

**SCOTTS VALLEY WATER DISTRICT
MINUTES OF THE
REGULAR BOARD MEETING
MARCH 11, 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 7:00 p.m.

Item 1.2 ROLL CALL

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

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 February 13, 2008.

Director Hodgin moved, seconded by Director Kannegaard, to approve minutes of the Regular Board Meeting of February 13, 2008, as presented. Motion carried unanimously, with Director Hober abstaining due to absence and Director Perri 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: Ordinance Regarding Director Compensation

Item 2.1 Conduct Public Hearing on Ordinance No. 146-08, Amending Section 2.9 of Ordinance No. 119-96, As Amended, Regarding Director Compensation

General Manager McNiesh advised that the Board has discussed this in the past; this ordinance does not make any changes but allows for future changes.

Attorney Bosso advised that the Government Code limits compensation for water districts; answered questions of Board members.

President Hober opened the public hearing; hearing no comments, the public hearing was closed.

Item 2.2 Consider Approval of Ordinance No. 146-08

Director Hodgins moved, seconded by Director Kannegaard, to adopt Ordinance No. 146-08 Amending Section 2.9 of Ordinance No. 119-96, as Amended, Regarding Director Compensation. Motion carried unanimously, with Director Perri being absent.

2. CONSENT AGENDA:

Item 3.1 Approve Resolution No. 02-08, Concurring in Nomination to the Office of President of ACWA/JPIA

Item 3.2 Approve Retainer Proposal from Bosso Williams for General Counsel Services

Item 3.3 Approve and Authorize Execution of Memorandum of Understanding with The Vineyards Homeowners Association Regarding Recycled Water Service

Item 3.4 Approve and Authorize Execution of Proposition 50 Sub-Grantee Agreement with Regional Water Management Foundation for Project Entitled: Scotts Valley Recycled Water Distribution System

Director Kassis asked for Item 3.2 to be removed from the Consent Agenda.

Director Kannegaard moved, seconded by Director Hodgins, to approve Consent Agenda as amended. Motion carried unanimously, with Director Perri being absent.

4. ITEMS REMOVED FROM CONSENT AGENDA:

Item 3.2 Retainer Proposal from Attorney Bosso for General Counsel Services

General Manager McNiesh advised that Robert Bosso has served the District for over a year now as General Counsel and has proposed a monthly retainer method of billing; advantages are in budgeting, encouraging proactive legal consultation; General Manager McNiesh notes that the annual retainer cost of \$18,000, at \$1,500 per month, would be less than the current annual budget amount of \$22,900 for General Counsel services.

Director Hodgins moved, seconded by Director Kannegaard, to accept proposal of Attorney Bosso to serve on a retainer basis at a cost to the

District of \$1,500 per month. Motion carried unanimously, with Director Perri being absent.

5. DIRECTOR'S AGENDA ITEMS

Item 5.1 Individual Director Reports:

Director Hodgkin advised that he will attend the Regional Water Quality Control Board meeting on March 21st, and the ACWA Board Meeting on the 27th and 28th.

Item 5.2 ACWA Update:

5.2.1 ACWA Committees

General Manager McNiesh reported on ACWA committee meeting attendance: Director Kassis went to Water Management Committee meeting on March 6th; General Manager McNiesh will be going next Friday to Sacramento to Groundwater Committee meeting. Director Hober stated she would be going to next Water Quality Committee meeting at ACWA Conference.

5.2.2 ACWA Region Meeting, April 6-7, 2008

Director Hodgkin, Region 5 representative, will be attending Region 5 meeting on 6th and 7th of April in San Francisco, on climate change.

5.2.3 ACWA Spring Conference, May 6-9, 2008

General Manager McNiesh said hotel reservations need to be made before it is too late to schedule through ACWA; Director Hodgkin advised that he already has reservations; Director Hober plans on going, but will let General Manager McNiesh know what days; Director Kannegaard will be going Wednesday and Thursday; Director Kassis will be going for the whole conference.

Item 5.3 Anticipated Directors' Expenses:

Item 5.4 Board Priority List

President Hober advised that the Business Administration Committee went over the Board Priority List. General Manager McNiesh said the Facility Committee reviewed it soon after the Board workshop; each committee will review the list. General Manager asked the Board if they want the list to be included in the Board packet each month; the Board concurred that they did.

6. COMMITTEE REPORTS:

Item 6.1 Business Administration Committee

6.1.1 Legislative Analyst's Office Proposed Property Tax Shift

General Manager McNiesh advised that he is attempting to schedule a meeting scheduled with Assemblyman John Laird and local water district representatives on this topic. He recommends the District consider a reserve fund or other plan for the future in the event of loss of property tax revenue.

Attorney Bosso reported on District property tax receipts last year; discussed how property tax receipts are distributed to special districts.

6.1.2 Process for Reviewing Development Project Proposals

General Manager McNiesh said he and Assistant General Manager O'Brien met with Susan Westman, the City of Scotts Valley's Interim Community Development Director; Ms. Westman was supportive of the proposed changes in the District's review process; main changes are that the final will serve letter will not be issued until completion of planning process and develop will pay fees to cover the District's review costs; new process should benefit applicants by providing more clarity and faster turnaround.

Mike Keogh from the public asked clarifying questions of the General Manager.

Attorney Bosso advised that most districts that have will serve letters include a sunset provision, one year or two years usually.

6.1.3 Public Use of the Board Room

General Manager McNiesh advised that there is a Resolution No. 22-94 on the books that allows for public use of the Board Room; one downside is the key for the Board Room is the same as for the rest of the District office; files are downstairs next to the Board room that are not locked up.

