

**SCOTT'S VALLEY WATER DISTRICT
MINUTES OF THE
REGULAR BOARD MEETING
MARCH 12, 2009**

**SCOTT'S VALLEY WATER DISTRICT
BOARD ROOM, 2 CIVIC CENTER DRIVE
SCOTT'S VALLEY, CALIFORNIA**

1. CONVENE MEETING

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

ROLL CALL

Present: Directors Kassis, Hodgin, Kannegaard and Perri

Absent: Director Miller

Item 1.2 Pledge of Allegiance and Invocation

Director Kassis led the Pledge of Allegiance and Invocation.

Item 1.3 Closed Session Report: None

Item 1.4 Approval of Minutes from the Regular Board Meeting of February 12, 2009.

Director Kassis moved, seconded by Director Kannegaard, to approve minutes of the Regular Board Meeting of February 12, 2009, as submitted. Motion carried unanimously, with Director Miller being absent.

ADDITIONS/DELETIONS TO THE REGULAR AGENDA: None

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA: None

2. PUBLIC HEARINGS AND PRESENTATIONS: None

3. CONSENT AGENDA:

Item 3.1 Approve Resolution No. 10-09 Authorizing Filing for Funding Assistance from State Water Resources Control Board for Recycled Main Replacement and Infill Project and authorizing Execution of Possible Subsequent Funding Agreement

Item 3.2 Approve Resolution No. 11-09 Approving California Environmental Quality Act (CEQA) Categorical Exemption for MacDorsa Water Storage Tank Improvement Project

- Item 3.3 Approve Resolution No. 12-09, Approving California Environmental Quality Act (CEQA) Categorical Exemption for Bethany Booster Pump Station Replacement Project

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

4. ITEMS REMOVED FROM CONSENT AGENDA: None

5. DIRECTOR'S AGENDA ITEMS

- Item 5.1 Individual Director Reports:

Director Hodgin said he will attend the RWQCB meeting in Watsonville on the 19th and 20th; on March 26th-27th he will attend ACWA statewide board meeting; he attended recent Save Our Shores climate change meeting along with Director Miller. Director Hodgin informed that he received a letter requesting SVWD support from Lou Reinkens of Tahoe City Public Utilities District for the ACWA/JPIA board; he is not proposing any action; this is just for the Board's information. Director Hodgin advised that an ACWA/JPIA representative will give a presentation about the organization at the July SVWD meeting; distributed to Board members a copy of a booklet on California Water prepared by the Legislative Analyst's Office; invited Board members to Golden Girls performance at Scotts Valley Senior Center on March 14th that his wife is in charge of.

- Item 5.2 ACWA Update:

- 5.2.1 Regions 1 and 5 Joint Program and Tour, April 2-3, 2009

General Manager McNiesh advised that Director Hodgin would be attending, including a field tour; if any other Board members want to attend they should let staff know; there is a release of liability that has to be signed for anyone attending the field tour.

- 5.2.2 "Water for Tomorrow" Magazine

General Manager McNiesh advised the Board about a new National Geographic style magazine being promoted through ACWA; there will be two issues per year for two years; magazine will be available for districts to purchase for distribution to customers; cost to District to mail 4,000 copies would be \$2,400; cost to mail 4,000 copies of all four issues over the two years would be \$9,600; ACWA is asking for commitments from member agencies by March 20th.

Director Hodgin said he likes the idea of purchasing the magazine; he brought one back from a meeting he attended.

Director Hodgin moved, seconded by Director Kassis, that SVWD join ACWA effort to distribute magazine as discussed. Motion carried unanimously, with Director Miller being absent.

Item 5.3 Anticipated Directors' Expenses:

Item 5.4 Board Priority List

General Manager McNiesh recommended continuing to plan for a Board special workshop to review and update the Board Priority List, but suggested changing the date to mid-April so Director Miller can attend. Director Miller is having surgery today at Stanford Medical Center. The date and time for the Special Board Workshop was set for April 25, 2009, at 11:00 a.m.

6. COMMITTEE REPORTS:

Item 6.1 Business Administration Committee

6.1.1 Consider Approval of Revised Organization Chart and New Position Descriptions for Office Supervisor, Customer Service Clerk, and Field Customer Service Representative

General Manager McNiesh explained the changes in descriptions do not change actual employee duties or affect salary or benefits; changes in title, duties and responsibilities just reflect current conditions more accurately. Committee discussed this item and was supportive.

Director Hodgin moved, seconded by Director Kannegaard, to approve General Manager McNiesh recommendation regarding employee position descriptions. Motion carried unanimously, with Director Miller being absent.

6.1.2 Nominations for Outside Boards and Commissions

General Manager McNiesh reported SVWD has opportunity to support candidates for ACWA/JPIA board; district had received no requests for support, other than as mentioned by Director Hodgin earlier; also reported two LAFCO special district seats to be filled by election; SVWD directors are eligible to seek one of these, the alternate seat.

