

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

April 17, 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, April 17, 2003 in the District's Operations Building, 13057 Highway 9, Boulder Creek, California at 6:35 p.m.

CONVENE MEETING/ROLL CALL:

Roll call showed Dirs. Rapoza, Nelson and Vierra present. Dir. Prather arrived at 7:15 p.m. Dir. Ross and Watershed Resources Coordinator Haynes were absent. District Manager Mueller and Counsel Hynes were also present.

ADJOURNMENT TO CLOSED SESSION:

Dir. Rapoza adjourned the meeting to closed session at 6:37 p.m. to confer with Real Property Negotiator, Property: California-American Water Company; Felton District, Negotiating Parties: James Mueller, District Manager and California-American Water Company, Under Negotiation: Price and Payment Terms.

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

Dir. Rapoza reconvened the regular meeting at 7:41 p.m. and reported out that:

- a. CONFERENCE WITH REAL PROPERTY NEGOTIATOR -
Property: California-American Water Company; Felton District
Negotiating Parties: James Mueller, District Manager and California-American Water Company
Under Negotiation: Price and Payment Terms

No reportable action.

MINUTES:

- a. Minutes of the Regular Meeting of April 3, 2003

Motion was made by Dir. Vierra to approve the Minutes of the Regular Meeting of April 3, 2003, as presented.

ROLL CALL:

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

ADDITIONS AND DELETIONS TO THE AGENDA: None

ORAL COMMUNICATIONS:

Pat Dugan, Felton asked the Board who were the legal participants present at the Closed Session meeting. Dir. Rapoza indicated that the Board was present.

Lisa Rudnick, Ben Lomond stated that she would appreciate it if the Board members were polite. In addition, Mrs. Rudnick would like the District to update the website so that agenda packets are available on the website. She is not comfortable with driving to Boulder Creek on a regular basis to review the agenda packets.

Michael Shaw, La Selva Beach asked if the Board members were familiar with the Sierra Club's Water Conservation Plan. Mr. Shaw indicated that this plan has a grand effect on the farmers in Watsonville. Mr. Shaw indicated that Agenda 21 programs are being funded that are not statutorily compliant. Mr. Shaw felt that the District's job is to provide affordable and plentiful water.

Gary Arnold, Real Estate Broker in Santa Cruz stated that there has been a private property rights scam going on in this County for a long time. Mr. Arnold asked the Board to please read Agenda 21.

Ralph Frederick, Bonny Doon urged the Board to go on the web and research Agenda 21. Mr. Frederick indicated that the NGO's are wrestling control away from the elective bodies of our government.

Joe Pettizini, Scotts Valley asked the Board to recognize the symptoms of communism and socialism. Mr. Pettizini stated that he worked for the Packard Foundation and was sorry he did because they were very dishonest. Mr. Pettizini stated that Agenda 21 concentrates the world's wealth into the hands of these devils.

Steve Shaw, La Selva Beach stated that property rights are being threatened. Mr. Shaw asked if there is pressure to consolidate the Water Districts. Dir. Rapoza indicated that this District has been fiercely independent for years and would be opposed to any consolidation of this Water District.

Janet Laidlaw, Boulder Creek inquired on the consolidation with Cal-Am Water Company. Dir. Rapoza indicated that any consolidation would be up to the ratepayers in Felton.

Gordon Stewart, Boulder Creek asked the Board members to look within themselves to find where the level of discomfort is regarding the education program.

WRITTEN COMMUNICATIONS:

- a. April 7, 2003 Correspondence from Local Agency Formation Commission Regarding Non Potable Water Sales to Two Mobile Home Parks Outside Boundaries of Scotts Valley Water District

The Board received the April 7, 2003 Correspondence from Local Agency Formation Commission Regarding Non Potable Water Sales to Two Mobile Home Parks Outside Boundaries of Scotts Valley Water District.

