

**SCOTT'S VALLEY WATER DISTRICT
MINUTES OF THE
REGULAR BOARD MEETING
DECEMBER 11, 2008**

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

1. CONVENE MEETING

Item 1.1 President Hober called the meeting to order at 7:05 p.m.

ROLL CALL

Absent: Director Kannegaard

Item 1.2 Pledge of Allegiance and Invocation

Director Kassis led the Pledge of Allegiance and Invocation.

Item 1.3 Oath of Office for Recently Elected Directors

President Hober advised that recently elected Directors Chris Perri and Joe Miller are to be sworn in and introduced Judge Paul Marigonda, to do the honors.

Judge Marigonda administered the Oaths of Office to Directors Perri and Miller.

President Hober congratulated the newly sworn in members of the Board and announced a short recess.

Director Kannegaard entered the Board meeting at 7:15 p.m.

Vice President Perri called the meeting back to order. He thanked Ms. Hober for serving Board with distinction for eight years saying that she will be missed.

Ms. Hober told General Manager McNiesh that he runs a very efficient district and thanked all the staff and current Board members.

Item 1.4 Election of Board Officers

Vice President Perri asked if there were any nominations for President of the Board.

Director Hodgkin nominated Director Perri; Director Miller seconded. Motion carried unanimously.

President Perri asked if there were any nominations for Vice President.

Director Hodgkin nominated Director Kannegaard for Vice President of the Board, Director Miller seconded. Motion carried unanimously.

Item 1.5 Closed Session Report:

General Manager McNiesh reported that no reportable action was taken in Closed Session at the November 13, 2008 meeting; the Board approved a motion after going back into open session, which is included in the meeting minutes.

Item 1.6 Approval of Minutes from the Regular Board Meetings of September 11, 2008, and November 13, 2008

Director Hodgkin moved, seconded by Director Kannegaard, to approve minutes of the Regular Board Meeting of October 9, 2008, as presented. Motion carried unanimously.

Director Hodgkin moved, seconded by Director Kannegaard, to approve minutes of the Regular Board Meeting of November 13, 2008. 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:

Item 2.1 Public Hearing on Proposed Ordinance No. 148-08 Revising District Conflict of Interest Code.

General Manager McNiesh advised that at the September 11, 2008 meeting the Board determined that the code should be modified; there is no change in practice, just in written code; this would bring the written conflict of interest code in conformance with what the District actually does.

President Perri opened the public hearing.

Director Kannegaard moved to adopt Ordinance No. 148-08, an Ordinance Amending Article 2 of Ordinance No. 119-96, As Amended, Revising District Conflict of Interest Code. Director Miller seconded. Motion carried unanimously.

3. CONSENT AGENDA:

Item 3.1 Review Water Replenishment Impact Fee Annual Report Fiscal Year
2007-08

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 advised that he just returned from ACWA convention;
also attended JPIA meetings on Monday and Tuesday of same week;
interesting sessions; brought back some material and gave to General
Manager McNiesh; reported that there is \$102 million in reserves in
JPIA; insurance coverage has been expanded and rates reduced slightly.

Item 5.2 ACWA Update:

General Manager McNiesh commented that he thought there were three
things worth noting from ACWA Conference; excited about the session
on automated meter reading; the property tax question remains a worry,
hopefully no loss of revenue due to continuing state budget difficulties;
for federal grant funding, keys will be job-producing and furthering of
new energy agenda. He also pointed out the copy mistake in the packet,
with reproduced only half the pages of ACWA's legislative vote record
report for 2008.

Item 5.3 Anticipated Directors' Expenses: None

Item 5.4 Board Priority List

President Perri said the Board will dispense with the priority list tonight,
since the Board just looked at it recently and there are a lot of other items
for discussion tonight.

6. COMMITTEE REPORTS:

Item 6.1 Business Administration Committee

6.1.1 Consider Adoption of Resolution No. 12-08 Regarding Reimbursement of
Director and Employee Expenses

General Manager McNiesh said the proposed resolution, on page 6.1-3
in agenda packet, makes only minor changes in reimbursement policy;
the main difference is in amount of per diem expense with meals to be
consistent with current IRS guidelines; he recommended adoption of
Resolution No. 12-08.

Director Hodgins moved, seconded by Director Miller, to adopt Resolution No. 12-08 Regarding Reimbursement of Travel Expenses for Directors and District Employees. Motion carried unanimously

6.1.2 Consider Adoption of Resolution No. 13-08 Revising “Guidelines for Members of the Board of Directors”

General Manager McNiesh advised that the proposed revised guidelines are attached as Exhibit A to the resolution; original guidelines were approved May 2007; this is an amendment to incorporate changes made today at previous item and last month regarding Director insurance and compensation.

President Perri said he wanted to bring up for discussion the sensitivity of staff regarding the raise the Board approved themselves.

General Manager McNiesh said it is an awkward situation and he should have spoken up last month when voted on, but he feels it is inadvisable to raise directors’ rates to be number one in the area, not the best place for District to be on this issue.