6.1.3 District Bond Covenants and Reserve Accounts

Accounting Manager Catalano advised that staff completed a recent review of bond covenants and investments for bond reserve funds; it was discovered that two of the three bond reserve accounts the District set up are duplicating reserves, so he will close the duplicate accounts and return \$250,000 to unrestricted accounts.

General Manager McNiesh said Standard & Poors had just upgraded SVWD from BBB+ to A+ rating; upgrade was related to improved debt

service coverage; staff will be discussing implications of the rating increase and reporting back to Board any other new information.

6.1.4 Bank and Payroll Services

Accounting Manager Catalano said District is in the process of implementing electronic deposits; will convert Wells Fargo revenue account; Wells Fargo has provided District with proposal which is being reviewed; also staff desires to simplify payroll process to be more efficient and bring costs down; getting proposals from vendors for payroll services.

6.1.5 Identity Theft Prevention Program

Accounting Manager Catalano reported deadline of May 1 for compliance to get program in place; has received templates from ACWA to implement by next meeting.

Item 6.2 Water Resources Committee

6.2.1 Drought Response Measures

General Manager McNiesh said committee met yesterday and discussed governor's drought proclamation; committee supported call for 20% water use reduction; committee would like Board to consider possible mandatory water conservation measures such as not watering or using hoses outside during certain times of day; committee recommends having public hearing next month; based on public response, Board would decide whether to implement mandatory measures or not and what they would be; there could be some mandatory measures and some recommended measures. Discussed outreach measures, such as banners, to support conservation effort.

The Board concurred to set a public hearing at the April meeting.

Item 6.3 Facilities Engineering Committee

6.3.1 Economic Stimulus Funding Opportunities

General Manager McNiesh reported that the District is proceeding with applications submittal to Department of Public Health; also submitting an application to State Water Resources Control Board for main replacement on Mt. Hermon Road.

6.3.2 Recycled Water Pipeline Extension Project

General Manager McNiesh reported that District is proceeding with engineering work by C2G; CEQA notice was filed with State clearinghouse; SWRCB grant funding staff has reviewed District's CEQA and approved; SVWD can now theoretically get reimbursement; however, it is possible that there may not be state funds available for

grant disbursements at the time the District is ready to construct; there is some element of risk if the District decides to proceed, though the risk appears to be more when reimbursement will occur than whether it will occur.

6.3.3 Pasatiempo Water Conservation Initiative

General Manager McNiesh said SVWD representatives met with representatives from Pasatiempo in early February; they are interested in moving ahead, but apparently have not taken a formal position on helping with costs; there will be another meeting next week to go over CEQA plans and iron out details.

Attorney Bosso said the governor's drought proclamation might help with progress of Pasatiempo because it entails a water transfer that would help with the drought situation.

6.3.4 Possible New Well Sites

General Manager McNiesh advised that the annual groundwater report that is coming soon will have recommendations about possible sites; noted the report also has information about Butano well opportunity.

7. STAFF REPORTS

Item 7.1 Accounting/Customer Service Reports

Accounting Manager Catalano said he was prepared to answer questions of the Board regarding the reports.

Item 7.2 Operational Reports

Assistant General Manager/Operations Manager O'Brien provided update on recoating of clearwell tank at El Pueblo water treatment plant, to be completed next week; there were four change orders; he said the tank would be good as new and last another 40 years.

Item 7.3 General Manager's Report

General Manager McNiesh said he will be attending the March 23-24 WateReuse conference in San Francisco. He advised that the former Shell Station at the corner of Mt. Hermon Road and Scotts Valley Drive has been sold and they are digging up the tanks and getting them out to limit potential future liability.

Associate Engineer Smith added a little hydrocarbons were found, and they are removing as much as possible without disturbing supports.

Assistant General Manager/Operations Manager O'Brien said the site project was going to have County Environmental Health Services inspection.

Item 7.4 Attorney's Report:

Attorney Bosso advised that he obtained the signed Crown Castle lease.

8. DIRECTOR'S COMMENTS ON ITEMS NOT ON THE AGENDA: None

9. MISCELLANEOUS CORRESPONDENCE:

Item 9.1 Letter from California Association of Sanitation Agencies dated February 23, 2009, Expressing Appreciation for District's Support of Recycled Water Policy Stakeholder Effort.

10. CLOSED SESSION: None

11. CLOSED SESSION REPORT AND ACTIONS ON MATTERS RELATED TO CLOSED SESSION

12. ADJOURNMENT

Director Kassis moved, seconded by Director Kannegaard, to adjourn at 8:00 p.m. Motion carried unanimously with Director Miller being absent.