

**SCOTTS VALLEY WATER DISTRICT
MINUTES OF THE
REGULAR BOARD MEETING
JUNE 14, 2007**

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

1. CONVENE MEETING

Item 1.1 President Hodgin called the meeting to order at 7:03 p.m.

Item 1.2 ROLL CALL

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

Item 1.3 Pledge of Allegiance and Invocation

Director Kassis led the Pledge of Allegiance and Invocation.

Item 1.4 Approval of Minutes of the Regular Board Meeting of May 17, 2007.

General Manager McNiesh advised that the minutes of the Santa Margarita Groundwater Basin Advisory Committee Meeting are not in the agenda package for approval tonight.

Director Kannegaard moved, seconded by Director Kassis, to approve minutes of the Regular Board Meeting of May 17, 2007, as presented. Motion carried unanimously, with Director Hober 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:

Don Hutchison, Monte Fiore, 123 Silverwood Drive, addressed the Board stating that a few years ago Supervisor Jeff Almquist said the aquifer was being depleted; ten years ago Santa Cruz City had plans regarding Zayante dam and a desalinization plant; he asked why the District doesn't buy into the desalinization plant; he said he wrote to Scotts Valley City Council five years ago, and Councilman Cliff Barrett told him Scotts Valley shouldn't build anymore; he said he moved out of state and now has moved back, and is here tonight to ask the Board what's happening with Scotts Valley water.

Director Kassis addressed the issue stating: the aquifer is not depleted, but declining; the District is doing its best to keep aquifer levels up, to use recycled water, and to get the public to conserve water; desalinization plant is very expensive; if Scotts Valley would control growth, there will be enough water.

Director Hodgins advised that the District might exchange water with Santa Cruz City, providing recycled supply for summer irrigation in exchange for potable supply at non-peak use periods; the District built a costly tertiary treatment plant for the recycled water project; is working hard on trying to stabilize aquifer levels by conserving potable water and using tertiary treated water.

Mr. Hutchison said he doesn't want the SVWD to miss the opportunity to be involved in the desalinization plant; he likes the idea of cooperation between districts.

General Manager McNiesh advised that the desalinization plant project has been off and on, and had been dead in the water for a while; in the meantime SVWD constructed the recycled water project, which was very expensive; since SVWD is a small district, it can only afford to invest in so much; SVWD may still have opportunity to purchase desalinated water from the Santa Cruz project in the future.

Attorney Bosso noted City of Santa Cruz desalination plant does not have additional capacity as planned; City does not want to build a plant large enough to encourage growth; still there may be opportunity to expand plant production in the future.

Director Kannegaard added that SVWD is also working to develop groundwater recharge projects.

Mr. Kertay of Monte Fiore also addressed the Board, stating that he had experienced a leak at his house which could have been caught much sooner if the District had remote-read water meters; he recommended the District upgrade to remote-read meters.

2. PUBLIC HEARING: None

3. CONSENT AGENDA:

Item 3.1 Approve Resolution No. 08-07, Supporting a Comprehensive Water Package for California in 2008

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

4. ITEMS REMOVED FROM CONSENT AGENDA: None

5. DIRECTOR'S AGENDA ITEMS

Item 5.1 Individual Director Reports:

Director Perri addressed the Board regarding the Pasatiempo Project, stating that it had been discussed at recent Facilities Engineering Committee meeting; noted District staff has met with City of Santa Cruz and is making progress; suggests putting together a team of local consultants to move ahead even faster, taking advantage of momentum created by dry year; raised the idea of the SVWD Board making contact with the Santa Cruz City Council to talk about the project concept.

Director Kassis said the two boards should get together and talk, then the two managers should implement it; stated he did know about the proposed Pasatiempo project; stated as a Board member he would like to be 100% informed of everything that goes on in the District.

Director Hodgins noted the Pasatiempo project had been discussed previously at Board meetings on several occasions.

Attorney Bosso advised that Santa Cruz City has a water commission, but the City Council is the actual governing board; the City Council has to deal with all aspects of City business, not just water; before the proposed meeting, recommends the staff of both boards do the groundwork, so the policy makers will have all the information necessary for a productive meeting.

General Manager McNiesh advised that he met today with local consultants Gene Scothorn, Todd Creamer, and Bob Haight to discuss assembling a team along the lines suggested by Director Perri; engineers are looking at options for delivery of water to Pasatiempo, either Graham Hill Road or La Madrona Road; Santa Cruz is concerned about amending its water rights to enable a water exchange with SVWD; recommended as a first step individual Directors speak to any individual City Council members they happen to know.

Director Hodgins said he would talk to a City Council member and suggest having a joint meeting.

General Manager McNiesh stated his understanding of the City process; the Water Department Manager schedules an item with the water commission and then the issue moves up the chain from there to the City Council; recommended respecting this process; noted the prior Board meeting minutes, just approved, included a summary of the Pasatiempo project.

The Board concurred that the SVWD Board should meet with Santa Cruz City Council at the appropriate time.

Item 5.2 ACWA Update:

5.2.1 Appointment of New ACWA Executive Director

General Manager McNiesh advised that ACWA Executive Director Steve Hall is retiring and being replaced by Timothy Quinn, previously with Metropolitan Water District.

Item 5.3 Anticipated Directors' Expenses: None

6. COMMITTEE REPORTS:

Item 6.1 Business Administration Committee:

General Manager McNiesh reported that the committee meeting of the 31st focused on the budget; Accounting Manager Catalano is motivated to improve budget; significant modifications to be deferred to next year, however, as a practical matter; expects to have preliminary budget for committee to review July 5th.

