

**BOARD OF DIRECTOR'S MINUTES  
SAN LORENZO VALLEY WATER DISTRICT  
BOULDER CREEK, CALIFORNIA**

**June 5, 2003**

The regular meeting of the Board of Directors of the San Lorenzo Valley Water District was called to order by Dir. Rapoza on Thursday, June 5, 2003 in the District's Operations Building, 13057 Highway 9, Boulder Creek, California at 7:31 p.m.

CONVENE MEETING/ROLL CALL:

Roll call showed Dirs. Rapoza, Prather, Ross and Vierra present. Dir. Nelson arrived at 7:32 p.m. District Manager Mueller and Counsel Hynes were also present.

MINUTES:

- a. Minutes of the Regular Meeting of May 15, 2003

Motion was made by Dir. Vierra to approve the Minutes of the Regular Meeting of May 15, 2003, as presented.

ROLL CALL:

Ayes:	Vierra, Ross, Rapoza
Noes:	None
Abstain:	Prather
Absent:	Nelson

ADDITIONS AND DELETIONS TO THE AGENDA:

Manager Mueller added agenda item 7b Agreement with County of Santa Cruz for Payment of Legal and Consulting Costs, as it arose subsequent to posting of the agenda.

Motion was made by Dir. Rapoza to add agenda item 7b Agreement with County of Santa Cruz for Payment of Legal and Consulting Costs, as it arose subsequent to posting of the agenda.

ROLL CALL:

Ayes:	Rapoza, Nelson, Ross, Vierra, Prather
Noes:	None
Absent:	None

ORAL COMMUNICATIONS: None

WRITTEN COMMUNICATIONS:

06/05/03

- a. May 7, 2003 Correspondence from State Treasurer, Philip Angelides, Regarding Local Agency Investment Fund (LAIF)

The Board received the May 7, 2003 Correspondence from State Treasurer, Philip Angelides, Regarding Local Agency Investment Fund (LAIF).

- b. May 23, 2003 Correspondence from Rusty Hartman Regarding Electronic Bank Transfers

The Board received the May 23, 2003 Correspondence from Rusty Hartman Regarding Electronic Bank Transfers. Dir. Rapoza indicated that staff has been working on this issue.

Dir. Ross asked staff to agendize the information from California Energy Commission regarding low interest-energy efficiency loans.

CONSENT AGENDA: None

UNFINISHED BUSINESS:

- a. Education Program and Education Program Advisory Commission

Manager Mueller reported that staff has revised the draft ordinance to incorporate direction received at the April 17, 2003 Board of Director's meeting. Further, Manager Mueller requested direction regarding the specific amount of funding for each of the two (2) Education Programs.

Lisa Rudnick read a section from the California Water Code. Ms. Rudnick stated that the District has a limitation of powers. Ms. Rudnick stated that she does not need to restate her position on this item but will continue to pursue and take this proposed Education Program down.

Gordon Stewart stated that he would like to see a great epiphany. Mr. Stewart referred to a specific court case and stated that a water district cannot give money to individuals or associations. In addition, Mr. Stewart stated that to give away public funds is illegal and this proposed program is a misfit for this organization. Mr. Stewart felt that the schools are in the best position to do this type of program.

Nancy Macy read a letter from the Valley Women's Club. The letter condemned an accusation that was made stating the Club was self-serving. Ms. Macy stated that the accusation is misleading and rejected it.

Janet Laidlaw stated that she is opposed to the District handling an Education Program. In addition, Ms. Laidlaw stated that the District should bring the water system up to the best quality before attempting any education.

Steve Meyer stated that the District should stay on the mission of providing water and should not get involved with education. Mr. Meyer Suggested that the District stick to water issues, good service and plenty of water.

Julie Hendriks read an article from the Santa Clara Valley Water District Stewardship Program. Ms. Hendriks stated that this program was designed to enhance echo system health and water quality. In addition, Ms Hendriks stated that people build community.

Paul Storm informed the Board that if they ignored the constituency, the District would be subject to the perils of the Board's decision. Mr. Storm stated that retribution would come at a time not at the Board's choosing. Mr. Storm asked the Board to think long and hard on this decision. In addition, he urged the Board to think seriously before ignoring a large amount of ratepayers and constituents.

Dir. Ross felt that Mr. Storm's comment was a threat and as a policy he choose to ignore his statement.

Daniel Beck asked the Board if they have taken the time to look at Agenda 21.

Sharon Barbour stated that it is the District's job to support the watershed and public education is a vital part of the District's job.

