

**SCOTTS VALLEY WATER DISTRICT
MINUTES OF THE
REGULAR BOARD MEETING
OCTOBER 9, 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 7:03 p.m.

ROLL CALL

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

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:

Attorney Bosso advised that the Board met in closed session at the Special Board Meeting of September 24th and provided direction to its negotiating team regarding Employee Organization negotiations.

Item 1.4 Approval of Minutes from the Special Board Meeting of September 24, 2008.

General Manager McNiesh explained that minutes from the Regular Board Meeting of September 11, 2008, were not available due to the absence of Board Secretary Hazen, who was detained out of town due to a family situation. Director Hodgins moved, seconded by Director Kassis, to approve minutes of the Special Board Meeting of September 24, 2008, as presented. Motion carried unanimously.

ADDITIONS/DELETIONS TO THE REGULAR AGENDA: None

PUBLIC COMMENTS ON ITEMS ON THE AGENDA: None

2. PUBLIC HEARINGS AND PRESENTATIONS

Item 2.1. Public Hearing on Proposed Ordinance 147-08, Authorizing Landscape Water Conservation Pilot Program

President Hober asked if any public were in attendance for consideration of this item. When none responded, she deferred consideration of this item to later in the meeting.

Item 2.2. Audited Financial Statements for Fiscal Year Ended June 30, 2008

2.2.1. Presentation of Audited Financial Statements by Auditor Robert Smiley of Berger/Lewis Accountancy Corporation

President Hober introduced Mr. Smiley, who reported on his firm's recently completed audit of the District's financial statements. Mr. Smiley reviewed the audit process; summarized the exit conference with the Board's Audit Committee on September 29th; stated the management points from the prior year's audit had been cleared; no deficiencies in this year's audit were noted; in the opinion of his firm, this year's financial statements clearly and fairly state the District's financial position. Responding to President Hober, Mr. Smiley provided an overview of the contents of the financial statements, summarized District assets, and explained the change in the District's financial position from the prior year.

Director Perri moved, seconded by Director Kassis, to accept Berger/Lewis's Audited Financial Statements for Fiscal Year Ended June 30, 2008, as presented. Motion carried unanimously.

President Hober ordered a short recess at 7:12 p.m. before consideration of the consent agenda per the request of Robert Haight, former District general counsel, who had previously advised he would be a few minutes late to the meeting.

3. CONSENT AGENDA:

Item 3.1. Approve and Authorize District Officers to Execute Memorandum of Understanding with Scotts Valley Water District Employees Organization, Effective July 1, 2008 – June 30, 2011

Item 3.2. Approve and Authorize District Officers to Execute Agreement with Scotts Valley Water District Employees Organization and Non-Represented Employees Regarding Social Security Payments and Refunds

Item 3.3. Approve Resolution 07-08, Adopting Scotts Valley Water District Employee Handbook, October 9, 2008

Item 3.4. Approve Resolution 08-08, Fixing the Employer's Contribution under the Public Employees' Medical and Hospital Care Act

Item 3.5. Approve Resolution 09-08, Setting Health Dental and Vision Insurance Benefits for Retired Employees

President Hober reconvened the meeting at 7:15 p.m. upon Mr. Haight's arrival and removed Items 3.1 through 3.5 for discussion.

4. ITEMS REMOVED FROM CONSENT AGENDA:

Speaking on Item 3.5, Mr. Haight presented protest letters signed by five former employees, one former Board member and himself arguing against approval of Resolution 09-08. Former employees Steve Yetter and Scott Hamm also urged against approving Resolution 09-08. Attorney Bosso summarized the Board's legal authority to make the changes provided for in Resolution 09-08 and advised the question was one of Board policy. President Hober thanked those in attendance for their comments. Director Perri acknowledged the concerns expressed about the concept of parity between current and retired employees as used in Resolution 09-08. Directors Kannegaard and Hodgkin also addressed the issues raised by Mr. Haight and the former employees, expressing sympathy but also recognizing the impact of high health care costs on the District's fiscal position.

