

**SCOTTS VALLEY WATER DISTRICT  
MINUTES OF THE  
REGULAR BOARD MEETING  
NOVEMBER 13, 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 7:00 p.m.

ROLL CALL

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

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: None

Item 1.4 Approval of Minutes from the Regular Board Meeting of September 11, 2008.

Director Hodgins moved, seconded by Director Perri, to approve minutes of the Regular Board Meeting of September 11, 2008, as presented. Motion carried unanimously.

ADDITIONS/DELETIONS TO THE REGULAR AGENDA: None

PUBLIC COMMENTS ON ITEMS ON THE AGENDA: None

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA: None

2. PUBLIC HEARING: None

3. CONSENT AGENDA:

Item 3.1 Approve Plans, Specifications, and Working Details for El Pueblo Tank Recoating Project

Item 3.2 Approve and Authorize District Officers to Execute Agreement with State Department of Water Resources Regarding Urban Drought Assistance Grant

- Item 3.3 Adopt Resolution No. 10-08 Providing for Employer Pick-Up of Employee Contributions to CalPERS
- Item 3.4 Accept and File District Reimbursement Disclosure Report for FY 2007-08

Director Hodgkin asked who provided specifications for Item 3.1. General Manager McNiesh advised that District staff, specifically Associate Engineer Smith, had prepared them. Mr. Smith explained the process in more detail and advised that Bay Area Coating will provide inspection services.

Director Hodgkin moved, seconded by Director Kannegaard, 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 said SVWD has been doing well in getting grants and complimented staff on their work on getting them. General Manager McNiesh said he had additional good news; District was notified just yesterday it would be receiving a local groundwater assistance (AB 303) grant of \$250,000 to construct two Butano test wells.

Item 5.2 ACWA Update:

General Manager McNiesh said there was nothing to report other than the ACWA Conference coming in December. Director Hodgkin advised that the State ACWA Board meets next Thursday and Friday, and that he will be attending.

Item 5.3 Anticipated Directors' Expenses: None

Item 5.4 Board Priority List

Board members agreed that the Board Priority List is a good tool that committees and sub-committees have been using. General Manager McNiesh said some items have been added since the original list was created; these new items don't have numbers; it is a working document that he will continue to look at and propose suggestions.

6. COMMITTEE REPORTS:

Item 6.1 Business Administration Committee

- 6.1.1 Consider Adoption of Resolution No. 11-08 Adjusting Director and Secretary Compensation Rates

Director Hober reported that the Business Administration Committee, made up of Directors Hodgin and Hober, have met and are not in total agreement. General Manager McNiesh gave handout to other Board members regarding Director compensation.

Director Hodgin reported that the State established a maximum fee for Directors, with a 5% increase allowed per year; over 20 years ago in May 1986 SVWD passed Resolution No. 8-86 establishing the fee for SVWD; because of inflation and the fact that SVWD has not increased the rate in over 20 years, he proposed an adjustment; doubling the current rate; committee meetings are set at \$25 which also needs to be adjusted.

Director Hober said, as with employee MOU, the committee determined that the Board needs to bring Board compensation in line; would be in favor of increasing stipend; she said she prefers to continue insurance for current Directors on board, but not for future board members; does not think rate payers should be paying Directors insurance; SVWD should be comparable to other districts.

Director Hober made a motion to dispense with insurance payments as of January 1, 2009, for new directors seated after that date. Motion died for lack of second.

Director Hodgin moved, seconded by Director Kassis, that SVWD Board Directors and Secretary compensation be increased for Board meetings from \$100 to \$200 per meeting and committee meetings be compensated at \$100 per meeting, with maximum of \$200 per day and \$1200 per month, and adopt Resolution No. 11-08 Revising Compensation Rates for Directors and Secretary. Motion carried, by roll call vote, with Director Hober voting "no".

Director Kannegaard moved, seconded by Director Kassis, that the Board reconsider the issue of compensation for board members on an annual basis at the end of each year, in accordance with state regulations, at the November Board meeting. Motion carried unanimously.

#### 6.1.2 Consider Approval of Three Year Water Conservation Budget and Implementation Plan

Board members asked questions of General Manager McNiesh regarding the proposed conservation budget; he explained that it would be offset in part by grant money. Director Hodgin pointed out that it also includes increasing staff.

General Manager McNiesh requested a consensus of the Board regarding hiring an intern to relieve Water Conservation Coordinator Perak from some of her work so she can spend more time communicating with potential recycled water customers. The general consensus of the Board is approval of the proposed conservation program budget and for

General Manager McNiesh to move forward with hiring an intern as recommended.

