

**SCOTTS VALLEY WATER DISTRICT
MINUTES OF THE
REGULAR BOARD MEETING
JANUARY 15, 2009**

**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, Kannegaard, Perri

Absent:

Item 1.2 Pledge of Allegiance and Invocation

Director Kassis led the Pledge of Allegiance and Invocation.

Item 1.3 Closed Session Report

General Manager McNiesh reported that the Board voted to increase salary of Assistant General Manager/Operations Manager O'Brien, which was reported in open session and is included in the minutes of the December 11, 2008 meeting.

Item 1.4 Approvals of Minutes from the Regular Board Meeting of December 11, 2008

General Manager McNiesh said there were some minor changes to the minutes, as they did not get thoroughly proof-read before copying for agenda packet. He provided copies of the revised minutes.

Director Hodgin moved, seconded by Director Kassis, to approve minutes of the Regular Board Meeting of December 11, 2008, as amended. Motion carried unanimously.

Item 1.5 Reorganization of the Board for the 2009 Calendar Year

President Perri asked Director Kassis to continue on the Water Resources Committee with himself as the second member; appointed Director Kannegaard to replace Director Hober and join Director Hodgin on Business Administration Committee; appointed Director Miller and himself to Facilities Engineering Committee; advised that the Executive

Committee would be himself as President and Director Kannegaard as Vice President.

General Manager McNiesh asked about the Ad Hoc Recycled Water Committee, which has not met in a year, suggesting that it could fit in with Facilities Engineering Committee; he also advised that the auditor wants a separate Audit Committee, but it could be the same composition as the Business Administration Committee; he also said there are several representatives to outside organizations. President Perri said to keep the same for now, except there would be no replacement for Director Hober on ACWA Water Quality Committee. General Manager McNiesh advised ACWA spring conference is scheduled for May 19-22 in Sacramento; it was suggested Director Miller could attend committee meetings at that time to see if he wants to sign up for one of them.

President Perri asked if there were other Board reorganization matters that needed attention. Director Hodgkin stated he had been asked to serve as chairman of ACWA's membership committee; he would need concurrence from Board to serve in this capacity. President Perri moved, seconded by Director Kassis, to approve Director Hodgkin's service on the ACWA membership committee. Motion carried with Director Hodgkin abstaining.

ADDITIONS/DELETIONS TO THE REGULAR AGENDA: None

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA: None

2. PUBLIC HEARINGS AND PRESENTATIONS:

Item 2.1 Presentation on District Surface Water Rights Issues by Scott Shapiro of Downey Brand Attorneys LLP

Attorney Shapiro addressed the Board, providing a Pasatiempo Project update on developments since his previous meeting with the Board in September 2008: phone calls with Santa Cruz staff and City's attorney; still no identified way forward to resolve the water rights question; City just met with Department of Fish and Game; meeting seemed promising, but follow up letters will be determinative; he will continue to check in with the City and report back to the Board in a couple months regarding progress.

3. CONSENT AGENDA:

General Manager McNiesh said there is a typographical error on Item 3.2. Resolution should be No. 01-09

Director Miller said he would like Item 3.1 removed from Consent Agenda for discussion.

- Item 3.1 Approve Cost Proposal from C2G/Civil Engineers Group, Inc., for Engineering Services Related to Design and Construction of Victor Square, Bean Creek Road, and Hacienda Drive Recycled Main Extensions
- Item 3.2 Approve Resolution No. 01-09 Adopting Section 125 Premium Only Plan Allowing for Pre-Taxed Medical Benefit Coverage
- Item 3.3 Approve Memorandum of Understanding with Assistant General Manager/Operations Manager Regarding Salary and Terms of Employment
- Item 3.4 Approve Memorandum of Understanding with Accounting Manager Regarding Salary and Terms of Employment
- Item 3.5 Approve Memorandum of Understanding with Associate Engineer Regarding Salary and Terms of Employment

Director Hodgkin moved, seconded by Director Miller, to approve Consent Agenda, as amended, with Item 3.1 removed. Motion carried unanimously.

4. ITEMS REMOVED FROM CONSENT AGENDA:

- Item 3.1 Director Miller said he read in the media that \$705,000 grant has not been received.

General Manager McNiesh explained the distinction between grant projects that have signed contract or conditional award; SVWD has four grants; three have signed contracts, the fourth has only a conditional award; general understanding is, after State budget problem is resolved, SVWD and others should be reimbursed for their expenses on those grants where contracts are signed; staff recommendation is that District does not grind everything to a halt; Facilities Engineering Committee recommends going forward with design and CEQA work, but not construction; project would be delayed for a year if District does not move forward with it at this time.

Director Miller moved, seconded by Director Hodgkin, to approve Item 3.1. Motion carried unanimously.

5. DIRECTOR'S AGENDA ITEMS

- Item 5.1 Individual Director Reports:

- Item 5.2 ACWA Update:

General Manager McNiesh asked Board members to let him know their intentions for reservations for the ACWA spring conference.

- Item 5.3 Anticipated Directors' Expenses:

Director Hodgins said he would travel to Sacramento at end of January for ACWA Board and Regional Water Quality Control Board (RWQCB) workshops; he would also be attending RWQCB meeting in San Luis Obispo on February 5th.

