

**SCOTTS VALLEY WATER DISTRICT
MINUTES OF THE
REGULAR BOARD MEETING
MAY 14, 2009**

**SCOTTS VALLEY WATER DISTRICT
BOARD ROOM, 2 CIVIC CENTER DRIVE
SCOTTS VALLEY, CALIFORNIA**

1. CONVENE MEETING

Item 1.1 President Perri called the meeting to order at 7:05 p.m.

ROLL CALL

Present: Directors Kassis, Miller, Hodgkin, Kannegaard and Perri

Absent: None

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 April 9, 2009.

Director Hodgkin moved, seconded by Director Kannegaard, to approve minutes of the Regular Board Meeting of April 9, 2009, as submitted. Motion carried unanimously.

ADDITIONS/DELETIONS TO THE REGULAR AGENDA: None

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA:

Ran Bendori addressed the Board stating that when he went to the City of Scotts Valley for approval of his water saving toilet device; the City said they could not authorize spending money unless SVWD approves the device for the rebate program. He reminded that he had attended last month's SVWD meeting to address the Board regarding testing the device, which adds a dual-flush capability to a standard toilet. He showed before and after customer bills documenting money and water savings; stated that the device was approved this morning by SLVWD's environmental committee; requested it be approved by SVWD for rebate programs for next year.

General Manager McNiesh suggested the Board discuss this item after the poster contest presentations and come to some conclusion tonight.

Board members discussed options, and in the end concurred to send this item to Water Resources Committee for consideration and report back to the Board.

2. PUBLIC HEARINGS AND PRESENTATIONS:

Item 2.1 “Be Water Smart” 2009 Water Conservation Poster Contest Winners

President Perri welcomed the public in attendance, provided background on the poster contest and the District conservation program, and introduced Ross Albert, SVWD water conservation intern, to make the presentations to the contest winners, who are all 5th grade students from Vine Hill Elementary.

Conservation Intern Albert explained how the poster contest reinforced 5th grade curriculum regarding the water cycle, expressed appreciation to all who participated, and presented contest winners with certificates, U.S. savings bonds, and water conservation packets; 1st place winners were Katie Okamura, Elise Wadsworth and Genevieve Imboden; 2nd place went to Nikolas Osorio; 3rd place to Emily Chaffin and Rachel Huang.

3. CONSENT AGENDA:

Item 3.1 Approve Resolution No. 14-09 Declaring May 2009 “Water Awareness Month”

Item 3.2 Accept and File “Scotts Valley Water District, Final Facilities Planning Report, May 2009”, Prepared by Kennedy/Jenks Consultants

Item 3.3 Accept and File “2008 Annual Report, Scotts Valley Water District, Groundwater Management Program”, Prepared by Kennedy/Jenks

Item 3.4 Approve Thirty-Day Extension of Current Recycled Water Agreement with the City of Scotts Valley

Director Miller requested to remove Items 3.2 and 3.3 from the consent agenda. General Manager McNiesh asked to remove Item 3.4.

Director Miller moved, seconded by Director Kassis, to approve Consent Agenda, as amended with only Item 3.1 remaining. Motion carried unanimously.

4. ITEMS REMOVED FROM CONSENT AGENDA:

Item 3.2 SVWD Final Facilities Planning Report, May 2009

General Manager McNiesh reviewed project history; explained that the report needs to meet requirements of both SVWD and the State Water Resources Control Board (SWRCB), which provided grant funding to prepare the report and requires the report as a prerequisite for releasing the District’s Integrated Regional Water Management (IRWM) grant award for recycled water main extension construction; report evaluates options for the IRWM-related construction and identifies recommended project as extensions in Victor Square, Hacienda Drive, and Bean Creek Road; report also intended to serve as SVWD’s global long-range recycled water master

plan, and therefore has a dual purpose; recommendations from report were discussed and reviewed in detail by the Facilities Engineering Committee; report has been approved by SWRCB and is now before SVWD Board for consideration.

