

**SCOTTS VALLEY WATER DISTRICT
MINUTES OF THE
REGULAR BOARD MEETING
JULY 16, 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 7:04 p.m.

ROLL CALL

Present: Directors Perri, Kassis, Kannegaard, Hodgins, and Hober

Absent: Directors None

Item 1.2 Pledge of Allegiance and Invocation

Director Kassis led the Pledge of Allegiance and Invocation.

Item 1.3 Closed Session Report:

General Counsel Bosso reported that the Board had just met regarding labor negotiations in closed session in a Special Meeting; that closed session had recessed and would recommence at the end of the Regular Meeting.

Item 1.4 Approval of Minutes from the Regular Board Meetings of May 15, 2008 and June 10, 2008.

Director Hodgins moved, seconded by Director Kassis, to approve minutes of the Regular Board Meetings of May 15, 2008 and June 10, 2008, as presented. Motion carried unanimously.

ADDITIONS/DELETIONS TO THE REGULAR AGENDA: None

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA:

Members of the public Bobby Markowitz and Christine Barrington expressed an interest in Item 6.2.2, Rebates for Landscape Water Conservation Improvements. Hearing no objection, President Hober stated that this item would be considered immediately as a courtesy. General Manager McNiesh described the rebate proposal, which had been presented previously to the Water Resources Committee; rebates would be provided for three programs – smart controllers, lawn replacement, and cisterns; two-year budget was provided; cost per year including

staff administration estimated at \$18,500; anticipated overall benefit/cost in terms of conservation savings about the same as for the current toilet rebate program; smart controllers more cost-effective than toilets, lawn replacement and cisterns less so; he added there is an unexpected opportunity to seek Urban Drought Assistance grant funding over the next two years for the new rebate program, to be discussed at Item 6.2.1.

Mr. Markowitz spoke of the importance of rainwater harvesting and gray water use, noted innovative practices from around the world, and described several of his projects in California, including installations at Ms. Barrington's house under construction on Granite Creek Road. Ms. Barrington noted the lower amount of water she will be using, compared with that used at neighboring properties; asked for clarification whether proposed rebates would be for new installations as well as retrofits. General Manager McNiesh responded the proposal was for retrofits only.

Director Hodgin noted that Regional Water Quality Control Board (RWQCB) was developing a Low Impact Development (LID) educational program as a resource; suggested linking Board approval of the proposed rebate program to a successful grant application; the decision whether to continue the program would be made in two years based on results over that period. The Board directed staff to prepare a draft ordinance for consideration at its September meeting as suggested by Director Hodgin.

2. STAFF PRESENTATION: ENFORCEMENT OF WATER CONSERVATION REGULATIONS

General Manager McNiesh explained that the Water Resources Committee had requested placing this item prominently on agenda as part of larger effort to inform customers that District would be stepping up enforcement in light of continuing drought conditions; summarized prohibited water waste practices as specified in 1984 by District ordinance; described outreach efforts so far to inform customers of District's water waste regulations; described "notice of violation" to be issued by any District employee who observes water waste occurring; noted that enforcement would include constructive water conservation advice; ultimate penalty, though unlikely ever needed, would be shut off of the customer meter.

3. CONSENT AGENDA:

Item 3.1 Approve Contribution of \$1,000 to Recycled Water Policy Stakeholder Effort Co-Sponsored by ACWA, the Water ReUse Association, and the California Association of Sanitation Agencies

Item 3.2 Approve Expenditure to Kennedy/Jenks Consultants of up to \$7,000 to Assist with Submittal to California Department of Water Resources of 2008 Urban Drought Assistance Grant Program Funding Request

Director Hodgin moved, seconded by Director Ferri, to approve 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:

Director Hodgkin advised that he had attended a RWQCB meeting in Watsonville on July 11th; RWQCB had considered a number Santa Cruz County issues, but none directly related to SVWD. Today he had participated in a field tour at Elkhorn Slough; focus was on mitigating agricultural runoff to protect water quality; also visited mushroom production facility to observe efforts to contain all runoff water on-site.