Item 5.4 Board Priority List

General Manager McNiesh said he and President Perri discussed having staff rewrite priority list and describe items with new numbering to make it easier to read; they will start a fresh document. President Perri suggested combining a workshop day and finish touring SVWD facilities. The Board looked at dates in February, and set meeting for February 7th, Saturday, 11:00 a.m.; and if necessary will rent a vehicle so they can all ride together.

6. COMMITTEE REPORTS:

Item 6.1 Business Administration Committee

6.1.1 Possible Monte Fiore Annexation

General Manager McNiesh said Monte Fiore subdivision representatives had requested opportunity to discuss possible annexation to the District; staff described the process and costs of annexation, which are specified in District's Rates, Rules and Regulations; annexation entails two-step LAFCO process; first step – sphere of influence review – is scheduled for later this year at LAFCO's expense; Monte Fiore land owners will look further into whether they want to pursue annexation.

6.1.2 Support Letter to Regional Water Quality Control Board for Santa Cruz Municipalities' Storm Water Management Programs

General Manager McNiesh explained District had been asked to sign on to a letter written by a number of local agencies regarding RWQCB's new storm water management guidelines; he had asked Ken Anderson, City of Scotts Valley Public Works Director, whether District support would be helpful; it appears a District role is not necessary at this time.

6.1.3 Employee Benefit Policies

General Manager McNiesh explained that Employee Handbook and MOU do not address the part-time employees; committee's recommendation is, if the issue comes up, try to make benefits proportional to the part-time work schedule; staff recommends making a list of items unresolved at the end of negotiation process, so that these items can be addressed three years from now or whenever the next MOU negotiations take place.

6.1.4 Grant Funding Status and Pending Submittals

Director Miller said he is interested in numbers and what grants the District has.

General Manager McNiesh reported that a \$12.5 million Proposition 50 grant was awarded by the State Water Resources Control Board (SWRCB) to the North Santa Cruz County Integrated Regional Water Management (IRWM) group; one component of the IRWM grant is \$705,000 to SVWD for construction of recycled water main extension. Second SWRCB grant is \$75,000 to prepare a Recycled Water Facilities Report; this Kennedy/Jenks project is nearly complete, but District has not yet been reimbursed. Third grant is for water conservation; Department of Water Resources is funding agency; amount is \$123,906; contract signed just before state budget freeze; SVWD not spent any money yet. Fourth grant is without grant contract; this is AB303 grant with Department of Water Resources; when confirmed, will be used for Butano test wells.

Item 6.2 Water Resources Committee

General Manager McNiesh said committee did not meet this last month.

Item 6.3 Facilities Engineering Committee

Assistant General Manager/Operations Manager O'Brien reported that El Pueblo recoating project will start Monday; while El Pueblo water treatment plant is down, the filter was opened and inspected; there is a problem, which will need to be addressed.

General Manager McNiesh reported that regarding recycled water main construction, in addition to engineering design expense, there are other lesser expenses to be incurred before construction; these include survey work at about \$8,000, CEQA compliance work at about \$5,000, labor compliance reporting at about \$7,000; also, need to begin staff level outreach to potential new customers.

7. STAFF REPORTS

Item 7.1 Accounting/Customer Service Reports

Accounting Manager Catalano reported that last month District was notified by IRS that refund appeal was approved and received notification of official adjustment amount, with payment forthcoming; mentioned that November and December financials will be available at next meeting.

Item 7.2 Operational Reports

Operations Manager Bill O'Brien reported.

Item 7.3 General Manager's Report

General Manager McNiesh said he has nothing to add to written report.

Item 7.4 Attorney's Report:

Attorney Bosso said he is working on getting document signature from Crown Castle, which should have been received by now; reported that he had provided state-required ethics training to three members of the Board.

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

9. MISCELLANEOUS CORRESPONDENCE:

Item 9.1 Letter from State Water Resources Control Board Dated December 5, 2008, Approving the District's Draft Recycled Water Facilities Planning Report

Item 9.2 Letter from RWQCB to Environment Protection Agency Dated December 9, 2008, Regarding Proposed Closeout of Remediation Activities at Watkins-Johnson Superfund Site

Item 9.3 Letter from Kevin Jeffries, California Assembly, 66th District, Regarding AB 28 and Restrictions on Natural Gas Water Pumps

General Manager McNiesh said this item does not pertain to the District, since the District does not operate natural gas pumps, but is just for Board's information.

10. CLOSED SESSION:

The Board went into Closed Session at 8:00 p.m. with Attorney Bosso, General Manager McNiesh, and Assistant General Manager/Operations Manager O'Brien in attendance.

Item 10.1 Closed Session Pursuant to Government Code Section 54957
Threat to Public Services or Facilities
Consultation With: General Counsel

11. CLOSED SESSION REPORT AND ACTIONS ON MATTERS RELATED TO CLOSED SESSION

The Board returned from Closed Session at 8:09 p.m. Attorney Bosso stated no reportable action was taken during Closed Session.

12. ADJOURNMENT

President Perri adjourned the meeting at 8:10 p.m.