

**SCOTTS VALLEY WATER DISTRICT  
MINUTES OF THE  
REGULAR BOARD MEETING  
DECEMBER 9, 2010**

**SCOTTS VALLEY WATER DISTRICT  
BOARD ROOM, 2 CIVIC CENTER DRIVE  
SCOTTS VALLEY, CALIFORNIA**

1. CONVENE MEETING

Item 1.1 President Perri called the meeting to order at 7:00 p.m.

ROLL CALL

Present: Directors Kassis, Miller, Hodgin, and Perri

Absent: Director Kannegaard

Item 1.2 Pledge of Allegiance and Invocation

Director Kassis led the Pledge of Allegiance and Invocation.

Item 1.3 Installation of Incoming and Returning Directors

1.3.1 Administration of Oath of Office by Superior Court Judge Gallagher

Judge Gallagher administered the Oath of Office for Directors Hodgin and Mosley. Director Kassis stepped down and Director Mosley began his duties.

1.3.2 Consideration of Approval of Resolution No. 15-10, Expressing Appreciation to William "Bill" Kassis for Twenty Six Years of Dedicated Service on SVWD Board of Directors

President Perri read the Resolution.

Upon motion of Director Hodgin, seconded by Director Miller, Resolution No., 15-10 was adopted. Motion carried unanimously, with Director Kannegaard voting by absentee vote.

Item 1.4 Election of 2011 Board President and Vice President

Director Hodgin nominated Director Perri for President of the Board, Director Miller seconded. Motion carried unanimously with Director Kannegaard being absent.

SVWD Minutes of Regular Board Meeting  
December 9, 2010

Director Perri nominated Director Hodgkin for Vice President of the Board, Director Miller seconded. Motion carried unanimously, with Director Kannegaard being absent.

Item 1.5 Closed Session Report:

Attorney Bosso reported the Board convened in closed session at its prior meeting; three items were discussed in closed session; discussion of potential litigation regarding a letter received; direction given to staff regarding pending staff situation; evaluation of General Manager McNiesh was completed.

Item 1.6 Approval of Minutes from Special Board Meeting of November 5, 2010, and the Regular Board Meeting of November 11, 2010.

General Manager McNiesh said Director Miller pointed out two typographical errors on Minutes of November 11th; on page 2, 2<sup>nd</sup> paragraph from the bottom should read “denied based on inaccurate information provided by the District”; page 4, 1.6-4, under heading Committee Reports Mr. Kertai’s name should read “Frank” not Fred; Director Hodgkin said Item 5.2 first paragraph, last line, should read “are moving” instead of “has moved”.

Director Hodgkin moved, seconded by Director Miller to approve minutes of the Regular Board Meeting of November 11, 2010, as amended. Motion carried unanimously.

ADDITIONS/DELETIONS TO THE REGULAR AGENDA: None

PUBLIC COMMENTS ON ITEMS ON THE AGENDA: None

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA: None

2. PUBLIC HEARINGS AND PRESENTATIONS:

Item 2.1 Second Reading: Ordinance No. 153-10, Extending Landscape Water Conservation Pilot Program

General Manager McNiesh said there are two items to consider, the ordinance and guidelines for implementing the ordinance; he gave background that District adopted Ordinance No. 147-08 and initial guidelines in October 2008, creating a two-year pilot program; improvements that are eligible for credits are converting artificial turf, smart irrigation controllers, and cisterns; initial October 2008 guidelines are still in place; costs to date have been paid for with conservation grant, but grant monies will be exhausted within 6 months; program costs will then come out of District budget; landscape credits are relatively costly compared with other District water conservation programs; proposed ordinance provides another two years of the program with several changes: rebate instead of credit

on water bill for turf installation; new credit for converting turf to native grass; new credit for converting spray sprinklers to low volume drip irrigation.

President Perri opened the public hearing; with no one appearing to address the Board the public hearing was closed.

Director Hodgin asked if a budget was going to be established; he will support the proposal as long as it is not open-ended.

General Manager McNiesh suggested a budget of \$14,000 per year since that has been the average program cost over the initial two-year pilot period.

Director Hodgin said he would agree with up to but not-to-exceed amount of \$14,000 in the first year.

