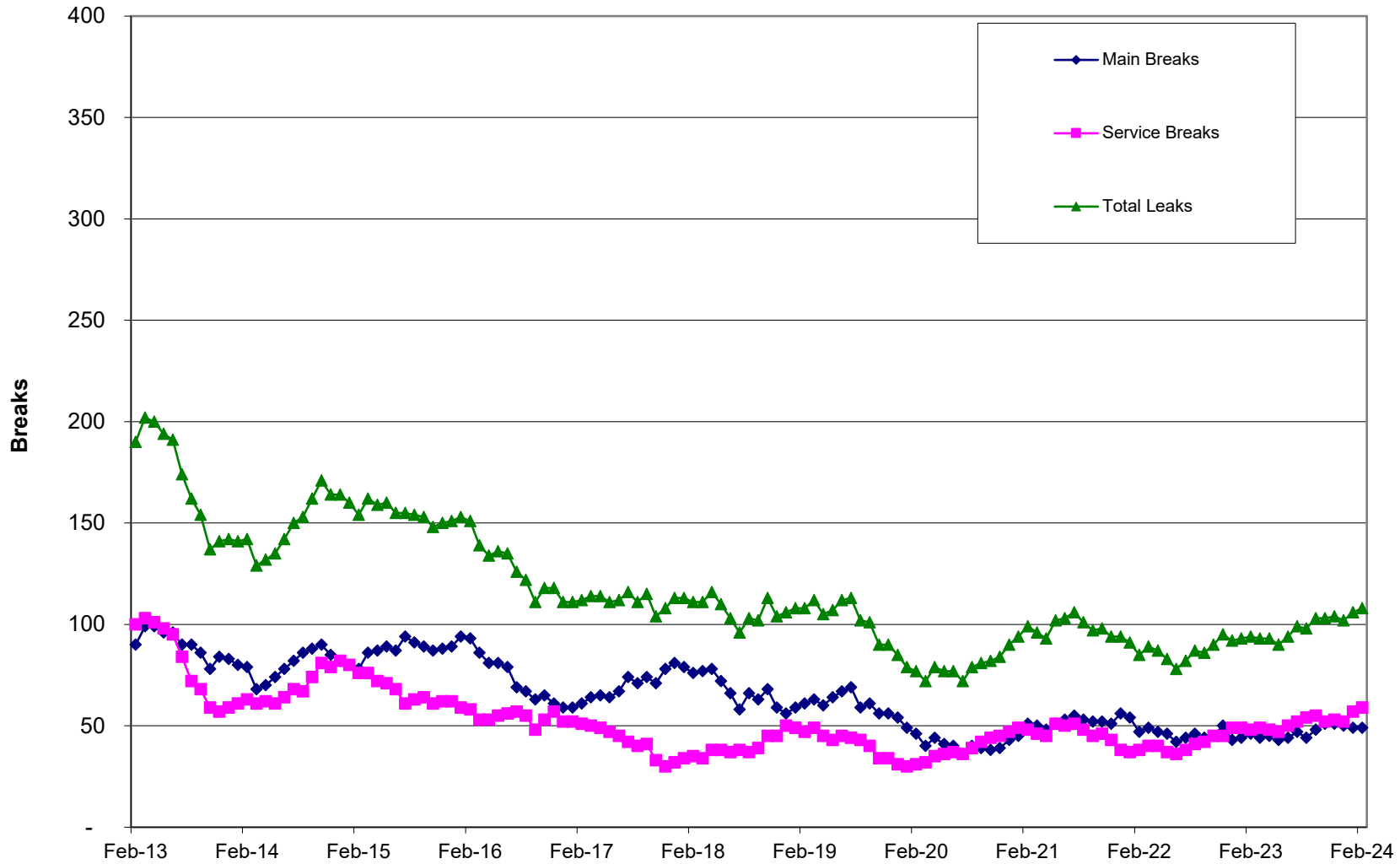


**Figure 1. Water Production and Sales 12 Month Moving Averages  
Sweetwater Springs Water District Since July 2012**





**Figure 2. Sweetwater Springs Water District Main and Service Pipeline Breaks  
Moving Annual Average Since February 2012**



