

**SCOTTS VALLEY WATER DISTRICT
MINUTES OF THE
REGULAR BOARD MEETING
APRIL 10, 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 Perri, Kassis, Kannegaard, Hodgins, and Hober

Absent: Directors None

Item 1.3 Pledge of Allegiance and Invocation

Director Kassis led the Pledge of Allegiance and Invocation.

Item 1.4 Closed Session Report:

Attorney Bosso reported that the Board met in closed session on March 11, 2008, regarding labor negotiations with the District's Employees Organization; the Board gave direction to its labor negotiators.

Item 1.5 Approval of Minutes of the Special Board Meeting of January 19, 2008, Adjourned Special Board Meeting of February 4, 2008, Special Board Meeting of February 11, 2008, and Regular Board Meeting of March 11, 2008.

It was brought up that the date under Adjournment, in the March 11, 2008 minutes, should be Tuesday, March 25, instead of April 25.

Director Hodgins moved, seconded by Director Kannegaard, to approve the minutes of Special Board Meetings of January 19, February 4, and February 11, 2008, as presented, and of the Regular Board Meeting of March 11, 2008, as amended, changing date to Tuesday, March 25, under Item 11. Motion carried unanimously.

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. PRESENTATION OF 2007 ANNUAL REPORT OF DISTRICT GROUNDWATER MANAGEMENT PROGRAM

General Manager McNiesh introduced Mike Maley of Kennedy/Jenks Consultants (K/J), noting that Mr. Maley would also present the annual groundwater management report at the Santa Margarita Groundwater Basin Advisory Committee (SMGWBAC) meeting on April 24th. The final report will be on Board agenda for acceptance at the May meeting. General Manager McNiesh also introduced K/J's Don Erwin, who will be assisting the District in evaluating and optimizing recycled water treatment and distribution operations.

Mr. Maley's presentation included a review of the District's groundwater management objectives; background information on geology; summary of 2007 groundwater production and recharge; water supply assessment; update on water conservation and water recycling programs; water quality information; and prioritized list of possible areas for a new production well.

The Board took a short break after the presentation.

3. CONSENT AGENDA:

Item 3.1 Approve Resolution No. 03-08, Declaring May 2008 "Water Awareness Month"

Item 3.2 Approve Interview Committee Recommendation Regarding Environmental Consulting Services in Support of Pasatiempo Water Conservation Initiative

Item 3.3 Approve Agreement with Kennedy/Jenks Consultants to Provide General Engineering Services on an As Needed Basis

Item 3.4 Accept and File Emergency Expenditure of \$25,518 for Bethany Drive Repair in February 2008

President Hober said General Manager McNiesh requested to remove Item 3.2 from Consent Agenda; she would like to remove Item 3.3.

Director Hodgin moved, seconded by Director Kassis, to remove Item 3.2 and 3.3 from Consent Agenda. Motion carried unanimously.

Director Hodgin moved, seconded by Director Perri, to approve Consent Agenda as amended, removing Items 3.2 and 3.3. Motion carried unanimously.

4. ITEMS REMOVED FROM CONSENT AGENDA:

Item 3.2 Approve Interview Committee Recommendation Regarding Environmental Consulting Services in Support of Pasatiempo Water Conservation Initiative

General Manager McNiesh reported that the three firms that submitted proposals were interviewed; interview committee recommended to Board RMC/ESA team; interview process led to the conclusion there should be more lead time in defining the project before engaging the recommended consultants; this will save consultant costs in the long run; once underway, the detailed environmental work will take 18 weeks; one issue still to resolve is who will perform water rights work; Board approval of Item 3.2 would be to authorize staff to negotiate contract and scope of work with RMC/ESA; staff would bring the contract and scope of work back to the Board for approval; negotiated cost is expected to be in the \$80-85,000 range.

There was discussion by the Board regarding probable District costs of \$5-6 million to implement Pasatiempo project; concept is to raise necessary revenue from developers through an assessment district approach. Director Hober expressed concern about prematurely incurring expenses related to the Pasatiempo project.

Director Hodgkin moved, seconded by Director Kannegaard, to approve acceptance of interview committee recommendation to negotiate a contract with RMC/ESA. Motion carried with Director Kassis abstaining.

Item 3.3 Approve Agreements with Kennedy/Jenks Consultants to Provide General Engineering Services on an As Needed Basis

In response to a question from Director Hober, General Manager McNiesh advised that the District has specialized engineering needs from time to time that cannot be provided by District staff or the District's local consultant C2G. Assistant General Manager O'Brien said the District needs to have someone on call with wide range of specialized expertise; Don Ervin addressed the Board regarding K/J's capabilities and willingness to help meet the District's needs.

Director Perri moved, seconded by Director Hodgkin, to approve agreement with Kennedy/Jenks Consultants to provide general engineering services on an as-needed basis. Motion carried unanimously.

5. DIRECTOR'S AGENDA ITEMS

Item 5.1 Individual Director Reports:

Director Hodgkin advised that he attended ACWA board meeting in Sacramento; attended Regional Water Quality Control Board (RWQCB) meeting in Salinas; also attended ACWA Region 5 meeting in San Francisco along with Director Perri. Director Perri added that the Region 5 meeting focused on climate change; was informative with high quality, excellent speakers.

Item 5.2 ACWA Update

5.2.1 ACWA Committees

General Manager McNiesh advised that those Directors on ACWA committees would have meetings during the ACWA conference.

5.2.1 ACWA Region Meeting, April 6-7, 2008

5.2.2 ACWA Spring Conference, May 6-9, 2008

Item 5.3 Anticipated Directors' Expenses:

Item 5.4 Board Priority List

President Hober said each committee is working on its part of the Board Priority List.

