

**SCOTTS VALLEY WATER DISTRICT  
MINUTES OF THE  
SPECIAL BOARD MEETING  
FEBRUARY 12, 2007**

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

1. CONVENE MEETING

Item 1.1 President Hodgkin called the meeting to order at 6:00 p.m.

Item 1.2 ROLL CALL

Present: Directors Kassis, Ferri, Kannegaard, Hober, and Hodgkin

Absent: None

Item 1.3 Pledge of Allegiance and Invocation

Director Kassis led the Pledge of Allegiance and Invocation.

ADDITIONS/DELETIONS TO THE REGULAR AGENDA:

General Manager McNiesh distributed re-bound copies of the final FY2005-2006 audit report to Board members; these incorporated a minor text change authorized when the audit was approved in December 2006. General Manager also distributed copies of oaths suitable for framing to new Directors; advised rescheduling proposed Special Board Meeting for Well 10A eminent domain process from Wednesday, February 21<sup>st</sup>, to Wednesday, February 28<sup>th</sup>. Board members agreed to 5 pm on the recommended date.

PUBLIC COMMENTS ON ITEMS ON THE AGENDA: None

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA: None

2. DISCUSSION RELATED TO PROPOSED RATE INCREASE AND PUBLIC HEARING SCHEDULED FOR FEBRUARY 15, 2007

General Manager McNiesh advised that the purpose of the presentation is to give basic information on rates and includes 19 different exhibits; Board should provide feedback and discuss how to conduct the upcoming public hearing; 60 protest letters have been received to date. General Manager made the point that this is the rate increase staff is recommending for the long term solvency of the District; staff's role is to present information for prudent steps to fiscal soundness; Board's role is

to consider staff's recommendation and approve a rate increase based on this and other considerations the Board deems important.

The Board discussed the amount of time to allow each speaker and how to have speakers sign in. It was determined that there would no fixed time limits on speakers and no written sign-in requirements, to encourage maximum public commenting.

General Manager McNiesh went over the proposed presentation for Thursday evening's public hearing which includes history and financial modeling; previous increase was in February 2005; recommended 9.5% rate increase will take place February 2007, which works out to 4.75% per year for 2006 and 2007, 6.5% in 2008, and another 6.5% increase in 2009; overall average over 4 year period is 5.6% per year; there were no rate increases and no meter service charge increases from 1996-2004. Power point included: Potable and Recycled Water Production; Operating Expenses/Revenues; Non-Operating Revenue/Expenses; Meter Service Charges; Developer Contributions; Net Gain/Loss; 5-Year Revenue and Expenditure Assumptions; Projected Operating Revenue; Revenue from New Connections; Projected Revenue and Expenses Sources; Projected Drawdown of District Reserves; Comparative Rate Increase; 2007 Comparative Rates.

Board members gave suggestions as to what to include and exclude and changes to make the presentation more clear.

### 3. ADJOURNMENT

Meeting adjourned by President Hodgin at 8: 05 p.m.

Respectfully submitted,

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Deborah L. Hazen, District Secretary