

**SCOTT'S VALLEY WATER DISTRICT  
MINUTES OF THE  
REGULAR BOARD MEETING  
JULY 12, 2007**

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

1. CONVENE MEETING

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

Item 1.2 ROLL CALL

Present: Directors, Perri, Kannegaard, Hober and Hodgin

Absent: Director Kassis

Item 1.3 Pledge of Allegiance and Invocation

Director Perri led the Pledge of Allegiance and Invocation.

Item 1.4 Approval of Minutes of the Regular Board Meeting of June 14, 2007.

General Manager McNiesh advised that there are two typographical errors in the minutes: on page 5, under Operational Reports, it should read "Granite Construction will complete above ground work"; on page 6, last paragraph of General Manager's Report, change "pump" to "point".

Director Perri moved, seconded by Director Kannegaard, to approve minutes of the Regular Board Meeting of June 14, 2007, as amended. Motion carried unanimously, with Director Hober abstaining due to absence, and Director Kassis being absent.

ADDITIONS/DELETIONS TO THE REGULAR AGENDA: None

PUBLIC COMMITTEENTS ON ITEMS ON THE AGENDA: None

PUBLIC COMMITTEENTS ON ITEMS NOT ON THE AGENDA:

2. PUBLIC HEARING: None

3. CONSENT AGENDA:

Item 3.1 Approve Request from Consultant Martin Feeney for Contract

Change Order #1, Well No. 10 Replacement Project – Hydrogeologic Services, in the Amount of \$3,430.00

General Manager McNiesh reported that the change order request is related to additional supervision time, overseeing well drilling contractor; the possibility of a change order for additional supervision time during drilling was recognized at the time the agreement with Mr. Feeney was approved and executed.

Director Kassis entered the Board meeting room at 7:06 p.m.

Director Hober moved, seconded by Director Perri, to approve the Consent Agenda as presented. Motion carried unanimously.

4. ITEMS REMOVED FROM CONSENT AGENDA: None

5. DIRECTOR'S AGENDA ITEMS

Item 5.1 Individual Director Reports: None

Item 5.2 ACWA Update:

Director Hodgins said he had participated in an ACWA Region 5 conference call with the new ACWA Executive Director, Timothy Quinn.

Item 5.3 Anticipated Directors' Expenses: None

6. COMMITTEE REPORTS:

General Manager McNiesh requested that since there are members of the public here to address certain items, the Board take agenda items in the following order: 6.2.1, 6.3.1, then 6.2.2. The Board concurred.

Item 6.2.1. Recommendation Regarding Groundwater Management Program Consulting Services

General Manager McNiesh advised that the Water Resources Committee met with Scott Hamby, City of Scotts Valley, and Mike Cloud, Santa Cruz County, and himself, making up the review board for evaluating consultant proposals; interviews were conducted with two highly qualified firms; presentations by both firms were excellent; the review board decided to recommend the Board move forward with Kennedy/Jenks and seek to negotiate a final scope of work and contract; the District has a history with this firm; the firm will be working simultaneously on a Santa Cruz County recharge feasibility study focusing on the Hanson Quarry, creating an opportunity to share certain costs between the two projects; a motion regarding contract negotiations is needed; staff recommends a motion to refine and reduce the proposed scope of work, seeking a contract amount not to exceed \$300,000.

Director Kassis moved, seconded by Director Perri, to direct staff to enter into negotiations with Kennedy/Jenks, seeking to agree on a scope or work and budget amount not to exceed \$300,000; in the event that an agreement cannot be reached, the General Manager will come back to the Board for further direction. Motion carried unanimously.

John Rayner from Kennedy/Jenks (KJ) addressed the Board, noting that the scope of work includes not just groundwater management reports, but also a comprehensive set of tasks that will provide multiple benefits to the District.

Item 6.3.1. Support Services for Proposed Pasatiempo Golf Course Recycled Water Main Extension Project

General Manager McNiesh reported that the Facilities Engineering Committee has identified a support team of local consultants to expedite providing recycled water service to Pasatiempo Golf Course; these individuals are Todd Creamer, C2G, project engineering; Gene Scothorn, assessment district engineering; and Bob Haight, bond counsel. General Manager recommended including Kennedy/Jenks in a review role. John Rayner noted the KJ team includes financial advisor Bartle Wells as a subconsultant. General Manager agreed that Bartle Wells input would be very useful; noted priority as established by Facilities Engineering Committee is having a “deal” with the golf course and Santa Cruz City for a reciprocal water exchange; meanwhile, there is a need to perform up to \$25,000 in engineering work with C2G; this level of work does not require Board approval; information is being provided for Board’s information.

Director Kassis asked for a written list of the many steps that will be taken.

Director Hober asked if Prop 50 grant is going toward this project; General Manager McNiesh advised that if another recycled main extension comes up before this project gets started, it would be used for the other project.

