

**SCOTT'S VALLEY WATER DISTRICT  
MINUTES OF THE  
REGULAR BOARD MEETING  
OCTOBER 11, 2007**

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

1. CONVENE MEETING

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

Item 1.2 ROLL CALL

Present: Directors Kassis, Ferri, Kannegaard, Hober and Hodgkin

Absent: None

Item 1.3 Pledge of Allegiance and Invocation

Director Ferri led the Pledge of Allegiance.

Director Kassis led the Invocation.

Item 1.4 Closed Session Report from Regular Board Meeting of July 12, 2007

Attorney Bosso advised that the Board discussed a couple of personnel items, but there is nothing to report.

Item 1.5 Approval of Minutes of the Regular Board Meeting of September 13, 2007

Director Hober moved, seconded by Director Kannegaard, to approve minutes of the Regular Board Meeting of September 13, 2007, as presented. Motion carried unanimously.

**ADDITIONS/DELETIONS TO THE REGULAR AGENDA:**

General Manager McNiesh advised that Dene Bustichi requested Item 3.1 be removed from the Consent Agenda.

**PUBLIC COMMENTS ON ITEMS ON THE AGENDA: None**

**PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA: None**

2. **PUBLIC HEARING:**

Item 2.1 Presentation of Proposed Ordinance No. 145-07

General Manager McNiesh advised that the Board has discussed this ordinance several times before tonight; the ordinance will provide for slightly different credits and fixtures in the District's current water conservation retrofit credit policy; page 2.1-1 of the agenda packet has the list of changes.

Item 2.2 Public Comments: There were no public comments on this item.

Item 2.3 Board Consideration to Adopt Ordinance No. 145-07

Director Hober moved, seconded by Director Perri, to adopt Ordinance No. 145-07 Revising the District's Water Conservation Retrofit Credit Policy by Amending Section 3.44 of Ordinance No. 119-96 Adopted November 14, 1996. Motion carried unanimously.

Director Kannegaard requested the Board put together a campaign to solicit conservation methods from the public. There was discussion by the Board and consideration of ways to get the public involved in conservation methods.

### 3. CONSENT AGENDA:

Item 3.1 Approve Resolution No. 12-07, Authorizing Execution of Revised Water Main Extension Agreement with Dene Bustichi Construction, Inc. to Serve Tree Circus Retail Development Project.

Item 3.2 Approve Resolution No. 13-07, Approving Amendment No. 1 to Agreement for Professional Services with Kennedy/Jenks Consultants Dated August 6, 2007.

Director Kannegaard moved, seconded by Director Hober, to approve the Consent Agenda, as amended, with Item 3.1 removed. Motion carried unanimously.

### 3. ITEMS REMOVED FROM CONSENT AGENDA:

Item 3.1 Approve Resolution No. 12-07, Authorizing Execution of Revised Water Main Extension Agreement with Dene Bustichi Construction, Inc. to Serve Tree Circus Retail Development Project.

General Manager McNiesh said it appears there will not be a main extension agreement required for this project after all; initially the fire district had required a fire hydrant added midway through the parcel, off Scotts Valley Drive; now the fire district has determined a fire hydrant is not necessary, so a new main for that purpose is not necessary; potable water service for the project will use the existing meter serving the property; a new fire service tapping the existing Scotts Valley Drive main will be required for fire sprinklers within the project buildings; landscape irrigation is still an issue; developer's plan is to plant and maintain drought tolerant landscaping that will not require irrigation after initial establishment; therefore developer desires to

eliminate the proposed recycled main and recycled water service that is a condition of project approval; General Manager suggests a deed restriction on property prohibiting future irrigation use as an alternative to requiring recycled water service.

There was discussion by the Board regarding the requirement for recycled water service to the property; no support was stated for the deed restriction approach; instead, because of the potential for future landscape modifications that might require irrigation, there was consensus to preserve the original recycled water service requirement.

