

**SCOTTS VALLEY WATER DISTRICT
MINUTES OF THE
REGULAR BOARD MEETING
APRIL 12, 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 7:00 p.m.

Item 1.2 ROLL CALL

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

Item 1.3 Pledge of Allegiance and Invocation

Director Kannegaard led the Pledge of Allegiance.
Director Perri led the Invocation.

Item 1.4 Approval of Minutes of the Special Board Meeting of February 12, 2007, Special Board Meeting of February 28, 2007, and Regular Board Meeting of March 8, 2007.

Director Hober moved, seconded by Director Perri, to approve minutes of Special Board Meetings of February 12, 2007 and February 28, 2007. Motion carried unanimously, with Director Kassis being absent.

Director Perri made a motion, seconded by Director Kannegaard, to approve the minutes of the Regular Board Meeting of March 8, 2007. Motion carried, with Director Hober abstaining, and Director Kassis absent.

ADDITIONS/DELETIONS TO THE REGULAR AGENDA: None

PUBLIC COMMENTS ON ITEMS ON THE AGENDA:

SVWD employees Don Demers and Cliff Sniatowski addressed the Board regarding the District's participation in the Social Security program, to be considered by the Board in closed session; since any change in Social Security coverage may significantly impact certain individuals, employees would appreciate time for all questions to be answered and all facts to be known; asked for any action on this item to be continued or tabled for now.

President Hodgin acknowledged these comments.

President Hodgin welcomed former SVWD Director Roger Kern; and congratulated Assistant Engineer Colin Smith on recently passing his professional engineering examination.

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA: None

2. PUBLIC HEARING AND PRESENTATION

Item 2.1 Public Hearing: Ordinance No. 144-07, Amending Ordinance No. 119-96, as Amended, to Add Section 9.4 Regarding Claims Against Scotts Valley Water District

2.1.1 Presentation of Ordinance No. 144-07 and background information

After a brief presentation by General Manager McNiesh and comments from Attorney Bosso, Director Hober moved, seconded by Director Kannegaard, to adopt Ordinance No. 144-07 Amending Ordinance No. 119-96 as Amended, to Add Section 9.4 Regarding Claims Against Scotts Valley Water District. Motion carried unanimously, with Director Kassis being absent.

2.1.2 Presentation: Groundwater Management Program, 2005-2006 Annual Report

Gerald O'Neill from ETIC Engineering reported and showed power point presentation, touching on the following topics: favorable hydrologic conditions; generally stable groundwater levels; successful basin management practices; recycled water program; possible water augmentation projects; environmental contamination sites; hydrologic database development; future groundwater management issues; potential new well sites; conclusions included: groundwater management and above average rainfall have improved basin conditions; continued management of groundwater quantity and quality is essential; sufficient, finite groundwater supply is available to meet current demands; work is in progress to augment water resources; recommendations for 2007 included: continue to expand recycled water program; continue to evaluate artificial recharge possibilities; additional emphasis on water conservation; document and maintain database; review groundwater monitoring program; update groundwater model; participate in environmental site review processes; continue to seek grant funding; post reports on SVWD website. After his presentation, Mr. O'Neill answered questions of the Board.

Director Hober asked if anyone on staff is qualified to maintain and interpret the groundwater model. General Manager McNiesh advised that Assistant Engineer Smith is being trained to do so.

Director Hober moved, seconded by Director Perri, to accept and file report as recommended by General Manager McNiesh. Motion carried, with Director Kassis being absent.

3. CONSENT AGENDA:

Item 3.1 Approve Resolution No. 04-07, Expressing Appreciation to Roger Kern for Sixteen Years of Dedicated Service on the Scotts Valley Water District Board of Directors.

Item 3.2 Approve Resolution No. 05-07, Designating May 2007 as "Water Awareness Month".

Item 3.3 Accept and file emergency expense report on replacement of GAC filter media at Well 9 Water Treatment Plant.

General Manager McNiesh said there was an editorial correction to be made to Resolution No. 04-07, as some dates are incorrect.

Director Hober moved, seconded by Director Kannegaard, to approve the Consent Agenda as amended in Item 3.1. Motion carried unanimously, with Director Kassis being absent.

4. ITEMS REMOVED FROM CONSENT AGENDA: None

5. DIRECTOR'S AGENDA ITEMS

Item 5.1 Individual Director Reports: None

Item 5.2 ACWA Update:

5.2.1 "California's Water" Town Hall, March 29, 2007

General Manager McNiesh advised that the following people attended from Scotts Valley: City Councilmember Cliff Barrett, Director Hodgin, Director Hober, and General Manager McNiesh.

5.2.2 ACWA Region 5 Event, April 15-16, 2007

President Hodgin advised that he was going to attend.

5.2.3 ACWA Spring Conference May 8-11, 2007

General Manager McNiesh advised that all Directors are registered to attend; Director Perri will also be attending the ethics training; Director Hodgin will leave Wednesday night for the Central Coast Regional Water Quality Control Board meeting in San Luis Obispo on Thursday and Friday.

