

**SCOTTS VALLEY WATER DISTRICT  
MINUTES OF THE  
SPECIAL BOARD MEETING  
JANUARY 19, 2008**

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

1. CONVENE MEETING

Item 1.1 President Hober called the meeting to order at 9:10 a.m.

Item 1.2 ROLL CALL

Present: Directors Hodgin, Perri, Kannegaard, Kassis, and Hober  
Absent: None

Item 1.3 Pledge of Allegiance and Invocation

Director Kassis led the Pledge of Allegiance and Invocation.

ADDITIONS/DELETIONS TO THE AGENDA: None

PUBLIC COMMENTS ON ITEMS ON THE AGENDA: None

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA: None

2. DISCUSS AND ESTABLISH DISTRICT PRIORITIES

General Manager McNiesh presented a list of priority items developed by the Business Administration Committee to serve as a discussion guide. Staff input to the committee list was indicated in highlighted print.

Director Hodgin advised that the purpose of this session is to hear everyone's ideas of what the District should be doing and put items in priority order as to what the District should be focusing on this year and next year.

President Hober suggested that as the Board prioritizes items, they should give them a number.

General Manager McNiesh said that the aspect of significance, urgency, and deadlines all should be considered in prioritizing.

Director Hodgin asked if any other Directors had something they wanted to add to the list besides what committee members Hodgin and Hober have on it.

1. New MOU

General Manager McNiesh advised that present MOU with Employees Organization expires June 2008; Ad Hoc MOU Negotiating Committee, comprised of Directors Hober and Hodgkin, determined to proceed with agreement with Edward Kreisberg for related legal services; Mr. Kreisberg will be negotiating on behalf of the Board; Board will have closed session discussions with him periodically.

There was discussion by the Board regarding employee salary negotiations, health care benefits, cost of living increases, social security, and PERS retirement.

2. City Recycling Agreement

General Manager McNiesh advised that the current five-year agreement with the City will expire this year and needs to be renegotiated; mentioned other related City issues – need to address impact fees, impervious surface impacts, and mitigation measures for new projects.

President Hober said costs for implementing the recycled water program turned out to be very different than what was anticipated.

3. Directors' Manual

It was agreed an updated version is needed and Directors should provide input; important but not urgent.

4. Bond Reserves

There was discussion regarding maximizing District's financial position, possible early retirement of debt; need to know what obligations and options are; matter assigned to Accounting Manager Catalano working with Business Administration Committee for further evaluation.

5. Social Security

It was agreed this issue is important and urgent; needs to be addressed along with MOU negotiations and resolved prior to April 15<sup>th</sup> to avoid loss of another year of refund.

6. Capital Assets

It was agreed that District needs system of information, policy on depreciation, coordination with capital budgets, and alignment with cash reserves; related issues for Business Administration and Facilities Engineering Committees to deal with.

Director Hodgkin said his concept is to track on a spreadsheet what is coming up that needs to be replaced, so District will know how much they need to keep in reserves.

Operations Manager O'Brien said he is working on checking all mains, wells, and treatment plants, to keep track of when replacements are needed; will be looking at software to assist.

7. Cash Balances

It was agreed District needs policies and procedures to safely maximize return on investments.

The Board agreed to have Accounting Manager Catalano contact local Santa Cruz County Bank; consider moving bank account there from Coast Commercial, which has been bought out by Wells Fargo.

8. Financial Reporting

There was discussion by the Board regarding getting financials up to date; what financial reports are useful; possibility of monthly billing; setting priorities for District's Accounting Manager; preparing budget by June; obtaining and installing new accounting software.

9. District Reserves

There was discussion regarding how much the District should keep in reserve and for what purposes; agreement that this is important, but not urgent.

10. Annual Groundwater Report and Other Technical Reports

It was agreed there is a need for Board to review recommendations from the District's latest studies and reports regarding protecting aquifers and ensuring adequate future water supplies.

General Manager McNiesh advised that annual groundwater report is due in February or March; report includes recommendations; provides a vehicle for discussion.

11. New Wells

General Manager McNiesh advised District is still evaluating possible sites for a new well.

Assistant General Manager/Operations Manager O'Brien said this is number one priority to him.

12. Leak Adjustment Policy

Director Hober said staff should look at revising current policy, since they have to deal with it, and make recommendation to the Board.

Assistant General Manager/Operations Manager O'Brien suggested changing to a one-time lifetime leak adjustment; this item will be brought back to the Board for approval at a future meeting.

### 13. Director Compensation

General Manager McNiesh advised that Attorney Bosso is preparing an ordinance to allow future adjustments in Director compensation.

### 14. Website Review

The Board discussed whether or not they had viewed the District's website and agreed this will be an ongoing item.

### 15. Recycled Water Program

The Board agreed this is high priority item; need to keep it in focus by status report at each board meeting; set goals for increase in sales and set time frames.

General Manager McNiesh advised that City wants to require dual-plumbing in new commercial buildings; District's recycled water permit would need to be modified.

### 16. Conservation

General Manager McNiesh advised that the District has a temporary part-time employee, Jessica Perak, working on conservation for the District; a survey will go out with the next bill to find out how many old toilets customers have; staff is working on a plan for mandatory conservation, in case needed because of dry winter; will review this plan with Water Resources Committee; is interested in implementing Director Kannegaard's idea about getting customers to share conservation ideas.

### 17. Emergency Action Plan

General Manager McNiesh advised that the District has an emergency plan and coordinates with the City. Assistant General Manager/Operations Manager O'Brien added that plan needs to be on-going living document; staff will continue to work on plan and keep it before the Board.

### 18. Automated Meter Reading

Assistant General Manager/Operations Manager O'Brien advised that the District does not currently have capability of radio meter reading; he will report at next Board meeting; is obtaining a quote to get project started at Skypark development.

There was discussion by the Board to continue this meeting to another workshop session to continue this discussion and to actually set priorities.

## 3. ADJOURNMENT

Director Hodgins moved, seconded by Director Kannegaard, to adjourn to February 4, 2008, at 5:00 p.m. to continue the workshop. Motion carried unanimously.

The meeting was adjourned at 12:05 p.m.