CONSENT AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS:

- a. Proposed Education Program

Manager Mueller informed the Board that the Education Committee along with the Education Program Citizens Advisory Committee has developed two (2) draft documents for full Board review. Manager Mueller recommended that the Board discuss the proposed documents, the funding levels of the program and the Education Advisory Commission.

Dir. Vierra stated that the Board agreed to use part of the funds from the sale of the Waterman Gap property for education. Due to the interest in community, a Committee was formed to entertain different ideas and to involve the community. Dir. Vierra read the District's Mission Statement and Guidelines of the Proposed Education Program.

Dir. Rapoza stated that this program would give local teachers an option to fund curriculum that otherwise may not have available funding. The funding mechanism will be geared toward smaller portions. Dir. Rapoza would like to remove the years listed in the guidelines to be a more

generalized document. Manager Mueller indicated that the dates were only a placeholder and the document would be updated on an annual basis.

Dir. Nelson would like the word "Allocation" struck from the "Education Program Allocation Advisory Commission". In addition, Dir. Nelson stated that the opposite of education is ignorance and is in support of education. Dir. Nelson felt that the Commission would have the ability to sniff out junk science from real science and is in support of the proposed documents.

Dir. Prather voiced his support of this activity as well. In addition, Dir. Prather pointed out that the Commission would be making recommendations to the full Board and the Board will make the final decision on scholarships and grants. Dir. Prather stated that there is a safety valve and the quality of thought has been great.

Janet Laidlaw, Boulder Creek stated that if the District would have kept the Waterman Gap property, Big Creek Lumber could have maintained the land and the District could have made \$19 million.

Steve Meyer stated that he agrees with education, but does not agree with indoctrination. He believes that the District should provide water. If Board members want to educate people they should run for a position on the School Board.

Gary Arnold stated that this Board does not need to be in the education battle.

Joe Pettizini stated that this agenda is outside the District's jurisdiction and is not this District's mandate or business.

Jenna, student at UCSC asked who was going to sniff out the junk science. Dir. Rapoza indicated that a Commission would be developed.

Pat Dugan stated that this program was a violation of codes and the District is going away from mandate. In addition, Mr. Dugan stated that District Counsel is wrong telling the District that this program can be done outside the codes.

Gordon Stewart stated that the Commission would be there to ensure that only the best receives funding. In addition, Mr. Stewart felt the information that Legal Counsel provided was garbage.

Lisa Rudnick stated that this Board is ignoring the facts just as they did with the Waterman Gap property. Ms. Rudnick stated that she had no faith that this Board will do the right thing.

Daniel Beck agreed with Ms. Rudnick's comments and asked that the Board be fair when administering the program.

Gordon Stewart stated that the District is going into unauthorized territory. Mr. Stewart stated that this program is not legal, has a sandy foundation and will collapse.

Dir. Rapoza was concerned that student's educational transcripts may become public record. Legal Counsel Hynes indicated that some of the information provided from the students will not be public information.

Dir. Rapoza recommended that each Board member appoint a Commissioner. In addition, said Commissioner would only be able to be removed by the Board member that appointed him/her. Dir. Vierra agreed with the appointment process. Dir. Nelson felt that the full Board should interview the applicants.

Michael, an observer asked if there would be any qualification criteria for the Commissioners and what type of expertise will they be required to have. In addition, Michael felt that the appointment/removal process of the Commissioners should be by vote of the Board. Dir. Rapoza stated that the Board would look at how the Commissioners may be removed from office.

Dir. Rapoza directed staff to agendize this item for the June 5, 2003 Board of Director's meeting for further discussion.

b. National Drinking Water Week, May 2003

Motion was made by Dir. Vierra to approve Resolution No. 34 (02-03) National Drinking Water Week, Proclamation, 2003.

ROLL CALL:

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

c. Loss Control Committee Minutes of March 18, 2003

Motion was made by Dir. Vierra to approve the Loss Control Committee Minutes of March 18, 2003.