Director Miller said there are things in the report he does not understand and questioned whether there is enough recycled water to serve Pasatiempo Golf Club as well as all potential Scotts Valley customers; advised the title of the report should include the words “recycled water”; and posed specific questions about certain tables included in the report and its appendices. General Manager McNiesh responded to certain of these points, but acknowledged that some of Director Miller’s questions would require more time for analysis and response. Director Hodgkin suggested referring the report back to committee for further analysis before Board approval. President Perri suggested referring Director Miller’s written questions to Kennedy/Jenks (K/J), and then have K/J walk the committee through the report.

Item 3.3 2008 Annual Report SVWD Groundwater Management Program

General Manager McNiesh said Director Miller had submitted written comments on the report; these were forwarded to K/J’s Mike Maley, who authored the report. Mr. McNiesh then distributed copies of the written response, which had been previously provided to Director Miller; this response was prepared partly by District staff and partly by Mr. Maley.

Director Miller stated concern with the response to his question about Well 9; in his opinion, the consultant is writing off Well 9 and he does not agree.

Director Miller moved, seconded by Director Kannegaard, to accept “2008 Annual Report, Scotts Valley Water District, Groundwater Management Program.” Motion carried unanimously.

Item 3.4 Thirty Day Extension of Recycled Water Agreement with City of Scotts Valley

General Manager McNiesh reported that he communicated to City Manager Steve Ando the Board’s desire to get together on this issue with the City Council as full bodies; had requested of Mr. Ando that the City agree to a 30-day extension of the current agreement to allow for this meeting; City prefers a 60-day extension thinking that is a more realistic timeframe; he then distributed copies to Board members of a 60-day extension agreement that the City had prepared.

Director Perri explained that the City is requesting subcommittees meet first before a joint City Council/SVWD Board meeting. The Board discussed possible meeting dates, and determined to proceed with the subcommittee-first approach due to scheduling constraints.

Director Hodgkin moved, seconded by Director Kannegaard, to approve and authorize execution of the 60-day extension agreement prepared by the City. Motion carried unanimously.

5. DIRECTOR'S AGENDA ITEMS

Item 5.1 Individual Director Reports:

Director Hodgins advised that regarding next week's ACWA conference in Sacramento, he is attending Monday morning for the JPIA meeting and will be there all week; he will be back in Sacramento the following week for the ACWA Board meeting.

Item 5.2 ACWA Update

General Manager McNiesh confirmed Director attendance at the ACWA conference; Directors Hodgins and Perri have hotel reservations and are registered for the main conference; Director Kassis is going on Monday to attend the JPIA workers compensation committee meeting. Director Miller asked that the minutes state that he is not going to this year's ACWA conference.

Director Hodgins said he had received letters from two candidates seeking positions on the executive committee; he has no recommendation but asks the Board if they wish to cast a vote for a particular person; there was no discussion and no action was taken.

Item 5.3 Anticipated Directors' Expenses: None

Item 5.4 Board Priority List

General Manager McNiesh advised that the Board had previously discussed preparing a customer letter informing about the District and how to contact Board members; this letter would go out as insert with the water bill; he distributed copies of a draft letter for Board member comments. Director Kassis questioned why the District would be doing this. Director Miller spoke in favor of the idea.

6. COMMITTEE REPORTS:

Item 6.1 Business Administration Committee

6.1.1 Determine District Vote for LAFCO Special District Representative

Jim Anderson, Felton resident and Felton Fire Protection District Board member, introduced himself and asked for the District's support for his reelection as special district representative to LAFCO.

Director Miller moved, seconded by Director Hodgins, to vote for James Anderson as special district representative to LAFCO. Motion carried unanimously.

6.1.2 Budget Approval Process

General Manager McNiesh reported this is just an update on the budget process to see if the Board had questions; committee meeting should be

scheduled before month end to go over complete preliminary budget; Accounting Manager Catalano is now preparing a budget analysis using the District's financial model.

Committee members scheduled a meeting for afternoon of Friday, May 22nd.

Item 6.2 Water Resources Committee

6.2.1 Customer Water Conservation Recognition Award

General Manager McNiesh reported that this is an idea that Director Kannegaard presented to the Board previously, where some limited number of customers would be recognized periodically for their innovative water conservation practices.

Director Perri said committee discussed whether to give a monetary award; he suggested this correspond with water awareness month and make it an annual event.

Director Hodgkin suggested it be publicized that nominations are being accepted and have a deadline for nominations.