General Manager McNiesh said tracking of the projects is in Board packet each month.

Director Miller asked what native grasses were; General Manager McNiesh said he would provide Board with a list.

Director Hodgin moved to adopt Ordinance No. 153-10; Director Miller seconded the motion. Motion carried unanimously, with Director Kannegaard being absent.

Director Miller moved to approve proposed guideline revisions; Director Mosley seconded the motion. Motion carried unanimously, with Director Kannegaard being absent.

### 3. CONSENT AGENDA:

#### Item 3.1 Approve Memorandum of Agreement for Santa Cruz Integrated Regional Water Management Plan

General Manager McNiesh said before Consent Agenda is considered he would like to report that yesterday word was received that the recently submitted Santa Cruz Integrated Regional Water Management “planning grant” proposal, which includes funding to update and recalibrate the District’s groundwater model, received a high ranking through the Department of Water Resources review process and has been recommended for approval; overall planning grant amount is just under a million dollars; \$220,000 of this would be allocated for groundwater model project.

Director Miller asked about the role of the Regional Water Management Foundation with respect to the Integrated Regional Water Management Plan partnership, expressing concern about the percentage of the grant award that would go to this organization for administration.

Attorney Bosso explained to meet requirements of the grant you have to have a single entity distribute grant funds to the various partner agencies; there is detailed accounting and record-keeping required; an alternative might be the County, but then the partner agencies would need to pay the County instead for the grant administration overhead.

Director Miller moved, seconded by Director Hodgkin, to approve the Consent Agenda, as presented. Motion carried unanimously, with Director Kannegaard absent.

4. ITEMS REMOVED FROM CONSENT AGENDA: None

5. DIRECTOR'S AGENDA ITEMS

Item 5.1 Individual Director Reports:

- 5.1.1 Director Miller said at the last Board meeting Director Hodgkin suggested he apply for LAFCO alternate, and he advised the Board that he did apply.

Item 5.2 ACWA and ACWA/JPIA Update

Director Hodgkin reported on ACWA/JPIA meeting and ACWA conference, noting the ACWA exhibit hall sold out.

Director Perri reported on ACWA conference events he attended, including a session on AB32 climate change; District needs to step up energy use planning, especially considering new CEQA requirements; possible District programs include in-conduit power generation, capturing energy as water moves from high elevation storage tanks, and also nanotechnology approaches to water filtration; he also attended human resources program on management team evaluation.

- Item 5.3 Anticipated Directors' Expenses Not Previously Discussed: No discussion on this item.

Item 5.4 Board Priority List:

President Perri asked if the Board should look at dates for Board Priority workshop. General Manager McNiesh will look for a date around the end of January or beginning of February; Board members said their schedules appear to be free during that period.

6. COMMITTEE REPORTS:

Item 6.1 Business Administration Committee

- 6.1.1 Directors Manual Update

General Manager McNiesh gave new Director Mosley items from the Directors Manual. He said he would like to make new Directors Manual an electronic document, so it will be easier to keep up to date.

Item 6.2 Water Resources Committee

6.2.1 Draft Revision of County Water Conservation Ordinance

General Manager McNiesh said he received the County's proposed ordinance the day after committee meeting so it was not discussed at committee; noted ordinance would apply only in the unincorporated portion of the District; reported that most of the County's proposed drought measures and prohibited water uses are similar to the District's, but there are some differences; ordinance provides for plumbing retrofit on resale requirement which Scotts Valley City does not have; ordinance references water conservation in lieu fee, which would serve the essentially the same purpose as SVWD's water replenishment impact fee; suggested submitting a letter to County requesting the proposed in lieu fee be waived because it would be duplicative of SVWD's water replenishment impact fee.

Director Miller said he thinks SVWD should encourage people to enhance recharge on their properties; favors a system where if developers put in recharge facilities they could be exempt from paying the impact fee.

6.2.2 Current Development Projects

General Manager McNiesh reported to the Board regarding the letter on Page 6.2-20 in the agenda package, from Sullivan Land Development, regarding Woodside at Scotts Valley project; property owners state they will provide sites for future replacement wells and a recycled water storage tank; regarding possible tank site, elevation looks good but foundation may not be sufficiently stable; necessary geotechnical work to answer this question has not been done.