Director Miller said since he wasn’t at the meeting last time and did not have a vote; thinks the Board should have struck a compromise.

General Manager McNiesh advised that the Board adopted Resolution No. 11-08; this resolution would have to be rescinded and replaced if the Board decided to change it.

Director Kassis said if the Board agreed and approved it they should stick with their original decision. Director Kannegaard said the Board listened to the logic at the time and he would vote the same today.

Director Perri moved to rescind or modify Resolution No. 11-08. Director Miller seconded the motion. Motion failed, with Directors Perri and Miller voting Aye, and Directors Kassis, Hodgins and Kannegaard voting No.

There was discussion by the Board regarding when Directors are due for additional ethics training. General Manager McNiesh said he would check with Attorney Bosso to see if the District can join in on ethics training that Mr. Bosso is providing to Soquel Creek Water District.

Director Hodgins moved, seconded by Director Perri, to Approve Adoption of Resolution No. 13-08 Adopting Revised “Guidelines for Members of the Board of Directors”. Motion carried unanimously.

6.1.3 Discuss Updates to “Directors Manual”

General Manager McNiesh said Board members should have copies of the Directors Manual; he plans on providing copies of updates to replace updated pages in Director's Manual periodically.

Item 6.2 Water Resources Committee

6.2.1 Discuss Possible Changes to Leak Adjustment Policy

General Manager McNiesh said staff's proposed policy change was discussed at committee; committee members had different views; he will have Attorney Bosso look at the language and give Board input; then bring the matter back to the committee and Board for further discussion.

Item 6.3 Facilities Engineering Committee

6.3.1 Consider Award of El Pueblo Tank Recoating Project Contract to Successful Bidder

Assistant General Manager/Operations Manager O'Brien reported that staff accepted bids for the tank recoating project on December 5th at 2:00 p.m.; received 2 bids: RDC, Inc. for \$311,300; and Crosno Construction, Inc. for \$268,025; District has not used Crosno before, but Soquel Creek Water District has and provides positive recommendation; recommends Board approve the bid from Crosno; if approved, staff will immediately award contract and issue the notice to proceed.

Director Hodgkin moved, seconded by Director Perri, to accept bid by Crosno Construction. Motion carried unanimously.

6.3.2 Discuss Recommended Recycled Water Main Extensions for Construction with Proposition 50 Grant Funds

General Manager McNiesh reported and showed power point presentation, a series of overheads summarizing information from the Draft Facilities Planning Report; stated similar information had been presented by Kennedy/Jenks Consultants to the committee at a meeting earlier in the week. The presentation covered report objectives, recycled water project alternatives, recommended long-term implementation plan, and recommended Phase 1 construction projects for 2009, to consist of three recycled main extensions, identified as Victor/Technology Loop, Hacienda Drive, and Bean Creek alignments, respectively; Proposition 50 grant-funding of up to \$705,705 would be available for this construction.

Director Hodgkin moved, seconded by Director Perri, to approve moving ahead with Phase 1 of recycled water main extensions for construction with Proposition 50 grant funds. Motion carried unanimously.

7. STAFF REPORTS

Item 7.1 Accounting/Customer Service Reports

Accounting Manager Catalano answered questions of the Board.

Item 7.2 Operational Reports

Operations Manager Bill O'Brien reported on El Pueblo Tank recoating project and commended staff for its efforts in preparing for this major undertaking.

Item 7.3 General Manager's Report

General Manager McNiesh provided update on the Watkins-Johnson superfund site issue; Environmental Protection Agency (EPA) approved site closure plan; he had conversation with Regional Water Quality Control Board (RWQCB), which responded with letter to EPA; letter from RWQCB references conversations in agreement with District's position.

Item 7.4 Attorney's Report: None

Attorney John Gallagher attended tonight's meeting in Attorney Bosso's place.

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

In response to a Board question, General Manager McNiesh advised that groundwater management grant funding under the AB 303 program for the District's test well project would not be available until 2009.

9. MISCELLANEOUS CORRESPONDENCE: None

10. CLOSED SESSION:

The Board went in to Closed Session at 8:30 p.m. with General Manager McNiesh and Assistant General Manager/Operations Manager O'Brien in attendance.

Item 10.1 Closed Session Pursuant to Government Code Section 54957.6
Conference with Labor Negotiators
Agency Designated Representative: General Manager
Unrepresented Employee: Assistant General Manager/Operations
Manager

Assistant General Manager/Operations Manager O'Brien was excused from Closed Session at 8:32 p.m. General Manager McNiesh was excused from Closed Session at 8:35 p.m.

11. CLOSED SESSION REPORT AND ACTIONS ON MATTERS RELATED TO CLOSED
SESSION:

The Board reconvened in Open Session at 8:55 p.m. with General Manager McNiesh and Assistant General Manager/Operations Manager O'Brien in

attendance. President Perri commended Mr. O'Brien for his dedicated service to the District and informed him that the Board had voted to approve his request for a salary increase to \$115,000 per year.

11. ADJOURNMENT

President Perri adjourned the meeting at 9:00 p.m.