Director Hodgkin moved, seconded by Director Kannegaard, to adopt Resolution 09-08 as presented. Director Perri expressed concern about the parity issue previously discussed. Director Hodgkin amended his motion, calling for adoption of Resolution 09-08 minus paragraphs three and four, thus eliminating the parity concept from the resolution. Amended motion carried unanimously.

Mr. Haight stated he accepted the District's decision under protest.

President Hober called for a short recess at 8:23 p.m. to be followed by closed session for consideration of Item 10.1.

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

The Board convened in closed session from 8:30 p.m. to 8:40 p.m. with General Manager McNiesh and Attorney Bosso in attendance.

Up return from closed session, Director Hodgkin moved, seconded by Director Perri, to approve Consent Agenda Items 3.1 through 3.4 as presented. Motion carried unanimously.

President Hober called for consideration of Item 2.1, which had been deferred.

- Item 2.1. Public Hearing on Proposed Ordinance 147-08, Authorizing Landscape Water Conservation Pilot Program

- 2.1.1. Staff Presentation of Proposed Ordinance 147-08

General Manager McNiesh reviewed the staff report in the Board packet, noting the proposed action consisted of adopting the ordinance and adopting the related implementing guidelines.

2.1.2. Public Hearing

President Hober opened and closed the public hearing. There were no public comments.

2.1.3. Board Consideration to Adopt Ordinance 147-08 and “Landscape Water Conservation Pilot Program Guidelines” Dated October 9, 2008

Director Hodgins moved, seconded by Director Perri, to approve Ordinance 147-08 and the related implementing guidelines as presented. Motion carried unanimously.

5. DIRECTOR’S AGENDA ITEMS

Item 5.1 Individual Director Reports:

Director Hodgins reported ACWA/JPIA and some water districts are going to electronic Board packets; this may be something to consider in the future as a means of eliminating paper waste.

Item 5.2 ACWA Update:

Director Hodgins reminded that ethics training will be offered at the upcoming ACWA conference; Directors who need to fulfill their training requirement may want to take advantage of this offering.

Item 5.3 Anticipated Directors’ Expenses: None

Item 5.4 Board Priority List

President Hober noted several Board committees had made updates to the priority list since the last meeting.

6. COMMITTEE REPORTS:

Item 6.1 Business Administration Committee

Item 6.2 Water Resources Committee

Item 6.3 Facilities Engineering Committee

There was no discussion of committee issues. Future meetings were scheduled as follows: Business Administration – October 13th at 9 a.m., Facilities Engineering – October 22nd at 3 p.m., Water Resources – October 28th at 4 p.m.

7. STAFF REPORTS

Item 7.1 Accounting/Customer Service Reports

Accounting Manager Catalano advised that the June financials included in the Board packet were consistent with the audited financial statements prepared by Berger/Lewis Accountancy; reported on District investments with Local Agency Investment Fund (LAIF) and Wells Fargo Bank; explained that Wells Fargo collateralizes public investments at 110% of value; responded to a question of President Hober's, advising that Union Bank holdings are also collateralized at 110%.

Item 7.2 Operational Reports

President Hober asked about lead and copper sampling mentioned in the Operational Reports. Assistant General Manager/Operations Manager O'Brien advised these results are included in the District's annual consumer confidence report.

Item 7.3 General Manager's Report: None

Item 7.4 Attorney's Report: None

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

9. MISCELLANEOUS CORRESPONDENCE: None

10. CLOSED SESSION:

The Board convened in closed session from 9:15 p.m. to 9:50 p.m. to consider Item 10.2 with General Manager McNiesh and Attorney Bosso in attendance.

Item 10.2 Pursuant to Government Code Section 54957.6
Conference with Labor Negotiators
Agency Designated Representative: General Manager
Unrepresented Employees: Associate Engineer, Accounting Manager

11. CLOSED SESSION REPORT:

Attorney Bosso reported that in closed session the Board voted and gave direction to the General Manager regarding salary and conditions of employment for the Associate Engineer and Accounting Manager.

12. ADJOURNMENT

Upon Director Kassis's motion, President Hober adjourned the meeting at 9:55 p.m.

Respectfully submitted,

Charles McNiesh, Acting District Secretary

Approved: _____