6. COMMITTEE REPORTS

Item 6.1 Business Administration Committee

6.1.1 Legislative Analyst's Office Proposed Property Tax Shift

General Manager McNiesh explained Legislative Analyst's Office (LAO) proposal is to shift responsibility for monitoring low-risk parolees from the state to the counties and to pay for this shift in responsibility partly with water district property tax revenues; indications are that LAO proposal probably won't happen, but take-away of water district property taxes for other purposes is still possible in light of continuing state budget shortfall; he met with a member of Assemblyman John Laird's staff in Sacramento; is scheduling a local meeting with John Laird soon, to include representatives from SVWD, San Lorenzo Valley, Lompico, and Central water districts; suggested District should also meet with County Supervisor Stone on this issue.

6.1.2 Process for Reviewing Development Project Proposals

General Manager McNiesh advised that he would have more detail to provide at next month's meeting

6.1.3 ACWA/JPIA Insurance Program Risk Assessment

General Manager McNiesh advised there is a letter in agenda packet summarizing assessment results; there was one minor recommendation, that the District establish a formal return-to-work program; staff will follow through to develop the current procedures as a formal program.

Director Kannegaard said he would be interested in going to the May 7th course on Confined Space Entry, Trenching and Excavation, listed in the ACWA/JPIA letter on page 6.1-2.

Assistant General Manager O'Brien said he and Accounting Manager Catalano attended an ACWA/JPIA class that included how to establish and implement policies. He also advised that the District would start hosting more seminars and training at the District Office; this would save travel costs of sending employees for training at other locations.

Item 6.2 Water Resources Committee

6.2.1 Local Climate Change Forum

General Manager McNiesh said the forum is scheduled for the afternoon of May 14th at University Inn in Santa Cruz; it will focus on what water agencies can do to plan for future climate change impacts and to modify their own operations to cause minimal climate impact.

6.2.2 South San Lorenzo Watershed Conjunctive Use Study

General Manager McNiesh said Mike Maley referred to this project in his presentation of the annual groundwater report; County will be lead agency; is preparing a scope of work with K/J for this project; General Manager will provide information to the Board through this committee as project moves forward.

6.2.3 Smart Gardening Faire – Skypark, June 21, 2008

General Manager McNiesh said the annual "Smart Gardening Faire" appears to be getting a substantial following; District has been invited to introduce Assemblyman Laird, who will be the Faire's opening speaker. Director Perri volunteered.

Item 6.3 Facilities Engineering Committee

6.3.1 Pasatiempo Water Conservation Initiative

General Manager McNiesh reported that the committee reviewed and approved a draft agreement of intent to cooperate, for the consideration of the Pasatiempo Golf Club board; Golf Club edited the District's proposal; copy of agreement showing both versions was distributed; General Manager has concerns with Golf Club edits regarding value of recycled water; otherwise edits appear acceptable; will schedule meetings with committee and Pasatiempo board to discuss further.

6.3.2 Water Recycling Facilities Planning Grant

General Manager McNiesh advised that this was a grant application filed in December; District has received plan of study approval letter; grant commitment letter should be received around April 23; award will be \$75,000 in matching funds; will need to expand K/J scope of work to include grant-funded tasks; additional K/J costs will be reimbursed from grant.

6.3.3 Recycled Water Project Expansion

Assistant General Manager/Operations Manager O'Brien reported Vineyards project is complete; there have been multiple plumbing problems associated with work performed by contractor Sanchez Incorporated; will have meeting with contractor to go over and negotiate contractor's requested change orders; District incurred expenses responding to plumbing problems caused by Sanchez; extra District costs will serve as offset against valid Sanchez charges.

7. STAFF REPORTS

Item 7.1 Accounting/Customer Service Reports

No additional comments.

Item 7.2 Operational Reports

Assistant General Manager/Operations Manager O'Brien offered to respond to questions, but noted he did not prepare the report as he was on vacation.

Item 7.3 General Manager's Report

General Manager McNiesh said he had nothing to add to his written report.

Item 7.4 Attorney's Report

Attorney Bosso said he went to the ACWA Region 5 meeting and it was the best he's been to; has been working with Assistant General Manager/Operation Manager O'Brien on a lease agreement with a cellular company that has equipment installed at District storage facility; has been tracking Bill AB2153, pending in legislature, which would put in place a mandatory statewide water demand offset program; ACWA will probably oppose the bill because it doesn't take into consideration districts already using conservation measures.

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

Director Hodgins announced an April 30th Watsonville water issues summit; Lieutenant Governor John Garamendi will be the featured speaker.

President Hober clarified dates for scheduled meetings: July meeting was changed to the 16th; August meeting was changed to the 20th; special Board meeting with closed session on the Employees Organization MOU negotiations will be on April 24th at 5:30 p.m. prior to SMGBAC meeting that same evening at 7:00 p.m.

9. MISCELLANEOUS CORRESPONDENCE:

General Manager McNiesh said Board received recent information on a candidate for ACWA/JPIA Board President. This information was received after Board had already determined to nominate Wes Bannister for this office.

10. CLOSED SESSION:

President Hober called the Board into closed session at 9:25 p.m. All Directors were in attendance, along with Attorney Bosso, General Manager McNiesh, and, by teleconferencing, Labor Negotiator Kreisberg.

Item 10.1 Closed Session Pursuant to Government Code Section 54957.6

Conference with Labor Negotiators
Agency Designated Representatives: Edward L. Kreisberg (Via
Teleconferencing), Charles McNiesh
Employee Organization: SVWD Employee Organization

11. ADJOURNMENT

The Board returned to open session and adjourned at 10:30 p.m.