Responding to a question about the cost of insurance for use of the room, Attorney Bosso said typically a business can get a one day special insurance for a nominal cost.

Director Hodgins said he brought up the subject earlier not knowing that there was already a resolution covering it.

Assistant General Manager O'Brien said the District plans to start having more training for employees in the Board Room rather than sending employees out of town for training.

There was discussion by the Board regarding re-keying the Board Room lock and regarding changing rates in the existing resolution.

Director Kassis recommended the Board Room not be used for anything other than District uses and stated his opposition to renting it out.

Director Hober suggested taking care of the key situation and then address the rate issue in the future when and if someone asks to use the room.

6.1.4 Banking Options

Accounting Manager Catalano advised that the District had received Santa Cruz County Bank's proposal; reported its current interest rates are not that competitive at this time; recommends letting conversion to Wells Fargo proceed; wait and see what the rates will be in a few months.

Item 6.2 Water Resources Committee

6.2.1 Annual Groundwater Report

General Manager McNiesh said Kennedy/Jenks staff is working on draft report to distribute to public for review; plan is to have report circulated in time to receive comments at next Board meeting; final report by Kennedy/Jenks will be ready for presentation at Santa Margarita Groundwater Basin Advisory Committee on April 24th.

6.2.2 Local Climate Change Forum

General Manager McNiesh said there is not much additional detail to report; the forum is scheduled for May 14th at 1:00 p.m. at the University Inn in Santa Cruz.

President Hober suggested adding the date to the list of Board meeting dates at the end of the agenda.

6.2.3 City of Scotts Valley Water Initiatives

There was discussion regarding low flow toilets requirement when buying and selling a home.

Item 6.3 Facilities Engineering Committee

6.3.1 Pasatiempo Project Environmental Services

General Manager McNiesh said he has been contacted by four candidate firms expressing interest in the project; written submittals need to be in by end of the month with interviews the following week and recommendations to Board at next Board meeting; General Manager McNiesh estimates that costs will be under \$75,000; committee met before last Board meeting and asked staff to prepare document; counsel has reviewed; Board needs to approve.

Director Kannegaard said the committee requested but did not review the final document due to timing, but it was the consensus of the committee to move forward. Director Hober said she would be more

comfortable if committee had reviewed the document. General Manager McNiesh noted the Board will in any event need to approve the consultant contract before it is executed; also noted committee desires a written agreement of intent with Pasatiempo Golf Course before beginning the environmental work.

6.3.2 New Well Options

General Manager McNiesh recalled discussion at the last Board meeting regarding a southern well along Bean Creek; staff has since verified Geyer Quarry as a potential site; Kennedy/Jenks is looking at the area with a site visit planned with property owner.

6.3.3 Recycled Water Project Expansion

Operations Manager O'Brien reported that The Vineyards backflow installation project has been completed; Sanchez Incorporated did installation; staff has repaired a number units; same problem in each case; not yet known if problem was due to faulty pipes, if contractor tightened them too tight, or other cause; District has not released any funds; is waiting for a call back from Sanchez.

7. STAFF REPORTS

Item 7.1 Accounting/Customer Service Reports

Accounting Manager Catalano reported that accounting software did not recognize the leap year, therefore did not close out February correctly. He answered questions of the Board.

Director Hober asked about the accounts receivable monthly comparison, and asked if discussion of restricted funds could be on next Business Administration Committee agenda.

Item 7.2 Operational Reports

Assistant General Manager O'Brien reported regarding scheduled maintenance at Orchard Run Water Treatment Plant; normal filter maintenance work was within budget; work revealed need for emergency repair that will cause the job to go over budget; also getting quotes for a main that blew out on Old El Pueblo Road near Highway 17; will video cement casing under Highway 17 to check its integrity before installing new pipe in casing; has Caltrans approval to make the repair.

Item 7.3 General Manager's Report

General Manager McNiesh said there was nothing to add to his written report.

Item 7.4 Attorney's Report:

Attorney Bosso said he had nothing further to report.

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

President Hober asked about MOU and other committee meetings. General Manager McNiesh said Facilities Committee will be working on Pasatiempo agreement; no date set; next MOU negotiations committee meeting is March 24th, 4:00 p.m., possibly by teleconference. Director Hodgin asked about the Water Education Foundation conference in Sacramento on April 3-5. General Manager McNiesh said it is usually very good. Business Administration Committee scheduled a meeting on April 3rd at 4:00 p.m.

9. MISCELLANEOUS CORRESPONDENCE:

General Manager McNiesh added a letter dated March 10th he had just submitted on behalf of the District to the State Water Resources Control Board regarding proposed new statewide recycled water policy; letter was submitted at urgent request of ACWA; new policy purports to remove barriers to expanded recycled water use, but may actually have opposite effect; District's letter was supportive of ACWA's position.

10. CLOSED SESSION:

President Hober called for a short recess at 9:00 p.m. before going into closed session in the upstairs District conference room.

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

President Hober called the Board into closed session at 9:05 p.m. in the District's upstairs conference room. In attendance were Directors Hober, Hodgin, Kassis, and Kannegaard; General Manager McNiesh; Attorney Bosso; and Labor Negotiator Kreisberg via teleconferencing. Closed session adjourned at 9:30 p.m.

11. ADJOURNMENT

Open session continued in the upstairs conference room. The Board scheduled a Special Meeting for March 25, 2008, at 7:00 p.m. for a closed session conference with its labor negotiators.

The meeting was adjourned at 9:35 p.m.