

**SCOTTS VALLEY WATER DISTRICT  
MINUTES OF THE  
REGULAR BOARD MEETING  
NOVEMBER 9, 2006**

**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 7:07 p.m.

Item 1.2 ROLL CALL

Present: Directors Kassis, Watkins, Hober, Kern, and Hodgkin

Absent: Directors None

Item 1.3 Pledge of Allegiance and Invocation

Director Kassis led the Pledge of Allegiance and Invocation.

Item 1.4 Approval of Minutes from the Regular Board Meeting of October 12, 2006

Director Kassis made a motion, seconded by Director Kern, to approve the minutes of the Regular Board Meeting of October 12, 2006, as presented. Motion carried unanimously, with Directors Hober and Watkins abstaining due to absence.

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 Resolution No. 12-06 Rescinding Resolution No. 21-03 Entitled "Adopting District Guidelines" and Rescinding Resolution No. 14-04 Entitled "A Resolution Adopting Policy for Providing Directors' Insurance"

Item 3.2 Approve Resolution No. 13-06 Adopting the Scotts Valley Water District Guidelines for Members of the Board of Directors

Director Hober suggested that since this is a complicated item, it be referred to the Business Administration Committee and brought back to the Board for future discussion; President Hodgkin concurred. There was discussion regarding items for next Monday's committee meeting agenda. General Manager McNiesh said he has items from the auditor to give to committee members to review before that meeting. Both Consent Agenda items were continued to a future agenda by consensus of the Board.

4. ITEMS REMOVED FROM CONSENT AGENDA:

5. DIRECTOR'S AGENDA ITEMS

Item 5.1 Individual Director Reports

Director Hodgkin reported that he attended the ACWA Region 5 meeting at Sacramento; with ACWA group, he toured a fish hatchery, recreation area around Lake Comanche and Lake Pardee dam facility.

Director Hodgkin also reported that he received notice from Dunn & Bradstreet that SVWD needs to turn in financial information.

Item 5.2 ACWA Update

5.2.1 Fall Conference, December 4-8, 2006, at Disneyland

General Manager McNiesh said all attending Board members are registered for the conference; reservations have been made at ACWA's backup hotel, which is not on the site but does offer free shuttle service to the conference hotel.

Item 5.3 Discuss Anticipated Directors' Expenses

Directors Hober and Hodgkin advised that they would have expenses related to the ACWA conference.

6. COMMITTEE REPORTS:

Item 6.1 Executive Committee

6.1.1 Request for Proposal for General Counsel Services

General Manager McNiesh reported that, in the agenda packet on page 6.1-2, there is a draft Request for Proposal (RFP) for General Counsel Services that he would like to send it out next week to several attorneys, consistent with having new counsel in place by beginning of next year. Interviews by Executive Committee, General Manager McNiesh and Attorney Haight would be scheduled for Monday, December 11<sup>th</sup>.

Director Kassis asked Attorney Haight if he would be willing to stay on if the Board does not make a decision in December; Attorney Haight said he would be willing to stay until the Board hires someone else; there was discussion by the Board regarding process of hiring; Director Kassis recommended to the Board and would like the record to show that he wants to have all Board members involved in the process and full Board to make the decision on hiring an attorney. Attorney Haight said it would be an advertised official Board meeting in closed session. The Board decided the interviews would be from 1-4 pm December 11, 2006, with all Board members urged to attend. General Manager McNiesh asked if Board members had any recommendations for candidates to let him know.

Director Hober moved, seconded by Director Kern, to authorize General Manager McNiesh to send out RFP's for legal counsel services. Motion carried with Director Kassis abstaining.

#### Item 6.2 Business Administration Committee

##### 6.2.1 New Water Rate Ordinance

General Manager McNiesh reported that there are two committee meetings scheduled for November 13<sup>th</sup> and 20<sup>th</sup> to discuss the District audit, proposed water rate increase, Director's Handbook, and employee and Director benefits; at the last board meeting the General Manager was authorized to hire special counsel for proposed water rate increase; General Manager McNiesh has signed an agreement with Bob Bosso, who represents Soquel Creek Water District. At December 14<sup>th</sup> meeting Board will discuss rate increase, and approve notice letter to property owners/customers regarding Prop 218 process; it was suggested in next water bill to put an insert or notice on the bill regarding Prop 218; Attorney Haight advised to give notice to property owners and occupants which are probably the actual water customers, so the person who pays the bills get a notice; General Manager McNiesh distributed copies of proposed schedule for adoption of 2007 Water Rate Ordinance.