#### 4. DIRECTOR'S AGENDA ITEMS

Item 5.1 Individual Director Reports: None

Item 5.2 ACWA Update: None

Item 5.3 ACWA/JPIA Representation at Fall Meeting, November 26, Indian Wells

General Manager McNiesh advised that Director Hodgin is authorized as the District's Alternate JPIA Director to vote at the JPIA meeting, since Director Kassis will not be attending.

Item 5.4 Annual Employee Appreciation Event, December 13, 2007

General Manager McNiesh advised that dinner is at 6:00 p.m. at Peachwoods.

Item 5.5 Board Tour of District Facilities

General Manager McNiesh advised that the Executive Committee discussed at their meeting providing a tour of District facilities for new Directors and employees; the tour would be noticed as a Board meeting.

There was discussion by the Board regarding a date; November 1<sup>st</sup> was scheduled with November 9<sup>th</sup> as an alternate date, in case there needs to be postponement due to rain.

Item 5.6 Anticipated Directors' Expenses: None

Ivan Martinovsky entered the Board meeting at 7:40 p.m. The Board discussed his letters, Items 9.6 and 9.7. Mr. Martinovsky addressed the Board regarding his remodel and the fire district's hydrant requirement, stating that he is being required to pay for a utility that is being shared by other residents; does not mind contributing, but does not feel it should be his sole responsibility. There was discussion by the Board, and while they were sympathetic to his situation, they advised him that they have to abide by District policy, which establishes that a developer is to pay the full costs of water system improvements necessary for servicing the developer's project.

## 6. COMMITTEE REPORTS:

### Item 6.1. Business Administration Committee

#### 6.1.1. Discuss Draft Fiscal Year 2007-2008 Operating and Maintenance Budget

General Manager McNiesh said staff expects to have the budget ready for presentation at Board meeting in November; additional budget review will be provided at the committee meeting scheduled for October 25<sup>th</sup>.

#### 6.1.2 Preparation of Fiscal Year 2006-07 Financial Statements

General Manager said Accounting Manager Michael Catalano has been working with Auditor Berger/Lewis on financial statements; Auditor is scheduled to report to the committee on October 25<sup>th</sup> and to the full Board in November; Accounting Manager could not be at the meeting this evening due to illness.

#### 6.1.3 Social Security Project Status

General Manager McNiesh reported that he has obtained an example letter from a municipality to Social Security seeking a clarifying opinion; this letter is in regard to different issue than the District's; however, it may serve as a model for a District letter.

Attorney Bosso offered to prepare a similar letter from his office to Social Security; suggested addressing the issue without specifically naming the District as his client. The Board concurred with this suggested approach.

#### 6.1.4 Vote on Ballot to Increase Assessment to Provide Funding for Fire Protection Services within County Service Area No. 48

General Manager McNiesh reported that District owns property as potential Glenwood dam site on West Branch of Soquel Creek; property is taxable; proposed assessment is approximate \$100 increase for additional fire service; asked Board for direction on how to vote.

There was Board discussion as to why some District property is taxed and some is not. Attorney Bosso advised that if property is not in the District, the District gets taxed on it.

Director Hober moved, seconded by Director Ferri, to authorize General Manager to vote to increase assessment. Motion carried unanimously.

### Item 6.2 Water Resources Committee:

Director Kannegaard said he had a suggestion to seek novel ideas from customers as to how to conserve water; maybe even have a contest to try

to get customers to come up with ideas to be shared with other customers. He shared an idea of his own how to convert a toilet so that the user can control the flush volume.

General Manager McNiesh said he would bring these topics up at committee level for discussion.

Item 6.3 Facilities Engineering Committee

6.3.1 Discuss Draft Fiscal Years 2007-2012 Capital Facilities Plan Budget

Assistant General Manager O'Brien answered Board questions.

6.3.2 Discuss Recycled Water Project Expansion Opportunities

General Manager reported that he and Director Perri had attended a meeting of the City of Santa Cruz Water Commission, during which the Commission discussed the proposed Pasatiempo project per earlier direction from the City Council.

Director Perri reported that Water Commission was supportive of the project concept, but expressed a number of specific concerns that still need to be addressed; these concerns include political obstacles such as perceived growth promotion, whether there is sufficient benefit to the City of Santa Cruz, and possible impact on City water rights.