Bruce Oneto stated that the referendum for the sale of the Waterman Gap property was based on the desire that the property would be used to educate kids. Mr. Oneto felt that using the money that came from the sale of the property to educate kids would be positive.

Michael Shaw stated that sustainable development was a political philosophy and felt that the District would end up with limited water resources. Mr. Shaw felt that this program was collectivizing land and indoctrinating children.

Michael Park stated that he did not see anyone in support of this program at the last meeting. In addition, he did see alot of Board members smirking and making snide comments. Mr. Park felt that this Board has no scientific

value to direct the grant money and still hasn't determined what the qualifications should be.

Pat Dugan suggested that the Board discontinue the Education Program and should get a second legal opinion.

Counsel Hynes stated that he has given his opinion and authority. In addition, Counsel Hynes does not think that the requirements are that narrow. Public funds should be spent for a public benefit and the District must show public benefit for the scholarships.

Dir. Ross is not interested in giving money to the schools or having the school district administer the Education Programs. In addition, Dir. Ross felt that the Board is being responsive to the constituents.

Barbara Reed felt that the District should educate the public through the Annual Newsletter.

Dir. Prather stated that his election statement clearly stated that he was for the Education Program and had a resounding vote for the election. In addition, Dir. Prather felt that the District must show good stewardship for the customers.

Dir. Nelson stated that he listened carefully and graciously to the public at each and every meeting. In addition, he respects private property. Mr. Nelson felt that his support for Education Program should not be a surprise. Dir. Nelson firmly believes in environmental restoration.

Dir. Rapoza felt that the scholarship portion of the program would need further research. Dir. Rapoza felt that he holds broader view of water conservation than most and there will always be debate of whose science is best. Dir. Rapoza finds it very disheartening that there are programs that are deserving of funding that won't get it. In addition, Dir. Rapoza felt that there should be a separate line item in the Budget for the Education Program.

Dir. Rapoza would like the District to expend \$5,000 for the Grant Program portion of the Education Program. Dir. Ross would like to expend approximately \$30,000.00 for both programs. Dir. Vierra would like to expend \$15,000.00 for both programs. Dir. Prather would like to expend 10% of Waterman Gap proceed earnings.

Motion was made by Dir. Ross to budget \$15,000,000 for the 2003/2004 Fiscal Year Budget for the Education Grant Program.

ROLL CALL:

Ayes:	Ross, Nelson, Prather, Vierra
Noes:	Rapoza
Absent:	None

Motion was made by Dir. Ross to approve Ordinance 100 Education Program Advisory Commission, as amended.

ROLL CALL:

Ayes:	Ross, Nelson, Prather, Vierra, Rapoza
Noes:	None
Absent:	None

Dir. Rapoza directed staff to begin advertisement for Commission positions. In addition, he would like this item scheduled for a future meeting.

b. County of Santa Cruz Agreement

Manager Mueller requested that this item be moved out of order and item 8c be heard first, as Supervisor Almquist was not present.

Supervisor Almquist was present to address the Board regarding the California American Water Company Rate Case. Supervisor Almquist stated that they have reached the maximum amount of money that was allocated. Supervisor Almquist felt that the County was obtaining leverage in the Cal-Am Rate Case. Supervisor Almquist stated that more money is needed to proceed.

Manager Mueller indicated that the present District obligation is \$18,500.00 if acquisition does not occur. To date, \$40,000.00 has been expended of the budgeted \$75,000.00.

Mr. Almquist stated that he has had several meetings regarding the acquisition with the Felton customers. Dir. Ross felt that the District might have significant leverage to promote a sufficient price. Dir. Rapoza is concerned the momentum seems to be slowing and would hope that the Felton citizens would have been more active. Dir. Vierra felt that the District could only go so far without the citizens of Felton being committed.

Manager Mueller stated that Supervisor Almquist is looking for authorization of another \$21,000.00 to continue with the proceedings. In addition, Supervisor Almquist would like the Board to authorize the

District Manager to communicate with upper management at Cal-Am due to the reluctance of Cal-Am to part with assets.

Motion was made by Dir. Ross to authorize an additional \$21,000.00 to proceed with the California American Rate Case. In addition, authorize Manager Muller to communicate with upper management at California American Water Company regarding acquisition of the Felton facility.

ROLL CALL:

Ayes: Ross, Nelson, Prather, Vierra, Rapoza

Noes: None

Absent: None

NEW BUSINESS:

a. Annual District Picnic

Manager Mueller reported that the Annual District Picnic has been tentatively scheduled for Saturday, August 23, 2003 at Siltanen Park in Scotts Valley. The cost to rent equipment and the facility is \$125.00.