Item 6.3 Facilities Engineering Committee

6.3.1 Pasatiempo Recycled Water Exchange Project

General Manager McNiesh reported last month regarding draft agreement received from Pasatiempo Golf Club; staff is now preparing written response to go back to golf club; also reported he has had discussion with Santa Cruz City Water Department director regarding a potential water exchange agreement between District and City.

Director Miller offered remarks on Pasatiempo's interpretation of the agreement and the District's response; noted that San Lorenzo Valley Water District is

considering construction of similar potable intertie with Santa Cruz to exercise its water rights to Loch Lomond storage.

## 7. STAFF REPORTS

### Item 7.1 Accounting/Customer Service Reports

Accounting Manager Catalano reported that September and October financials are up to date; answered questions of the Board, including question about transmission main construction cost in excess of budgeted amount; advised that the amount shown is a carryover expense for work that was approved and completed at the end of the prior fiscal year.

Director Hodgkin advised of the potential to invest some of the District's reserve funds with CalTrust, a state-sanctioned pooled investment fund similar to LAIF, which appears to pay higher interest than LAIF; provided CalTrust contact information to Accounting Manager Catalano for follow up.

### Item 7.2 Operational Reports

Assistant General Manager/Operations Manager O'Brien remarked on District energy planning efforts to date, including possible use of solar energy for tank mixing and obtaining quotes for installation of solar panels at the District office; observed he would like to see us moving toward more use of solar and other green options.

### Item 7.3 General Manager's Report

General Manager McNiesh said the only additional thing he had to report is new information on CALPERS rates; current rate is 20.9% of salaries; 2011-12 rate will be 23.36%; estimated rate for 2012-13 is 23.8%; District also pays the PERS employee portion, which is an additional 8%.

### Item 7.4 Attorney's Report:

Attorney Bosso reported that he had interaction with staff but nothing unusual to report; General Manager McNiesh had asked him to look at recent court decision because it might have some applicability to the CEQA baseline issue of concern to the District; difference is that was an adjudicated groundwater basin, where ours is not; doubts the court would reach the same decision in a non-adjudicated basin.

## 8. DIRECTOR'S COMMENTS ON ITEMS NOT ON THE AGENDA:

Director Hodgkin reported on Low Impact Development (LID) services available through UC Davis; provided example handout to show of LID parking lot plans for City of Paso Robles.

General Manager McNiesh advised he received a copy of AMBAG report, compiling all powerpoint presentations from the recent series of AMBAG community water forums; Directors should let him know if they would like to borrow the report.

9. MISCELLANEOUS CORRESPONDENCE:

- Item 9.1 U.S. Geologic Survey Letter Dated November 17, 2010, Transmitting Executed Bean Creek Gage Station Transfer Agreement
- Item 9.2 AMBAG letter dated November 15, 2010, and Certificate of Appreciation Related to 2010 Community Forums on Water
- Item 9.3 AMBAG Letter Dated November 24, 2010, Related to Documentation of 2010 Community Forms on Water

10. CLOSED SESSION

- 10.1. Pursuant to Government Code §54957  
Public Employee Performance Evaluation  
Title: Assistant General Manager/Operations Manager

The Board went into closed session at 8:55 p.m. with General Manager McNiesh, Assistant General Manager/Operations Manager O'Brien, and Attorney Bosso in attendance. Assistant General Manager/Operations Manager O'Brien left the meeting at 9:05 p.m. The Board reconvened in open session at 9:25 p.m.

11. CLOSED SESSION REPORT AND ADDITIONAL ITEMS

- 11.1. Consider Approval of Terms of Revised Memorandums of Understanding with Assistant General Manager/Operations Manager

President Perri reported that the Board had voted unanimously in closed session to approve an 8% salary increase to \$124,200 per year for Assistant General Manager/Operations Manager O'Brien. Mr. O'Brien expressed appreciation to the Board.

12. ADJOURNMENT

President Perri adjourned the meeting at 9:30 p.m. upon a motion by Director Miller and a second by Director Hodgins.

Respectfully submitted,

/s/Deborah L. Hazen  
Deborah L. Hazen, District Secretary

Approved: January 13, 2011