General Manager McNiesh advised that he met with Employee Organization Representative Don Demers and CPA Randy Reynolds regarding the Social Security project approved by the Board in April; distributed a project proposal for the Board's review with tasks and costs outlined; received email from Mr. Reynolds, who has reviewed proposal and accepted; Mr. Reynolds would like Board representative to approve assumptions being made; expects project to be completed by July meeting. General Manager added employees appear to be supportive of process; cost seems reasonable.

President Hodgkin said that Director Hober would be best as SVWD Board representative, however she is out of town; said that he has a conflict of interest himself; suggested Director Perri, who agreed to be the District representative.

6.1.3 Brown Act and Communications Among Board Members

President Hodgkin advised that he had this put on the agenda to clarify which communications outside a noticed meeting are allowable and which are not.

Attorney Bosso explained the rule of three, where any contact of more than two Directors constitutes discussion of an issue; General Manager can send out information to all Directors by email, for example, but Directors should not reply to all; if two Directors meet and then one passes on information to another Director, this is also a violation of the Brown Act.

There was discussion by the Board regarding under what circumstances Board members can correspond on behalf of the District and when use of District letterhead is permissible. District letterhead is only permissible by a Board member when it is regarding something that was approved by the Board.

Item 6.2 Water Resources Committee

6.2.1 Request for Qualifications and Proposal: Groundwater Management Program Consulting Services for 2007 and 2008 Water Years

General Manager McNiesh said committee met in May regarding replacing hydrology consultant; committee reviewed request for proposal issued May 29; is expecting submittals by June 29; would like to, at July 12 meeting, make recommendation to Board of preferred consultant; page 6.0.4 in agenda packet describes process. At its May meeting, committee agreed General Manager McNiesh should check with City of Scotts Valley, Santa Cruz County and SLVWD to seek two outside professionals to serve on required Review Board; Mike Cloud of Santa Cruz County and Scott Hamby of Scotts Valley have indicated their availability to serve; no response yet from SLVWD; Directors Kassis and Perry also agreed to serve on Review Board; Review Board's purpose is to review written proposals and conduct consultant interviews; Board makes final selection on consultant and gives General Manager direction regarding negotiating contract with the Board's selected consultant; action tonight would be appointment of individuals to serve on the Review Board.

The Board concurred to leave this item with Water Resources Committee, whose members are Directors Kassis and Perri.

Director Kannegaard moved, seconded by Director Kassis, to appoint Directors Kassis and Perri, Mike Cloud, Scott Hamby and General Manager McNiesh for the Review Board. Motion carried with Director Hober being absent.

7. STAFF REPORTS

Item 7.1 Accounting/Customer Service Reports

General Manager McNiesh advised that Accounting Manager Catalano was not available tonight; there were no questions or comments by Board regarding accounting reports.

Item 7.2 Operational Reports

Assistant General Manager O'Brien reported Well 10A drilling is complete; casing is in place; Granite Construction will complete above-ground work; fencing work scheduled; hoping to be complete by first part of July; have no invoice yet for repair of Scotts Valley Drive in front of District; will be expensive repair for a small leak.

Director Hodgin noted that according to the chart on page 7.2-15, with Well 10 not pumping, Well 9 water levels seem to have risen.

Item 7.3 General Manager's Report

General Manager McNiesh advised that he provided a legislation report to Board members; noted recent press release on Bay Area Regional Water Recycling Program Authorization Act, providing federal funding authorization for several Bay area projects, but not SVWD; General Manager will contact Representative Eshoo's office to see if it is too late to be included in the act.

Attorney Bosso advised that he received information on AB 1260, which is intended to clarify certain aspects of Proposition 218; the revised bill is much stripped down from the version first introduced.

General Manager McNiesh noted SB 1029, regarding state adoption of federal drinking water regulations; Board had requested more information on this bill at prior meeting; bill was non-controversial, sailing through senate without opposition; objective is to enable adoption of federal rules more quickly; bill was supported by consumer groups and water districts.

General Manager McNiesh also noted AB946, allowing public agencies to expand solar power operations for their own use and for sale back to power companies.

Director Hodgins, referring to page 7.3-4, inquired regarding City Council green building ordinance; asked if SVWD Board should be taking any action on this. General Manager McNiesh stated City Council is open to and interested in SVWD comments.

General Manager McNiesh said District's contribution to Water Education Foundation entitles Board members to receive copies of Western Water magazine; asked if Directors would like to have them sent to their home addresses; Board members agreed; General Manager advised that maps are also available; Director Kassis said he would like the California water map; Director Kannegaard said he will like the Colorado River map; Director Perri said he would like the Delta map.

Director Perri excused himself from meeting at 8:45 p.m.

Associate Engineer Smith reported that the apparent Well 9 recovery noted by Director Hodgins was probably a result of an anomalous data point; seems likely the sounding tube at Well 9 didn't drain with water locked in; will need to wait till next month to get good pumping level.

Item 7.4 Attorney's Report

Attorney Bosso reported that he attended ACWA conference, with interesting subject matters, including recycling.

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

Director Hodgins distributed copies of last Friday's Sentinel article regarding dire situation of water in California.

Joint meeting with City of Scotts Valley scheduled for next Wednesday night, June 20th, at 6:00 p.m., was discussed. General Manager McNiesh will explore possibility of postponing or rescheduling the meeting since a quorum of the Board will not be able to attend.

9. MISCELLANEOUS CORRESPONDENCE: None

10. CLOSED SESSION: None

11. REPORT AND ACTION ON CLOSED SESSION ITEMS:

12. ADJOURNMENT

Director Kassis moved, seconded by Director Kannegaard, to adjourn the meeting at 8:55 p.m. Motion carried unanimously, with Director Hober being absent.