ROLL CALL:

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

d. Refinance of California Statewide Communities Development Authority Loan

Manager Mueller stated that he has been working with Marc Stocks, Western Municipal Securities Corporation, and Ray Haight, Special Legal Counsel, to investigate potential options for refunding of the California Statewide Communities Development Authority Loan. Manager Muller indicated that the consultants have been successful in securing a refunding option through a private institutional investor.

Ray Haight was present and informed the Board that the refunding payment agreement would be privately placed. Mr. Haight indicated that the savings would be \$309,000.00 and heartily recommended the Board consider this transaction.

Motion was made by Dir. Vierra to approve Resolution No. 32 (02-03) Refunding of a Loan Agreement with California Statewide Communities Development Authority Dated as of June 1, 1993 (Relating to California Statewide Communities Development Authority Water Revenue Refunding Bonds [Senior Series 1993A and Subordinate Series 1993B]) by means of a Refunding Payment Agreement to be Privately Placed.

ROLL CALL:

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

Motion was made by Dir. Vierra to approve Resolution No. 33 (02-03) Approving and Authorizing Execution of a Form of Refunding Payment Agreement to Refund a Loan Agreement with California Statewide Communities Development Authority Dated as of June 1, 1993 (Relating to California Statewide Communities Development Authority Water Revenue Refunding Bonds [Senior Series 1993A and Subordinate Series 1993B]), A Placement Contract, A Special Counsel Agreement, and an Escrow Agreement, and Authorizing and Directing the Taking of Certain Other Actions in Connection Therewith.

ROLL CALL:

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

e. Proposed Santa Cruz County Trench Cut Cost Recovery Fee Ordinance

Manager Mueller reported that the County has facilitated the development and implementation of a Trench Cut Cost Recovery Fee Ordinance to offset costs incurred by the County associated with the adverse impacts of roadway excavations and to improve project coordination. Manager Mueller stated that the proposed ordinance has the potential to significantly impact the District and is recommending the President of the Board along with staff provide a written response to the Board of Supervisors stating the District's position on the subject matter.

GENERAL MANAGER'S REPORTS:

a. Manager

(1) Bill List through April 17, 2003

Motion was made by Dir. Vierra to approve the Bill List in the amount of \$96,731.69.

ROLL CALL:

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

(2) Cash Flow Period Ending March 31, 2003

The Board received the Cash Flow Report Ending March 31, 2003.

Dir. Rapoza asked Manager Mueller to provide information on the amount of money that Sempervirens has paid to date on the Waterman Gap property.

(3) Investment Report Period Ending March 31, 2003

The Board received the Investment Report Period Ending March 31, 2003.

- (4) One Time Leak Adjustment Status Report; January 1, 2003 - March 31, 2003

The Board received the One Time Leak Adjustment Status Report; January 1, 2003 - March 31, 2003.

- (5) Department Status Reports

- (i) Administration

The Board received the Administration Department Status Report.

- (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: None

ADJOURNMENT TO CLOSED SESSION:

Dir. Rapoza adjourned the meeting to closed session at 11:10 p.m. to approve the Minutes of the Closed Session Meeting of April 3, 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 confer with Labor Negotiator as provided in California Government Code Section 54957.6, Agency Negotiator: James Mueller, District Manager, Employee Organizations: San Lorenzo Valley Water District Classified Employees Unit and San Lorenzo Valley Water District Management, Supervisory and Confidential Employees Unit.

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

- a. Minutes of the Closed Session Meeting of April 3, 2003

Motion was made by Dir. Rapoza to approve the Minutes of the Closed Session Meeting of April 3, 2003, as presented.

ROLL CALL:

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

- 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. CONFERENCE WITH LABOR NEGOTIATOR as provided in California
Government Code Section 54957.6
Agency Negotiator: James Mueller, District Manager
Employee Organizations: San Lorenzo Valley Water District Classified
Employees Unit and San Lorenzo Valley Water District Management,
Supervisory and Confidential Employees Unit

No reportable action.

ADJOURNMENT:

The meeting was adjourned at 11:21 p.m.

Kelly Stephens
District Secretary