

**SCOTTS VALLEY WATER DISTRICT
MINUTES OF THE
REGULAR BOARD MEETING
FEBRUARY 13, 2008**

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

1. CONVENE MEETING

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

Item 1.2 ROLL CALL

Present: Directors Kassis, Perri, Kannegaard, and Hodgin
Absent: Director Hober

Item 1.3 Pledge of Allegiance and Invocation

Director Kassis led the Pledge of Allegiance and Invocation.

Item 1.4 Closed Session Report: None

Item 1.5 Approval of Minutes of the Regular Board Meeting of January 10, 2008

Director Kassis moved, seconded by Director Hodgin, to approve minutes of the Regular Board Meeting of January 10, 2008, as presented. Motion carried unanimously, with Director Hober being absent.

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 HEARING: None

3. CONSENT AGENDA:

Item 3.1 Approve Resolution No. 01-08, a Resolution of Appreciation for Steven Yetter, Field Supervisor

Item 3.2 Review Water Replenishment Impact Fee Annual Report, Fiscal Year 2006-2007

Director Hodgins moved, seconded by Director Kassis, to approve Consent Agenda as presented. Motion carried unanimously, with Director Hober being absent.

4. ITEMS REMOVED FROM CONSENT AGENDA: None

5. DIRECTOR'S AGENDA ITEMS

Item 5.1 Individual Director Reports:

Director Hodgins reported that he attended Regional Water Quality Control Board (RWQCB) meeting; he distributed copies to Board members of information he recently presented, a summary of what the RWQCB does.

Item 5.2 ACWA Update:

5.2.1 ACWA Boards and Committees

General Manager McNiesh advised that there is information in the Board packet on ACWA items; three Board members and General Manager McNiesh will serve in 2008 on ACWA committees.

5.2.2 ACWA Spring Conference, May 6-9, 2008

General Manager McNiesh advised that the District will need to put hotel reservations in soon for the ACWA Spring Conference.

5.2.3 ACWA/JPIA Executive Committee Elections

General Manager McNiesh advised that the District could nominate a candidate, but no action is necessarily required. Director Hodgins said the District might get more names between now and next Board meeting. General Manager McNiesh said he would have the paperwork ready for next Board meeting to insert a name if the Directors wish to nominate someone.

Item 5.3 Anticipated Directors' Expenses:

Director Hodgins mentioned ACWA's 2008 Legislative Symposium scheduled for March 26th. General Manager McNiesh said the flyer for the symposium had been placed on the Board Members' desk; suggested carpooling to the one-day session.

6. COMMITTEE REPORTS:

Item 6.1 Business Administration Committee

6.1.1 Sub-Agreement with Regional Water Management Foundation
Regarding Proposition 50 Funding

General Manager McNiesh advised that the master agreement with the State Water Resources Control Board was not yet final; therefore the sub-agreement was not yet ready for consideration; this item would be before the Board at next month's meeting.

Attorney Bosso said the agreement is fine, but there is some concern about its indemnity provisions.

6.1.2 Banking and Investment of Reserves

General Manager McNiesh advised that the District's bank, Coast Commercial, is merging with Wells Fargo; District is checking into other banks for a possible alternative. Accounting Manager Catalano said Wells Fargo would be taking over from Coast Commercial officially on March 17th.

6.1.3 Report of January 31, 2008 Internal Controls Audit

General Manager McNiesh advised this is a new committee recommended by the District's auditor.

Director Hodgkin said the committee, made up of himself and Director Hober, reviewed District documents and didn't find anything unusual; looks like everything is in good shape.

Item 6.2 Water Resources Committee

6.2.1 Local Forums on Climate Change and Water Resources

General Manager McNiesh reported that there was a forum last Friday, in Capitola, on climate change; forum was very interesting; there were three speakers, all UCSC professors; focused on strategies and solutions, social political aspects, groundwater; another forum is being planned for May by the County water agencies; focus intended to be more on specific strategies and possible solutions. Director Hodgkin distributed copies of a climate change research report issued by the American Institute for Economic Research.

6.2.2 Possible Drought Response Measures for 2008

General Manager McNiesh said recent rainfall has been helpful, but committee members discussed issue and decided to call for 10% voluntary water conservation for 2008.

6.2.3 City of Scotts Valley Water Initiatives

General Manager McNiesh advised that Scotts Valley City Council has agreed with recommendation of SVWD regarding requirements to connect to the recycled water system; General Manager McNiesh advised that the City's proposed water mitigation ordinance will go back to

Planning Commission later this month and then go before City Council next month for adoption.

Item 6.3 Facilities Engineering Committee

Director Kannegaard said committee met on February 7th, and discussed emergency action plan, Hansen Quarry, wells, Pasatiempo and CEQA issues.

6.3.1 Committee Priority Issues

Director Perri said committee discussed priority issues as developed by the Board at the special meeting workshops in January and February.