Item 5.2 ACWA Update:

Director Hodgkin reported that he would be attending an ACWA Board meeting on July 24-25; noted the ACWA Region 5 meeting is scheduled for September 18-19 in Half Moon Bay; noted Special District and Local Government Institute is holding a training seminar on special district finances on September 4-5.

Directors Hodgkin, Perri, Kassis, and Kannegaard expressed an interest in attending the Region 5 meeting.

General Manager McNiesh advised that Directors should let him know if they planned to attend the ACWA Fall Conference; conference reservations need to be made soon to avoid hotel reservation problems experienced at previous two ACWA conferences. Director Hodgkin confirmed his intention to attend.

Item 5.3 Anticipated Directors' Expenses: None.

Item 5.4 Board Priority List

President Hober asked if there was any discussion of the current Board priority list; there was none.

6. COMMITTEE REPORTS:

Item 6.1 Business Administration Committee

6.1.1. Fiscal Year 2008-2009 Draft Budget

General Manager McNiesh advised that preparation of the Operations and Maintenance Budget was slightly behind schedule, due to a competing need to assemble prior expenditure records to provide match for the Integrated Regional Water Management (IRWM) grant; nevertheless, the draft budget is very close to completion. President Hober advised regarding her budget concerns. The committee scheduled its next meeting for 4:00 p.m., August 19th.

Item 6.2 Water Resources Committee

6.2.1. Water Waste Ordinance

General Manager McNiesh requested input from the Board on possible modifications to the District's existing water waste ordinance. No changes were recommended.

6.2.2. Rebates for Landscape Water Conservation Improvements: Not discussed further.

6.2.3. Retrofit Requirements for Homes Upon Resale: Not discussed.

Item 6.3 Facilities Engineering Committee

6.3.1. Fiscal Years 2008-13 Capital Facilities Plan Draft Budget

General Manager McNiesh reviewed the draft budget, noting categories that were new, significantly up or significantly down from last year's budget. No changes were recommended.

6.3.2. Kennedy/Jenks Consultants Analysis of Potential Recycled Water Customers

General Manager McNiesh summarized Kennedy/Jenks's progress report presented at the recent Facilities Engineering Committee meeting. Directors Perri and Kannegaard both commented, emphasizing the importance of implementing the Pasatiempo Water Conservation Initiative project.

General Manager McNiesh advised that the critical path item for this project at this point has to do with a place of use limitation in Santa Cruz City's water rights which appears to frustrate the proposed potable water exchange with the City; recommended the Board authorize hiring a water rights attorney to assist the City's water rights attorney in finding a solution; recommended Scott Shapiro of Downey Brand in Sacramento for this role; received direction to have further discussions with Mr. Shapiro.

6.3.3. New Well Options

General Manager McNiesh deferred to Assistant General Manager/Operations Manager O'Brien, who reported on a promising discussion he had with the owner of a parcel which appears to be an attractive site for the proposed replacement well 9A.

7. STAFF REPORTS

Item 7.1 Accounting/Customer Service Reports

President Hober asked for and received clarification on one point from Accounting Manager Catalano.

Item 7.2 Operational Reports: No discussion.

Item 7.3 General Manager's Report

General Manager McNiesh advised that the nominating period for the November election was now open; candidates need to file by August 8th; the deadline is extended to August 13th if an incumbent doesn't file. President Hober stated she does not intend to file.

Item 7.4 Attorney's Report:

Attorney Bosso reported that his associate John Gallagher had worked with General Manager McNiesh to submit a timely appeal of the IRS's denial of the District's Social Security refund claim for 2004; also reported that the party with whom the District had disputed the responsibility for costs of a leak repair had agreed to the District's proposed settlement.

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

Director Kannegaard advised that he will not be able to attend the August 20, 2008, Board meeting.

9. MISCELLANEOUS CORRESPONDENCE: None.

10. CLOSED SESSION: None.

11. ADJOURNMENT:

Director Kassis moved, seconded by Director Kannegaard, to adjourn the meeting. Motion carried unanimously at 8:56 p.m.

Respectfully submitted,

Charles McNiesh, General Manager and
Acting District Secretary

Approved: _____