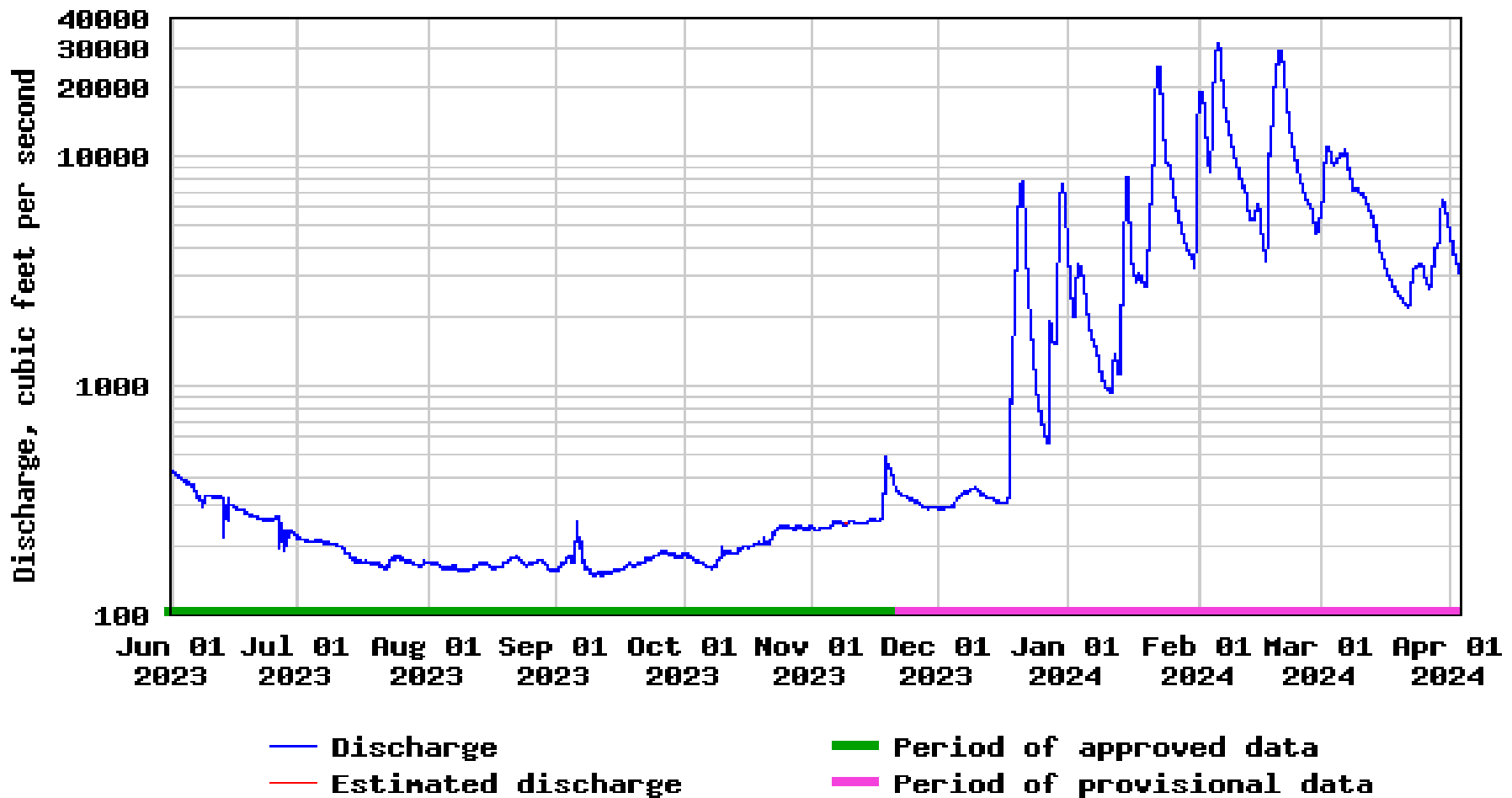








# USGS 11467000 RUSSIAN R A HACIENDA BRIDGE NR GUERNEVILLE CA



## NUMBER OF WATER UNITS SOLD FY 23 - 24

	FY01-02	FY02-03	FY03-04	FY04-05	FY05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
JULY	34,371	26,447	26,355	33,578	22,195	27,469	27,147	28,091	21,035	17,808	20,061	22,850	25,890	22,074	16,377	19,044	19,608	20,255	19,273	22,297	21,558	20,306	17,833
AUGUS	39,803	37,750	42,080	41,615	37,799	41,863	37,202	37,907	34,878	32,328	28,486	33,190	29,163	32,208	26,070	26,811	29,485	28,325	27,419	28,582	26,302	22,555	24,231
SEPTEN	33,723	34,532	36,056	35,309	29,823	35,984	31,721	32,753	30,320	29,673	26,091	29,829	26,157	24,091	21,678	22,893	24,037	25,805	24,886	27,175	22,746	21,271	21,933
OCTOB	40,672	34,063	37,008	38,553	38,707	37,900	36,493	34,938	32,282	32,334	32,091	33,727	31,628	27,724	24,606	29,333	29,495	32,827	27,310	30,099	24,731	31,859	23,693
NOVEM	28,272	28,729	26,973	27,839	26,680	24,076	24,444	25,746	23,111	24,160	21,350	22,218	20,729	19,489	20,101	19,462	21,884	21,351	22,640	23,173	17,984	16,472	15,777
DECEMI	25,380	27,758	27,283	25,508	23,925	25,550	21,556	24,762	21,116	20,802	20,299	22,818	23,452	21,256	20,873	18,070	21,297	20,468	22,288	25,982	21,110	20,372	17,713
JANUA	16,091	19,287	16,799	15,416	16,127	15,862	13,309	14,631	14,764	13,734	14,645	16,242	16,316	11,914	12,727	13,676	14,146	15,335	12,925	15,529	15,062	11,588	11,270
FEBRU	21,697	23,010	20,689	19,695	22,716	20,963	18,647	21,199	19,233	18,386	16,641	18,372	20,967	17,770	17,189	16,504	17,693	16,950	17,284	15,506	18,727	13,139	18,122
MARCH	17,207	15,092	17,374	14,985	15,456	16,693	14,556	14,417	14,414	12,387	12,569	13,884	13,772	12,351	13,058	12,315	11,657	12,653	12,827	12,846	11,236	11,980	
APRIL	17,728	19,527	21,406	21,089	18,825	21,047	19,227	18,414	17,611	17,129	17,936	17,914	17,053	16,636	17,748	16,809	16,279	18,547	16,886	17,038	17,024	16,685	
MAY	19,118	16,237	19,793	16,372	13,921	15,402	15,721	15,861	14,273	14,134	14,880	15,075	14,514	16,120	14,217	13,083	13,011	13,319	14,602	15,866	13,375	12,354	
JUNE	29,799	27,074	28,882	22,512	24,108	25,457	29,211	26,259	19,143	20,871	23,765	26,850	22,092	20,436	19,020	19,198	21,220	20,612	21,453	24,720	21,975	19,426	
<b>Total</b>	323,861	309,506	320,698	312,471	290,282	308,266	289,234	294,978	262,180	253,746	248,814	272,969	261,733	242,069	223,664	227,198	239,812	246,447	239,793	258,813	231,830	218,007	150,572