

**SCOTTS VALLEY WATER DISTRICT  
MINUTES OF THE  
REGULAR BOARD MEETING  
DECEMBER 12, 2007**

**SCOTTS VALLEY WATER DISTRICT  
BOARD ROOM, 2 CIVIC CENTER DRIVE  
SCOTTS 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, Perri, Kannegaard, Hober and Hodgkin  
Absent: None

Item 1.3 Pledge of Allegiance and Invocation

Director Kassis led the Pledge of Allegiance and Invocation.

Item 1.4 Closed Session Report from Regular Board Meeting of November 8, 2007

General Manager McNiesh said there was no reportable action taken in closed session; he introduced Mr. John Gallagher who will be substituting for Attorney Robert Bosso this evening.

Item 1.5 Approval of Minutes of the Regular Board Meeting of November 8, 2007

Director Hober moved, seconded by Director Kassis, to approve minutes of the Regular Board Meeting of November 8, 2007, as presented. Motion carried unanimously.

Item 1.6 Elect Board President and Vice-President for 2008

President Hodgkin advised that he is stepping down and opened the floor to nominations for President of the Board.

Director Kassis nominated himself. Director Kannegaard nominated Director Hober.

General Manager McNiesh distributed ballots to Board members and they voted. President Hodgkin advised that Director Hober is the new President.

Director Kannegaard nominated Director Perri for Vice President; Director Kassis nominated himself. Board members voted.

President Hodgkin announced and congratulated Director Perri as the new Vice President.

ADDITIONS/DELETIONS TO THE REGULAR AGENDA:

General Manager McNiesh advised that Item 6.1.1 should be removed from the agenda. Bethany University is withdrawing their request as they are not ready for meter installation.

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 Resolution No. 16-07, Amending “Guidelines for Members of the Board of Directors”

Item 3.2 Approve Amendment No. 2 to “Memorandum of Understanding re: Position of District General Manager”

President Hodgkin removed Item 3.1 from Consent Agenda. General Manager McNiesh removed Item 3.2 from Consent Agenda

4. ITEMS REMOVED FROM CONSENT AGENDA:

President Hodgkin said he removed Item 3.1 to allow for Board discussion of Director compensation amounts shown in Section 14 on page 3.1-11; requests discussion on this subject.

General Manager McNiesh advised that the date of the agreement is wrong on Item 3.2 as presented in the Board packet; it shows the date of the Board’s November meeting, not tonight’s meeting; the correct date should be December 12, 2007. Director Perri moved, seconded by Director Hober, to approve Item 3.2 with date change. Motion carried unanimously.

5. DIRECTOR’S AGENDA ITEMS

Item 5.1 Individual Director Reports:

President Hodgkin reported that he attended a Regional Water Quality Control Board (RWQCB) meeting last week; RWQCB is scheduled to review storm water plans for Santa Cruz County the 3rd quarter of 2008; this won’t directly impact SVWD but is a related issue; he advised that he also attended an ACWA Board of Directors orientation meeting;

he will begin serving on ACWA Board starting in January; Monday and Tuesday this week he attended State Water Resources Control Board's session on its strategic plan update; there will be a public workshop on the strategic plan update on February 6<sup>th</sup> in Sacramento; details to be provided in advance on State Board's website.

Item 5.2 ACWA Update:

5.2.1 Reports on ACWA 2007 Fall Conference

President Hodgkin said he attended the ACWA/JPIA meeting before the ACWA Conference since Director Kassis couldn't attend; issues relating to personnel and new regulations; attended workshops on Tuesday; very well done. Director Kassis said ACWA/JPIA contacted him by phone since he wasn't able to attend. Director Hober said ACWA Conference was very good overall, where she felt like she learned a lot; she went early for sub-committee on water quality on Tuesday morning; went to session on global warming with informative statistics; brought many handouts back; heard how affected Southern California water districts handled emergency operations during the recent fire. Director Perri said he went to seminar on Proposition 218, which demonstrated the importance of communicating with rate payers; climate change seminar was very good; conservation efforts need to focus on landscaping, because such a large fraction of the household water use goes there; one strength of conference was bonding with other directors and staff members.

5.2.2 ACWA 2007 Legislative Summary: No discussion

Item 5.3 Anticipated Directors' Expenses: None

6. COMMITTEE REPORTS:

Item 6.1 Executive Committee

6.1.1. Consider Approval of Bethany University Request Related to New Residence Hall Water Meter Installation

General Manager McNiesh reported that Bethany University notified him that they are not yet ready to proceed with the new meter installation previously requested; when they are ready, they will want to make changes while students are away; new meter will allow abandoning irrigation lines thought to be leaky; staff has not yet seen Bethany's final installation plans; District's approval of final plans is still needed before any installation can occur.