Item 5.3 Anticipated Directors' Expenses: None

6. COMMITTEE REPORTS:

Item 6.1 Facilities Engineering Committee:

General Manager McNiesh advised that there is a summary of the March 13th meeting in the agenda packet; Directors Perri and Kannegaard will meet on April 19th with General Manager McNiesh and Assistant General Manager O'Brien.

Item 6.2 Business Administration Committee

6.2.1 Guidelines for Members of the Board of Directors

General Manager McNiesh advised that the committee met twice; Board should discuss draft Guidelines for Board members.

Attorney Bosso advised of two sections that should be amended; will provide proposed amended language to General Manager McNiesh to include.

Director Hober expressed concern regarding the District providing health insurance for Directors, stating that she does not think it is appropriate; she would like the Board to consider amending that policy in the future.

President Hodgkin encouraged Board members to read the draft Guidelines and be ready to approve at next month's regular meeting.

Item 6.3 Water Resources Committee

Director Perri reported that the committee met on April 2nd; he distributed a draft letter to be signed by Board members inviting the public to attend Board meetings; advised that next month is Water Awareness Month; noted there will be another committee meeting on April 18th.

General Manager McNiesh advised that many districts are adopting conservation goals this year in light of the low rainfall; District's 2005 Urban Water Management contains water shortage and drought contingency plans; policy is that the District will go to mandatory rationing in the second year of a drought; suggested that it would be appropriate for the Board to call for 10% voluntary conservation this year.

Roger Kern suggested adding the District's holiday schedule and any days the District is closed to the District website and using the billing statements to encourage customers to check out the website.

After consulting with Attorney Bosso, the Board by consensus directed committee members to work with staff to prepare a suitable letter to

invite attendance of public at meetings and encourage customers to meet a 10% voluntary conservation goal.

Item 6.4 Ad Hoc Recycled Water Committee

General Manager McNiesh advised that there is nothing new to report regarding the recycled water program at this time; Department of Health Services states there is a backlog on recycled water approvals; as a result, there is currently no firm timeline for approval of the Vineyards project.

7. STAFF REPORTS

Item 7.1 Accounting/Customer Service Reports

Accounting Manager Michael Catalano said this month's report was a joint effort between himself and Interim Accountant Kathy Partida, during his training. Board members welcomed Mr. Catalano to the District.

Item 7.2 Operational Reports

Assistant General Manager O'Brien reported that Well 10 has been rehabilitated; a sand separator has been added and tested; filter media will be changed next week; next push will be to start construction of Well 10A; advised that the District has added three new recycled water customers already in 2007: Scotts Valley Square, Emerald Hills, and Vine Hill Elementary School.

Item 7.3 General Manager's Report

General Manager McNiesh reported on today's EPA meeting on Watkins Johnson Superfund site; consultant working at site is seeking site closure; original contaminated area has been cleaned up to levels sought by EPA; peripheral site areas still indicate contamination; consultant postulates an off-site source or sources for this remaining contamination; EPA, Regional Water Quality Control Board, and Santa Cruz County Environmental Health Services staff not convinced of this argument; EPA not likely to approve site closure just yet; owner interested in developing site for residential use.

Item 7.4 Attorney's Report:

Attorney Bosso reported that escrow closed on Well 10A site; District paid bill from other side's attorney, as provided for in the sales contract; deed of partial re-conveyance was executed by the seller's lender. He suggested that the Board, by consensus, should authorize General Manager McNiesh to write a letter in support of AB 1260, clarifying certain Proposition 218 implementation issues.

The Board by consensus directed General Manager McNiesh to submit such a letter; General Manager stated ACWA had provided a sample letter for such purposes.

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

Director Kannegaard asked to have a link on District website so constituents could email him; General Manager McNiesh said staff would explore options and report back.

9. MISCELLANEOUS CORRESPONDENCE:

Item 9.1 Joint SVWD and Soquel Creek Water District letter dated April 3, 2007, to State Water Resources Control Board withdrawing Soquel Creek, West Branch water rights filings.

Item 9.2 Letter dated March 28, 2007, from California Department of Industrial Relations extending initial approval of the District's Labor Compliance Program

Item 9.3 District letter dated April 4, 2007, to California Department of Industrial Relations submitting District's Labor Compliance Program annual report

President Hodgkin called for discussion on the correspondence items. There was none. The Board recessed at 9:15 p.m.

10. CLOSED SESSION:

The Board went into closed session at 9:25 p.m. with General Manager McNiesh, Assistant general Manager O'Brien and Attorney Bosso in attendance to consider the following item regarding employee Social Security Benefits:

Item 10.1 Conference with Labor Negotiator pursuant to Government Code 54957.6

District Negotiator: General Manager

Employee Organization: SVWD Employees Organization

The Board concluded closed session at 10:24 p.m., returning to open session at that time.

11. REPORT AND ACTION ON CLOSED SESSION ITEMS:

Attorney Bosso reported that in closed session the Board postponed any decision on Social Security benefits, gave direction to staff to retain special counsel and to retain a financial advisor to help employees understand potential financial impacts, and continued the matter to the Board's July 12, 2007, meeting.

12. ADJOURNMENT

Meeting adjourned by President Hodgkin at 10:25 p.m.

Respectfully submitted,

Deborah L. Hazen, District Secretary

Approved: _____