Item 6.2.2. City of Scotts Valley’s Proposed Green Building Ordinance and Plumbing Retrofit Program

General Manager McNiesh reported that this item is to inform the Board about City programs underway; SVWD Board was scheduled for a joint meeting with City Council on June 20<sup>th</sup>, however there was not a quorum of the SVWD Board; two forms of green building ordinances were proposed at the June 20<sup>th</sup> meeting; both forms would promote water conservation and other environmentally friendly construction practices; District staff recommended modifying the ordinance to promote recycled water use, including preferences for environmentally friendly water softeners. City Council also discussed low-flow toilet rebate programs on June 20<sup>th</sup>; SVWD already has an existing retrofit program for toilets and washing machines; UCSC intern is putting

together a proposed revision of District's rebate program; this is the time for SVWD to give their comments to City; issues have been discussed at Committee level, but not with full Board; Director Perri said Committee talked about rebates, tank-less water heaters, landscape use; Director Kassis said Committee should meet with City counterparts for discussion; Directors Hodgkin and Hober expressed support for getting back to City as soon as possible with District comments.

Steve Russell, City of Scotts Valley Planning Director, said the City had a sub-Committee that the SVWD Committee could meet with. President Hodgkin referred this issue back to the Water Resources Committee.

Item 6.1 Business Administration Committee:

6.1.1 Draft Fiscal Year 2007-08 Operating and Maintenance Expenses Budget

General Manager McNiesh reported that Committee met early this week; draft budget is not yet ready for Board discussion, due in large part to turnover in accountant position; Committee talked about solutions to help speed up the process; schedule has final budget approval in September or October; final audit in November; IRS filing by November 15, with a possible six-month extension.

6.1.2 Social Security Project Update

General Manager McNiesh reported local CPA Randy Reynolds is scheduled to meet with the Employee Organization's representative, Director Perri, and himself next Monday; Mr. Reynolds will then meet with the employees as a group, meet privately with individual employees, and prepare a generalized report of his findings; the Board will consider this report and discuss what to do with the information at the August meeting.

There was discussion regarding schedules; a decision was made to move the August meeting to August 2<sup>nd</sup>, the first Thursday in August.

Item 6.2 Water Resources Committee

6.2.3. Fiscal Year 2007-08 Water Conservation Program

This item was not discussed.

Item 6.3 Facilities Engineering Committee

6.3.1 Draft Fiscal Years 2007-2012 Capital Facilities Plan Budget

General Manager McNiesh reported that the Facilities Engineering Committee did not have time at its meeting on July 6<sup>th</sup> to discuss the Capital Facilities Plan budget; the committee will meet again this month and discuss the budget at that time.

## 7. STAFF REPORTS

### Item 7.1 Accounting/Customer Service Reports

Accountant Michael Catalano answered questions of the Board.

### Item 7.2 Operational Reports

Assistant General Manager O'Brien reported: 10% of total demand was recycled water, which is a milestone; all above-ground piping and paving at Well 10A site was completed this week; well should be operating by Wednesday of next week; District electrician will do the wiring; staff will meet with Department of Health Services (DHS) representative Thursday for site visit; staff is also preparing information for DHS to move forward with recycled water service to the Vineyards.

General Manager McNiesh said Vineyards homeowners association also needs to move forward with homeowner approval to convert to recycled water.

In response to a question from Director Hober, General Manager McNiesh stated he called Pratt Company to tell them invoice is coming for reimbursement of District expenses related to the Scotts Valley Drycleaners contaminant plume.

### Item 7.3 General Manager's Report

General Manager McNiesh mentioned pending federal grant-funding legislation for seven bay area water recycling projects; he will contact Representative Eschoo's office for appointment; Governor is talking about another water bond with focus on Delta and other parts of state; there is a need at ACWA conference to remind representatives from other parts of the state of our coastal needs and make a case for funding equity.

### Item 7.4 Attorney's Report:

Attorney Bosso said he has nothing to report.

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

Director Hodgin said the SVWD Board would be dealing with a larger population in Scotts Valley in the next few years, which means additional strain on our water resources.

Director Kassis said that in his opinion the District should meet with the City, and refuse to give out any more water meters, to make sure there is enough water for the future.

## 9. MISCELLANEOUS CORRESPONDENCE: None

10. CLOSED SESSION:

The Board took a five-minute recess at 8:40 before going in to closed session with General Manager McNiesh, Assistant General Manager O'Brien and Attorney Bosso in attendance to consider the following item:

- 10.1 Closed Session Pursuant to Government Code Section 54957.6  
Conference with Labor Negotiator  
Agency Designated Representative: General Manager  
Employee Organization: SVWD Employee Organization

The Board concluded closed session at 9:18 p.m., returning to open session at that time.

11. REPORT AND ACTION ON CLOSED SESSION ITEMS:

Attorney Bosso reported that the Board had provided direction to staff on the agenda item. At Attorney Bosso's recommendation, the Board agreed to the practice of repeating the closed session report at the beginning of the subsequent meeting when members of the public are typically in attendance.

12. ADJOURNMENT

Director Kassis moved, seconded by Director Perri, to adjourn the meeting at 9:20 p.m. Motion carried unanimously.