6.2.2 Demonstration Garden Project

General Manager McNiesh reported that the idea is to convert part or all of District landscaping to a demonstration garden showcasing drought tolerant species; staff is looking into a process to seek proposals from local landscape design companies; one aspect might be to dedicate a section of the garden to salt-sensitive species to test whether there any effects of using recycled water, which is relatively high in salinity, on these plants.

6.2.3 Bulk Water Meter Policy

General Manager McNiesh noted that in April the Board had approved several drought response measures; one of these was a requirement to use recycled water for construction and other bulk water purposes whenever possible; he advised that in the Board packet there is a draft ordinance that would revise the District's bulk water sales policy; he then discussed some proposed modifications to the draft ordinance in the packet.

Attorney Bosso advised regarding the process for adopting the ordinance; there should be a first reading of the ordinance, followed the next month by a second reading and adoption.

6.2.4 Fourth Annual Smart Gardening Faire, Skypark, June 27, 2009

No discussion; informational only.

Item 6.3 Facilities Engineering Committee

6.3.1 Extension of Current Agreement with Kennedy/Jenks Consultants for Groundwater Management Program, Engineering and Related Consulting Service

General Manager McNiesh reported that the District is nearing the end of its two-year groundwater management services agreement with K/J; agreement covers three main tasks: groundwater reports, recycled water facilities planning project, and miscellaneous specified engineering services; District also has general services agreement with K/J; latter has no specified end date, and has been used for limited purposes, specifically for assistance in troubleshooting at Orchard Run Water Treatment Plant and for reviewing proposed development project plans; K/J's costs in development plan review are reimbursed by developers; he stated committee will be discussing this matter and a proposed agreement extension will be brought back to the Board soon.

Board members asked what the total amount of use of K/J is annually; General Manager McNiesh said he would have to research this for a precise amount and come back to the Board with the figure.

6.3.2 Possible New Well Sites

General Manager McNiesh reported the 2008 annual groundwater report summarizes the three primary sites staff is looking at; staff's tentative recommendation is to move forward with Green Valley well site.

6.3.3 Pasatiempo Recycled Water Exchange Project

Director Miller asked about SVWD negotiations and expressed a concern that SVWD negotiations should focus more on Santa Cruz City and less on Pasatiempo Golf Club.

Director Perri explained that SVWD and Santa Cruz have negotiated an agreement in principle; current negotiations with the golf club are for infrastructure, not sale of water.

6.3.4 Economic Recovery Funding Opportunities

Director Hodgin informed that there are low interest loans available through Regional Water Quality Control Board; urged that staff explore this possibility fully.

7. STAFF REPORTS

Item 7.1 Accounting/Customer Service Reports

Accounting Manager Catalano advised that monthly reports up to date.

Item 7.2 Operational Reports

Assostant General Manager/Operations Manager O'Brien reported that El Pueblo tank recoating project is complete; plan for next fiscal year is to

perform studies for similar work at Bethany and MacDorsa tanks; regarding capital budget, staff may recommend postponing Sandhill booster station upgrade in favor of El Pueblo booster station pump replacements.

Item 7.3 General Manager's Report

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

Director Miller asked about information in the written report regarding recent PCE increases at several monitor wells at the Watkins-Johnson superfund site. General Manager McNiesh said District staff has expressed concern about this to EPA and the Regional Water Quality Control Board; site consultant ARCADIS has been seeking site closure; geology in the ARCADIS reports is different from geology in District reports; if District report is correct, high PCE data are not explainable based on an off-site source theory, as promoted by ARCADIS; District's position is that this discrepancy needs to be resolved prior to granting site closure.

Director Miller asked for clarification regarding General Manager McNiesh's letter to City regarding proposed Holiday Inn Express project. Mr. McNiesh explained that K/J had provided an analysis of the project's groundwater impacts and this analysis would serve as a basis for project mitigation and setting impact fees.

Item 7.4 Attorney's Report:

Attorney Bosso advised that he has nothing to report.

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

9. MISCELLANEOUS CORRESPONDENCE: None

10. CLOSED SESSION: None

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

12. ADJOURNMENT

Director Miller moved, seconded by Director Kassis, to adjourn. Motion carried unanimously.