

**SCOTTS VALLEY WATER DISTRICT
MINUTES OF THE
SPECIAL BOARD MEETING
FEBRUARY 28, 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 5:05 p.m.

Item 1.2 ROLL CALL

Present: Directors Kassis, Perri, Hober, and Hodgkin

Absent: Directors Kannegaard

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 suggested Board consideration to cancel or reschedule the March 8, 2007 meeting, explaining that Directors Hober and Kannegaard would not be able to attend and the only action item would be a change order to consultant ETIC Engineering's contract, to be discussed at Item 3.2.1 on today's agenda; if canceled, the next regular meeting would be April 12, 2007.

Director Kassis suggested that, since meetings are held for the public, they should not be canceled or rescheduled.

General Manager McNiesh advised of a different option, that the two absent Directors could participate by telephone. Director Hober said she would be available by phone.

Director Kassis requested SVWD staff to give ideas to the Board on how to invite and encourage the public to attend Board meetings, with an emphasis on what staff could do in this regard.

PUBLIC COMMENTS ON ITEMS ON THE AGENDA: None

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA: None

2. HEARING FOR RESOLUTION OF NECESSITY AUTHORIZING

ACQUISITION BY EMINENT DOMAIN OF AN EASEMENT OF 1,000 SQUARE FEET
ON PARCEL 021-221-02 FOR INSTALLATION OF DISTRICT WELL 10A

Item 2.1 Public Hearing

General Manager McNiesh advised that this item is about acquiring a portion of the Valley Gardens Golf Course property adjacent to Well 10 for a site for Well 10A; recommendation is to approve Resolution of Necessity, in case it proves to be necessary to obtain the property using eminent domain.

President Hodgkin welcomed Attorney Robert Bosso to his first SVWD Board meeting as District Counsel.

President Hodgkin opened the public hearing; seeing no one to address the Board, President Hodgkin closed the public hearing.

Attorney Bosso said he advised Sandy Woodruff, owner of the golf course, that the Board would be considering this resolution even though they are close to an agreement; he advised that under threat of condemnation there is a tax advantage to her to invest the money; he sent the proposed purchase agreement to her attorney.

General Manager distributed copies of the proposed Resolution of Necessity.

Item 2.2 Consideration and possible adoption of a Resolution of Necessity authorizing proposed eminent domain action

Director Hober moved, seconded by Director Kassis, to adopt Resolution No. 03-07, Resolution of Necessity to Condemn Real Property. Motion carried unanimously, with Director Kannegaard being absent.

3. COMMITTEE BUSINESS

Item 3.1 Ad Hoc Recycling Committee

3.1.1 Proposed new recycled water services

General Manager McNiesh advised that the Board of the Vineyards Homeowners Association (HOA) had expressed interest in converting to recycled water for their landscaping; he distributed information used for discussion with Vineyards representatives in February 2007 and earlier in March of last year; conversion would require installation of backflow devices at each of 106 homesites; financial analysis showed it would take HOA about 10 years to pay back backflow installation costs of \$58,000 through savings from lower recycled water costs; this was sticking point holding up conversion; HOA had proposed splitting installation costs with District, with District paying for one half and loaning HOA the other half and HOA paying off this loan at 2.5% interest rate. General Manager recommended District, instead, offer to pay entire installation

costs using impact fees; this approach would entice other conversions to recycled water program.

After considering a variety of possibilities, the Board approved Director Hodgins' recommendation that the District policy on retrofits be to loan the customer the cost of the required installation at no interest, with the customer allowed to pay off the loan through savings from lower recycled water costs; this policy would be apply to the Vineyards as well as other customers converting to recycled water use.

Director Hober moved, seconded by Director Perri, to authorize President Hodgins to meet with Vineyards representatives to explain Board's proposal. Motion carried with Director Kassis abstaining.

Item 3.2 Water Resources Committee

3.2.1 Annual groundwater report

General Manager McNiesh advised that staff is reviewing a draft version of the annual groundwater report; Board members may also review this draft if they desire; expects consultant ETIC Engineering to present its proposed final report at April meeting. Staff recommends issuing a "Request for Proposals" for the preparation of next year's report; distributed copies to Board members of a recommended contract change order with ETIC to be considered for approval at the March 8th Board meeting.

3.2.2 Historic Soquel Creek Water Rights

General Manager McNiesh gave history of SVWD water rights filing for West Branch of Soquel Creek; Soquel Creek Water District has also filed for similar water rights; the two districts have now held and maintained a joint filing since 1976, when they agreed to jointly pursue a Glenwood Dam and Reservoir Project; State Water Resources Control Board (SWRCB) has just notified the two districts that they either need to build a project or give up their applications; the districts have 60 days to respond; staff does not have a recommendation at this point.

Attorney Bosso reported on history that he is aware of regarding the Glenwood Project and the joint water rights filing; Soquel Creek Water District has special counsel trying to get assurance from SWRCB staff that if the districts give up their filing, they will still be able to re-apply in the future for the same water rights.

Prior to the closed session, Attorney Bosso advised that legislation has been introduced by ACWA to clarify notification requirements for the Proposition 218 protest process.

General Manager McNiesh advised that he had contacted other local water districts to see if there is interest in mutually promoting the ACWA Town Hall Meeting in Concord on March 29th; there appears to be none.

President Hodgkin said he would like the District to invite people and encourage attendance. Board members suggested inviting City Engineer, Director of Public Works, City Counsel members, Supervisor Mark Stone.

4. CLOSED SESSION

The Board went into closed session at 7:05 p.m. with General Manager McNiesh, Assistant General Manager O'Brien, and Attorney Bosso in attendance to consider the following items:

- Item 4.1 Conference with Real Property Negotiator pursuant to Government Code Code 54956.8:
Property: Portions of APN 021-221-02
Negotiating Parties: Valley Gardens Golf Course, SVWD
District Negotiator: General Manager
Under Negotiation: Price, Terms of Payment

- Item 4.2 Public Employee Appointment pursuant to Government Code Section 54957: Accountant/Office Supervisor

5. REPORT AND ACTION ON CLOSED SESSION ITEMS:

The Board returned to open session at 7:20 p.m. General Manager McNiesh reported, regarding Item 4.1, that the Board had given direction regarding terms for a purchasing the Well 10A site from Valley Gardens Golf Course and had directed staff to attempt to acquire the property without resorting to eminent domain, if possible.

Director Kassis moved, with Director Hober seconding, to authorize the hiring of the General Manager's recommended candidate for the vacant Accounting/Office Supervisor position pursuant to contract terms established by the Board.

6. ADJOURNMENT

Meeting adjourned by President Hodgkin at 7:25 p.m.

Respectfully submitted,

Deborah L. Hazen, District Secretary