6.1.2 Human Resources Consulting Services

General Manager McNiesh said Ellen Aldridge who has been serving the District as human resources attorney is not going to be available in the future; General Manager McNiesh has explored several possibilities;

District needs to find a replacement quickly to assist with upcoming Employee Organization negotiations; recommends Eddie Kreisberg of Meyers Nave; Mr. Kreisberg specializes in employment and labor law; has represented many public agencies in labor negotiations, including City of Capitola; General Manager McNiesh would like direction from Board.

President Hodgkin suggested the Board authorize the Business Administration Committee to approve General Manager McNiesh's selection. Director Kassis said he thought the selection should come back to the Board for approval. Director Perri suggested Mr. Kreisberg present a resume/proposal at the January SVWD Board meeting. Director Kannegaard expressed confidence in the General Manager's recommendation. The Board concurred to request Mr. Kreisberg come to the January meeting to meet the Board.

6.1.3 Director's Compensation for Attending Authorized Meetings and Conferences

President Hodgkin recommends the Board review Director compensation rates; it has been many years since compensation rates were established; statutes apparently allow periodic increases; other districts provide annual cost of living adjustments.

Attorney Gallagher recommended that Attorney Bosso and General Manager McNiesh research the matter and bring back their findings at next month's meeting.

Director Hober asked General Manager McNiesh to check with other local districts to find out the amount of their compensation as well as any other benefits Directors might receive.

6.1.4 Special Board Workshop on District Priorities

President Hodgkin said the Executive Committee was putting together a list of priorities for the District and suggested scheduling a less formal workshop to discuss and come up with a priority list. There was discussion by the Board regarding choosing a date in the latter part of January; the Board tentatively set this workshop for 9 a.m., Saturday, January 19<sup>th</sup>.

Item 6.2 Business Administration Committee

6.2.1 LAFCO Sphere of Influence Review

General Manager McNiesh noted this item was discussed at length at the last Board meeting; map is shown on page 6.2-2 showing areas proposed for inclusion in District's sphere of influence, based on Board discussion at last meeting; request will probably be deemed by LAFCO as major sphere amendment; if so, LAFCO will likely defer consideration; have not

heard anything from LAFCO since submittal; City has also requested change of its sphere from LAFCO.

- 6.2.2 Election Results for Proposed Increase in County Service Area No. 48 Fire Protection Services Assessment: No discussion

Item 6.3 Water Resources Committee

- 6.3.1 City of Scotts Valley Proposed Water Mitigation Ordinance

General Manager McNiesh reported regarding proposed City ordinance to require high efficiency toilets in all new construction and dual plumbing for recycled water use in all new commercial construction; expressed concern that recent Planning Commission language change might tend to limit current authority to require recycled water hook-ups for certain new projects; he recommended at December 5<sup>th</sup> City public hearing not rushing into adopting the ordinance as written; City Council postponed action on the ordinance; further discussion with City planned for January. General Manager McNiesh said staff did research on retrofit on resale requirement, proposed as part of City ordinance; about 150 homes sold per year in Scotts Valley over past five years; retrofitting this number of homes with high efficiency toilets would save about 800,000 gallons per year.

- 6.3.2 Santa Cruz County Proposed Regulatory Reform for Small-Scale Residential Projects

General Manager McNiesh said he wanted to bring this to the Board's attention as it was of significant concern to SLVWD Board and heard at December 4<sup>th</sup> Board of Supervisors meeting; the item was referred to County Planning Department for further study.

- 6.3.3 Customer Water Conservation Survey

General Manager McNiesh reported this item was discussed at Water Resources Committee Meeting; California Urban Water Conservation Council (CUWCC) best management practices require residential customer audits; materials for proposed SVWD program have been adapted from Santa Cruz City and are presented beginning on page 6.3-19 in agenda packet.

- 6.3.4 Green Building Program Implementation at District Facilities

General Manager McNiesh reported that District office is being improved for green building certification; upgrade includes high efficiency toilets, low wattage lights, improvements on heating and cooling system, recycled paper for copying and printing, and providing staff with reusable water bottles instead of bottled water.