##### 6.2.2 Audit Status

General Manager McNiesh said the preliminary audit report for the fiscal year ended June 30, 2006, has been distributed to the committee; committee meeting on November 13<sup>th</sup> will include audit presentation and discussion with Auditor Robert Smiley of Berger/Lewis Accountancy Corporation.

Director Hober said she would like to see the District's financial model run again with the most current information included.

#### Item 6.3 Facilities Engineering Committee

##### 6.3.1 Well 10 Replacement Project

Assistant General Manager Bill O'Brien reported that Well 10 is not operational due the failure reported last month; the District is attempting to acquire additional property for a new well site next to the existing Well 10 Water Treatment Plant; obtained appraisals of suitable adjacent property owned by Valley Gardens golf course and by Pratt Company; hired consulting hydrogeologist Martin Feeney to prepare plans and specifications for the new well and to monitor construction.

6.3.2 Well 9A Site Considerations

General Manager McNiesh reported regarding Well 9A; discussed possibility of site on Canham Road owned by Mr. Gregory.

6.3.3 Recycled water project master plan update

No report.

7. STAFF REPORTS

Item 7.1 Accounting/Customer Service Reports

Interim Accountant Katherine Partida said she is working on getting used to the District's accounting and billing systems; asked if Board members had questions; answered questions of the Board.

Item 7.2 Operational Reports

Assistant General Manager Bill O'Brien reported that Sunday, November 5th, there was an 8" main break on Riesling in the Vineyards near Vine Hill School Road; hired Granite Construction for emergency repair; main repair is now complete; road was paved today; sidewalk repair will be done tomorrow.

Item 7.3 General Manager's Report

General Manager McNiesh reported on Scotts Valley Drycleaners site conference call with the Regional Water Quality Control Board (RWQCB) and SECOR, the dischargers' consultant, regarding construction of new deep monitor well near McDonald's; SECOR wants to hold off until after Well 10 replacement is complete. District staff encouraged moving ahead immediately with deep monitor well construction and also moving forward with proposed remediation pilot test while Well 10 is off-line.

Item 7.4 Attorney's Report: None

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

Director Watkins advised that the date of his resignation from the Board would be December 14, 2006.

Director Hodgkin announced that ACWA has sponsored a series of television programs on important California water issues to be aired on Public Broadcast System channels each month; General Manager McNiesh said the District has bought a full set of CD's with the ACWA programs; Directors are welcome to borrow them.

The SVWD Board meeting of January 11, 2007, was moved to January 9<sup>th</sup>. Attorney Haight advised that the Board should adjourn the December meeting to the 9<sup>th</sup> of January and cancel their regular January meeting. General Manager McNiesh advised that the February meeting should be changed from the 8<sup>th</sup> to the 15<sup>th</sup> to accommodate the Prop 218 process now required for water rate increase.

#### 9. MISCELLANEOUS CORRESPONDENCE

Item 9.1 Letter from Governor Schwarzenegger dated October 12, 2006, regarding Assembly Bill 2951.

Item 9.2 Letter from LAFCO dated October 20, 2006, regarding the election of Jim Anderson to serve as a LAFCO Commissioner.

#### 10. CLOSED SESSION:

The Board went into closed session at 8:45 p.m. with General Manager McNiesh and Attorney Haight in attendance to consider the following items:

Item 10.1 Public Employment Pursuant to Government Code Section 54957: Assistant General Manager/Operations Manager Position

Item 10.2 Public Employment Pursuant to Government Code Section 54957: Accountant/Office Supervisor Position

The Board returned to open session at 9:30 p.m.

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

Item 11.1 Counsel's Report on Any Reportable Actions Taken in Closed Session

Attorney Haight reported as follows regarding Item 10.1: Board would like to modify certain terms in Assistant General Manager's current Memorandum of Understanding; directed General Manager to negotiate these terms with Assistant General Manager; designated Business Administration Committee to assist with the negotiations, if necessary; scheduled reconsideration of Assistant General Manager's Memorandum of Understanding for December Regular Meeting; and determined that any salary increase approved at December Regular Meeting would be retroactive to December 8, Assistant General Manager's employment anniversary date.

No reportable action regarding Item 10.2.

Item 11.2 Board Action in Open session on any Matter Considered in Closed  
Session: None.

11. ADJOURNMENT

Director Kassis moved, seconded by Director Watkins, at 9:35 p.m. to adjourn to December 11, 2006, at 1:00 pm. Motion carried unanimously.