Item 6.2 Water Resources Committee

General Manager McNiesh reported that the committee talked about leak adjustment policy; he recommended discussing at committee level again and bringing a recommendation back to the Board; he advised that SVWD's current policy is more generous than most other districts and has associated high costs to the District.

Item 6.3 Facilities Engineering Committee

General Manager McNiesh reported that Kennedy Jenks Consultants presented a summary of their preliminary Recycled Water Facilities Planning Report conclusions to the committee; the two main objectives are to identify two or more main extensions for construction in 2009 and to put together a long-range alternative to use recycled water; the Committee also discussed pros and cons of seeking a new well in either the Green Valley Road area or at the Hanson Quarry site.

7. STAFF REPORTS

Item 7.1 Accounting/Customer Service Reports

Director Hober asked about budget comparisons that are up to July only. Accounting Manager Catalano explained the need to coordinate month end closing with the audit process; said he plans to present next two months at December meeting and end of year reports by January. He answered questions of the Board and pointed out that the LAIF interest rate has come down.

Item 7.2 Operational Reports

Assistant General Manager/Operations Manager O'Brien reported 1.5 inches rainfall for the month; El Pueblo tank recoating will be completed by March 30<sup>th</sup>; he answered questions of Board members.

Item 7.3 General Manager's Report

General Manager McNiesh answered questions of the Board regarding contamination at the Scotts Valley Drycleaners site. Associate Engineer Smith provided additional information on this topic.

Item 7.4 Attorney's Report:

Attorney Bosso reported that he has been working with Associate Engineer Smith on specifications for the El Pueblo Tank Recoating Project; Crown Castle agreement was finalized. Attorney Bosso also advised former general counsel Robert Haight informed him that he now

agrees with Attorney Bosso regarding the retiree insurance issue discussed at the previous meeting and the District would not be hearing further from him on this matter.

**DIRECTOR'S COMMENTS ON ITEMS NOT ON THE AGENDA:**

General Manager McNiesh said a Facilities Engineering Committee meeting with Kennedy Jenks (K/J) is needed, probably the 8<sup>th</sup> or 9<sup>th</sup> of December; he will schedule later with K/J and committee members. Water Resources Committee scheduled to meet Friday the 5<sup>th</sup> of December at 4 p.m. to discuss leak adjustment and drought response issues. Business Administration Committee scheduled to meet on Wednesday the 10<sup>th</sup> at 4:00 p.m.

Assistant General Manager/Operations Manager O'Brien reminded everyone that Friday December 19<sup>th</sup> is the Holiday Dinner at Peachwoods at 6:00 p.m.

After discussion, the Board changed the January meeting to the 15<sup>th</sup>. This will allow preparation of December reports, which otherwise would be hampered by holiday schedules.

Director Hodgins said water rights attorney Shapiro was supposed to get back to the Board within a couple months; General Manager McNiesh said he was not able to get a hold of him so there is nothing to report tonight.

Director Hodgins advised that ACWA is having a Washington DC conference.

Ross Albert, a 4<sup>th</sup> year environmental studies UCSC student, who is interested in water issues was in attendance at the meeting, and introduced himself. President Hober welcomed him.

8. MISCELLANEOUS CORRESPONDENCE: None

9. CLOSED SESSION:

The Board went in to Closed Session at 8:45 p.m. with General Manager McNiesh and Attorney Bosso in attendance.

Item 10.1 Pursuant to Government Code Section 54957  
Public Employment Performance Evaluation  
General Manager

General Manager McNiesh was excused from Closed Session at 8:55 p.m.

11. CLOSED SESSION REPORT AND ACTIONS ON MATTER(S) RELATED TO CLOSED SESSION

The Board reconvened in Open Session at 9:05 p.m. Attorney Bosso's reported that no reportable action had been taken in Closed Session.

Item 11.1. Consider Approval of Memorandum of Understanding re Position of District General Manager

Motion to approve Memorandum of Understanding (MOU) amended to provide for annual salary of \$130,000 and ten days of management leave annually, with MOU retroactive to October 1, 2008. Motion carried, Directors Hober, Hodgins, Kannegaard, and Perri voting in favor and Director Kassis abstaining.

12. ADJOURNMENT

President Hober adjourned the meeting at 9:15 p.m.

Respectfully submitted,

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Deborah L. Hazen, District Secretary

Approved: \_\_\_\_\_