6.3.2 New Well Options

General Manager McNiesh showed overhead chart of geologic cross section near Bean Creek, which had been prepared by Kennedy/Jenks personnel; chart showed water levels and fluctuations in groundwater over time; indicated lack of hydraulic continuity between Bean Creek and Camp Evers areas; therefore recharge likely from other areas and promising possibility for a new well site. There was discussion by the Board, including possible well locations at Aviza property, old Geyer quarry site, and Hansen quarry property along Mt. Hermon Drive.

6.3.2 Recycled Water Project Expansion

Director Perri advised that District will be moving ahead to get a more formal agreement with the Pasatiempo Golf Club and to begin required environmental work.

7. STAFF REPORTS

Item 7.1 Accounting/Customer Service Reports

Accounting Manager Catalano told the Board he was glad to report that financial reports are up to date.

Item 7.2 Operational Reports

Earlier in the meeting, Assistant General Manager O'Brien reported that last night a main blew up on the corner of Scotts Valley Drive and Bethany, lost 400,000 gallons of water, lifted asphalt; he contacted Granite Construction; met with them at 4:00 a.m.; they will have road paved by Friday. He advised that asbestos cement pipes, like this one, break once they have no support; this appears to be what happened; lack of support was probably caused by a slow leak over time. He reported on the Vineyards backflow project; contractor has been installing 10 backflow devices a day. He also gave update Well 10 Water Treatment Plant (WTP) maintenance; Orchard Run WTP will be down for scheduled maintenance.

Item 7.3 General Manager's Report

General Manager McNiesh went over new information on Scotts Valley Drycleaners site; two deep monitor wells are located on south side of Mt. Hermon Drive; well nearest McDonalds has never shown contamination; other site nearer Mt. Hermon Drive had not shown any PCE detections for more than a year, but did have low-level PCE detection again last month; well was tested again with no detection; could be lab error, but staff will keep an eye on it.

General Manager McNiesh advised that the proposed ordinance regarding director's pay would be on next month's agenda.

Item 7.4 Attorney's Report:

Attorney Bosso said he had nothing to report other than he has been reviewing agreements and documents for the Vineyards recycled water service.

General Manager McNiesh said he would like to get the same agreement with Woodhill Village as with the Vineyards.

Director Kannegaard suggested Woodhill Village homeowner's association go see Vineyards project and how it is progressing.

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

Director Hodgins commented that the ACWA Region 5 Board would like opinions of SVWD Board on priorities; he also mentioned as District's outreach ambassador he had written personal notes to accompany General Manager McNiesh's December letter to Senator Maldonado and Assemblymember Laird regarding a rumored new take of water district property taxes.

General Manager McNiesh brought up the fact the Board room is underutilized, asking if the Board wanted to consider renting the room out. Director Hodgins said he was in a group that might be interested in renting out the room. Director Kassis expressed his disagreement in renting out the Board room; he said the room is only for District use. Director Perri asked if discussion of this item could be on next month's meeting agenda. Attorney Bosso said typically there is a liability policy that organizations can get to show additional insured. Board members concurred that discussion should be when Director Hober was in attendance. Director Hodgins said he thinks there was previous discussion regarding public use of the Board room and a plan was started in the past. General Manager McNiesh said he will research to see if there is any evidence of past discussion or a past plan and will look into the liability issue.

9. MISCELLANEOUS CORRESPONDENCE:

- Item 9.1 ACWA Memorandum Dated December 19, 2007, Reporting NWRA Election Results
- Item 9.2 Letter Dated January 28, 2008, from Fred Keeley, Santa Cruz County Treasurer, Regarding Vacancy on Treasury Oversight Commission

Director Hodgins noted that Richard Clark of Scotts Valley Fire Protection District currently serves as the Special District's Alternate on the Treasury Oversight Commission; advised that Mr. Clark would be capable as the Special District's Representative on this commission; and recommended supporting Mr. Clark for this position if Mr. Clark is interested in pursuing it. Board Members concurred.

Vice President Perri called for a short recess at 8:10 p.m. before going into closed session.

10. CLOSED SESSION:

- Item 10.1 Closed Session Pursuant to Government Code Section 54957.6 Conference with Labor Negotiator
Agency Designated Representative: Edward L. Kreisberg (Via Teleconferencing)
Employee Organization: SVWD Employee Organization

President Hober arrived during the recess and called the Board into closed session at 8:30 p.m. in the District's upstairs conference room. In attendance were all five Directors, General Manager McNiesh, and Attorney Bosso, with Labor Negotiator Kreisberg participating via teleconferencing. Closed session adjourned at 9:55 p.m.

Open session continued in the upstairs conference room. Directors discussed future Board meeting dates and determined to reschedule the regular March meeting to Tuesday, March 11th, and the regular June meeting to Tuesday, June 10th.

11. ADJOURNMENT

Director Kassis moved, seconded by Director Perri, to adjourn the meeting at 10:00 p.m. Motion carried unanimously.