General Manager McNiesh said District and City staff would work out a document that addresses the Water Commission's points and get back to them.

General Manager McNiesh reported regarding the Vineyards project; recycled water use was approved by the homeowners association; next step is to get amended CC&R's from HOA's management firm for forwarding to Department of Public Health for its review and approval.

6.3.3 Distribution System High Pressure Areas

General Manager McNiesh advised that committee discussed customer leaks related to high-pressure areas in the District; problem is extreme topographic variation in District; reducing pressure for the benefit of low-elevation customers would negatively affect high-elevation customers in the same pressure zone; customers experiencing high pressure are encouraged to install pressure regulators to lessen impacts.

6.3.4 2008 Water Bond Bills

General Manager McNiesh reported that this topic was discussed at committee meeting; staff is working with representatives from other water districts in region to provide coordinated input; two letters from group were issued; one addresses proposed 2008 Water Bond alternatives being considered in legislative special session; other letter

signed by General Manager on behalf of group comments on implementing language for bonds already passed; both letters emphasize need for grant funds to be accessible for water problems throughout the state, including the Central Coast.

## 7. STAFF REPORTS

### Item 7.1 Accounting/Customer Service Reports

As Accounting Manager Michael Catalano was not in attendance, Directors Hober and Hodgkin each stated a desire to seek later clarification on certain points from Accounting Manager.

### Item 7.2 Operational Reports

Assistant General Manager O'Brien reported regarding We11 10A performance. Water quality has declined somewhat since well start-up, so treatment requirements are now similar to those of Well 10 before its failure last year; metered production also dropped off at end of September, but this change appears due to a meter malfunction; staff is looking into this in more detail.

### Item 7.3 General Manager's Report

General Manager McNiesh advised that he has nothing to add to his written report.

### Item 7.4 Attorney's Report:

Attorney Bosso reported that the Governor signed AB 1260 (Caballero), which will clarify and make it easier for districts to send out Proposition 218-required notices regarding rate increases.

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

Director Kannegaard commended General Manager McNiesh on recent customer correspondence.

## 9. MISCELLANEOUS CORRESPONDENCE:

Item 9.1 Letter dated September 6, 2007, from Department of Water Resources approving District's 2005 Urban Water Management Plan

Item 9.2 Letter dated September 12, 2007, from State Department of Industrial Relations extending Initial Approval of District's Labor Compliance Program

Item 9.3 Letter dated September 13, 2007, from Jennifer Steams regarding initiation of recycled water service to Woodhill Village HOA

Item 9.4 Letter dated September 13, 2007, from Chino Basin Water Conservation District in support of Terence King for position on National Water Resources Association Board of Directors.

Item 9.5 District letter dated October 1, 2007, to Jennifer Stearns regarding initiation of recycled water service to Woodhill Village HOA

Item 9.6 District letter dated October 1, 2007, to Ivan Martinovsky regarding fire hydrant installation requirements.

Item 9.7 Letter dated October 3, 2007, from Ivan Martinovsky regarding fire hydrant installation requirements.

General Manager McNiesh answered questions of the Board regarding 9.2-1 regarding labor compliance program (LCP); staff has filed timely LCP annual reports. He also said regarding 9.3 that he expected someone from Woodhill Village HOA might attend tonight; staff will make an effort to persuade Woodhill Village regarding recycled water conversion.

President Hodgkin called for a break at 8:55 p.m. before going into closed session.

#### 10. CLOSED SESSION:

Item 10.1 Public Employee Performance Evaluation Pursuant to Government Code 54957: General Manager

Item 10.2 Conference with Labor Negotiators Pursuant to Government Code 54957.6  
Agency Designated Representatives: Executive Committee  
Unrepresentative Employee: General Manager

#### 11. REPORT AND ACTION ON CLOSED SESSION ITEMS:

#### 12. ADJOURNMENT

Director Kassis moved, seconded by Director Kannegaard, to adjourn the meeting at 9:25 p.m. Motion carried unanimously.