Motion was made by Dir. Vierra to authorize a contribution in the amount of \$125.00 to rent equipment and facilities for the Annual District Picnic.

ROLL CALL:

Ayes: Vierra, Nelson, Prather, Ross, Rapoza

Noes: None

Absent: None

b. Minutes of the Loss Control Committee Meeting, May 20, 2003

Motion was made by Dir. Ross to approve the Minutes of the Loss Control Committee Meeting, May 20, 2003, as presented.

ROLL CALL:

Ayes: Ross, Nelson, Prather, Vierra, Rapoza

Noes: None

Absent: None

b. Agreement for Water Service; APN 89-431-28

Manager Mueller reported that on April 1, 2003, Mr. Stephen Markey applied for water service to APN 89-431-28 generally located along Shadow Mountain Road, Boulder Creek. Staff review indicates that the District has no water distribution facilities located on this portion of Shadow Mountain Road and recommends that water service be provided by

a long service line agreement from a water service to be located on Bear Creek Road.

Motion was made by Dir. Vierra to approve Resolution No. 32 (02-03) Agreement for Water Service; APN 89-431-28.

ROLL CALL:

Ayes:	Vierra, Nelson, Prather, Ross, Rapoza
Noes:	None
Absent:	None

d. Agreement for Water Service; APN 82-241-72

Manager Mueller reported that on April 1, 2003, Mr. Ray Trussel applied for water service to APN 82-241-72 generally located off Pinecrest Drive, Boulder Creek. Staff review indicates that the District has no water distribution facilities located on this portion of Pinecrest Drive and recommends that water service be provided by a long service line agreement from a water service to be located on Pinecrest Drive.

Motion was made by Dir. Vierra to approve Resolution No. 33 (02-03) Agreement for Water Service; APN 82-241-72.

ROLL CALL:

Ayes:	Vierra, Nelson, Prather, Ross, Rapoza
Noes:	None
Absent:	None

GENERAL MANAGER'S REPORTS:

a. Manager

(1) Bill List through June 5, 2003

Motion was made by Dir. Nelson to approve the Bill List in the amount of \$182,482.64.

ROLL CALL:

Ayes:	Nelson, Prather, Ross, Vierra, Rapoza
Noes:	None
Absent:	None

(2) Investment Report Period Ending April 30, 2003

The Board received the Investment Report Period Ending April 30, 2003.

(3) Department Status Reports

(i) Administration

Dir. Vierra would like the District to make it a priority to replace the leaking tank on Rebecca. Manager Mueller stated staff is working on obtaining property adjacent to site.

(ii) Operations

The Board received the Operations Department Status Report.

(iii) Engineering

The Board received the Engineering Department Status Report.

b. Committee/Director Reports (Oral): None

INFORMATIONAL MATERIAL:

a. May 7, 2003 Orange County Water District Press Release Regarding Lawsuit Against Gasoline Companies and Manufacturers of MTBE

The Board received the May 7, 2003 Orange County Water District Press Release Regarding Lawsuit Against Gasoline Companies and Manufacturers of MTBE.

b. May 2003 California Land Use Law and Policy Reporter Article

The Board received the May 2003 California Land Use Law and Policy Reporter Article.

ADJOURNMENT TO CLOSED SESSION:

Dir. Rapoza adjourned the meeting to closed session at 10:55 p.m. to approve the Minutes of the Closed Session Meeting of May 15, 2003 and to confer with Legal Counsel - Anticipated Litigation, Significant Exposure to Litigation Pursuant to Subdivision (c) of Government Code Section 54956.9-One (1) Potential Case and for Public Employee Performance Evaluation as provided in California Government Code Section 54957-District Manager.

RECONVENE TO OPEN SESSION TO REPORT ACTIONS TAKEN IN CLOSED SESSION:



- a. Minutes of the Closed Session Meeting of May 15, 2003

Motion was made by Dir. Rapoza to approve the Minutes of the Closed Session Meeting of May 15, 2003, as presented.

ROLL CALL:

Ayes:	Rapoza, Nelson, Prather, Ross, Vierra
Noes:	None
Absent:	None

- b. CONFERENCE WITH LEGAL COUNSEL -  
ANTICIPATED LITIGATION

Significant Exposure to Litigation Pursuant to Subdivision (c) of  
Government Code Section 54956.9:

One (1) Potential Case

No reportable action.

- c. PUBLIC EMPLOYEE PERFORMANCE EVALUATION as provided in  
California Government Code Section 54957  
District Manager

No reportable action.

ADJOURNMENT:

The meeting was adjourned at 11:05 p.m.

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Kelly Stephens  
District Secretary