- 6.3.5 Regional Forum on Climate Change and Water Resources

General Manager McNiesh reported two different local climate change forums being planned; Capitola is to have an evening meeting in early February for general public to hear about climate change and its impact on water resources; the other forum is being planned by local water districts; SVWD hosted recent water district planning meeting on this topic; SLVWD proposes to get Board members together for a half day meeting to discuss what actions can be taken. Director Perri agreed with the idea of a daytime meeting depending on the presentations and speaker. Director Kannegaard stated he would prefer a focus on possible actions; would be less interested in theoretical discussion. After Board discussion, President Hodgkin said the general consensus of the Board was that SVWD Directors would be willing to attend if the forum is well thought-out with a clearly defined purpose.

#### 6.3.6 Measures to Protect and Enhance Groundwater Recharge

General Manager McNiesh and Director Perri reported that the committee had a wide-ranging discussion on this topic; County hydrologist Mike Cloud and private citizen Joe Miller were present and participated actively in the discussion.

#### Item 6.4 Facilities Engineering Committee

##### 6.4.1 Local Groundwater Assistance (AB 303) and Recycled Water Planning Grant Applications

General Manager McNiesh reported that Kennedy Jenks, working with staff, submitted a \$250,000 grant application for AB 303 funding; grant money would be used to install two Butano formation monitor wells plus monitoring equipment; purpose would be to help District evaluate whether to proceed with a costly deep Butano production well; whether grant is awarded depends on statewide competition for funding; a second, Recycled Water Planning Grant for \$75,000 funding is also in preparation and will be submitted soon.

##### 6.4.2 Status of Current Recycled Water Expansion Projects

General Manager McNiesh advised that Department of Public Health stated it will not review the District's application for the Vineyards project until January; meanwhile, District is moving forward with the Vineyards backflow device installation project; went out to bid; received bids Friday, December 7<sup>th</sup>; engineer's estimate is \$75,000; low bid is \$61,000, high bid is \$101,000; low bid submitted by Sanchez, Inc., out of Hollister; Todd Creamer of C2G Engineers checked and Sanchez has excellent references; there was a bid irregularity, however, as Sanchez did not submit the signed addendum regarding insurance requirements; Attorney Bosso deems this a minor irregularity, as the addendum only lessens the bidders' insurance requirements, but he recommends getting Board concurrence. General Manager McNiesh recommends bid be awarded to Sanchez, pending confirmation of references by Assistant General Manager/Operations Manager O'Brien and Associate Engineer

Smith. Director Kassis said he prefers to work with Granite Construction, which submitted the third lowest bid, since the District has worked with them in the past. General Manager McNiesh explained that as a public agency SVWD is required to go with the lowest responsible bidder.

## 7. STAFF REPORTS

### Item 7.1 Accounting/Customer Service Reports

Accounting Manager Catalano advised that in January the Board will have financials for August and September, in February will have October and November, and in March will have December and January, which will put the financials back on schedule. Director Hober suggested he not do budget comparisons until after catching up on financials, if that would allow him to catch up faster.

### Item 7.2 Operational Reports: No discussion

### Item 7.3 General Manager's Report

General Manager McNiesh advised that SECOR, consultant for the responsible parties, plans to skip the December sampling for Scotts Valley Dry Cleaners because of the holidays and equipment failure; General Manager McNiesh intends to contact Regional Water Quality Control Board to express concern with SECOR's change in sampling schedule.

### Item 7.4 Attorney's Report:

Mr. Gallagher said Attorney Bosso had nothing to report.

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

President Hodgin said this meeting will be adjourned to tomorrow night, to the District's holiday party. President Hodgin asked if the February meeting on the 14<sup>th</sup> would be a problem; it was decided to change the meeting to Wednesday, February 13<sup>th</sup>.

## 9. MISCELLANEOUS CORRESPONDENCE: None

## 10. CLOSED SESSION: Board recessed at 9:28 p.m.; went into closed session at 9:30 p.m.

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

## 11. ACTION ON MATTERS CONSIDERED IN CLOSED SESSION: Board returned from closed session at 9:46 p.m.

Item 11.1 Consider Approval of Amendment No. 1 to "Memorandum of Understanding Between the Scotts Valley Water District and the Assistant General Manager/Operations Manager"

Director Hober moved, seconded by Director Kannegaard, to approve Amendment No. 1 to “Memorandum of Understanding Between the Scotts Valley Water District and the Assistant General Manager/Operations Manager,” increasing the salary of the Assistant General Manager O’Brien to \$108,554. Motion carried, Directors Hober, Hodgkin, Kannegaard, and Perri voting aye, and Director Kassis voting no.

## 12. ADJOURNMENT

Director Hodgkin adjourned the meeting to reconvene for the District’s annual employee recognition event the following evening, December 13, 2007, at 6 p.m. at Peachwood’s Steakhouse, Highway 17 and Pasatiempo Drive, Santa Cruz.