

**BOARD OF DIRECTORS
SAN LORENZO VALLEY WATER DISTRICT
BOULDER CREEK, CALIFORNIA**

January 16, 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, January 16, 2003 in the District's Operations Building, 13057 Highway 9, Boulder Creek, California at 7:30 p.m.

ROLL CALL:

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

MINUTES:

- a. Minutes of the Regular Meeting of January 2, 2003

Motion was made by Dir. Ross to approve the Minutes of the Regular Meeting of January 2, 2003.

ROLL CALL:

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

CHANGE IN AGENDA: None

APPEARANCE OF INTERESTED CITIZENS:

Jane Hyde was present to inform the Board that she received a 48-Hour Notice, which one of her goats ate. Ms. Hyde indicated that receiving such a notice, and the thought of being without water, was very upsetting. Jim Hyde presented the Board with a prepared statement regarding past due notification. Mr. Hyde indicated that without water, a house becomes inhabitable and believes San Lorenzo Valley Water District's policy is flawed. Mr. Hyde suggested that the San Lorenzo Valley Water District adopt a policy to personally advise customers of past due notices by a phone call or face to face contact. In addition, Mr. Hyde felt that turning off water is too harsh for many circumstances. Mr. Hyde felt that the only condition to warrant a shut off is if the customer is knowingly delinquent and refuses to pay the bill.

Manager Mueller gave an overview of tagging, billing and collection procedures of the San Lorenzo Valley Water District. In addition, Manager Mueller stated that the District

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does make payment arrangements on an individual basis and customers are given liberal amounts of time to pay the delinquencies.

Elizabeth Nights asked the Board if the District had the discretion to turn off the water even if people are willing to pay, but can't. Dir Ross indicated that the District does take steps to provide information to delinquent customers on where they can receive help in the event of hardship. Dir. Ross does not want to get into the business of adjudicating if the customer can or cannot pay their bill.

Janet Laidlaw asked the Board who would be responsible if a fire occurs and the water is shut off for non-payment. Legal Counsel Hynes responded that if proper procedures have been followed there would not be a liability on the District.

Gordon Stewart stated that the District is dealing with a small problem for some people and larger for others and a documented procedure should be established.

Pat Dugan stated that a responsible individual should know that they have used water and that a bill is due.

Dir. Nelson stated that he could not perceive a clear problem with the process but a due hardship with individuals within the District. The District could talk to individuals within the community to see if there are programs available that the District could work with within the community. These agencies could be invited to discuss various options and a program can be implemented.

Janet Laidlaw asked the Board to refer to the Mission Statement, "Outstanding Customer Service" and set some boundaries.

Skip Matthes asked the Board to interface with different agencies within the community and develop a Lifeline Program. If customers know that the District is willing to work with them, they may be proactive.

Dir. Vierra is satisfied with the District's procedure as it stands. In addition, the Customer Service Department needs to be refreshed periodically on the standard policy procedures.

Dir. Rapoza stated that this is not an agenda item, but various agencies could be invited to a future meeting to address the hardship needs of the District's customers.

CORRESPONDENCE: None

CONSENT AGENDA: None

UNFINISHED BUSINESS:

a. Education Forum

Manager Mueller stated that the Education Program Citizens Advisory Committee would work with the Education Committee of the Board of Directors to develop recommendations regarding the institutional framework, program eligibility criteria and other such matters relative to the proposed Education Program.

Dir. Ross nominated Hank Helbush to serve on the Education Program Citizens Advisory Committee. Mr. Helbush is an environmental teacher for U. C. Berkeley and is interested in children's knowledge of the environment.

Dir. Vierra nominated Carson Brown to serve on the Education Program Citizens Advisory Committee. Mr. Brown is a special education teacher.

Dir. Prather nominated Tai Stills to serve on the Education Program Citizens Advisory Committee. Ms. Stills is a grant writer by profession with background in watershed and stream issues and environmental restoration.

Dir. Nelson nominated Terry Umstead to serve on the Education Program Citizens Advisory Committee. Mr. Umstead is a teacher for the San Lorenzo Valley High School Watershed Academy.

Dir. Rapoza nominated Connie Benton to serve on the Education Citizens Advisory Committee. Ms. Benton is the Assistant Superintendent for Educational Services with the Santa Cruz County Office of Education.

Lisa Rudnick informed the Board that she did not receive an invitation to the Education Forum. In addition, she reported that one other Waterman Gap Citizens Advisory Committee Member did not receive an invitation. Ms. Rudnick felt that funding education was not good use of District assets.

Elizabeth Knights commented that funding education is a poor way to spend money, expensive and not necessary.

Gordon Stewart commented that the District is not experienced in the education business. Dir. Ross commented that the process was to come up with a funding mechanism and not to be in the education business.

Skip Matthes felt that the money was going to the school system and felt that if the District could afford to give away money it should be given back to customers within the District.

Bruce Oneto commented that the people involved with the referendum on the sale of the Waterman Gap Property wanted to use the property as a schoolyard for restoration, etc. When the property sold, the Board made a decision to put some of the money toward education. The Board is keeping to its commitment to fund activities and education to preserve and upgrade our resources. This region will stand or fall on the health of the watershed.

Dir. Ross felt that investing in people's education is a sensible use of money to promote Water District aims.

Pat Dugan stated that the ratepayers keep the District in business and education should come to the District. The District's business is to supply water, not educate people. Mr. Dugan recommended using the District's Annual Newsletter to educate the public. Mr. Dugan felt that using the funds for education would be misappropriating funds. Mr. Dugan urged the Board not put ratepayer money into a program that the District has no idea how to manage.

Nick Vrolyk reported that alot of programs have potential problems. It is important to have opposite points of view on the Education Program Citizens Advisory Committee for balance. In addition, logging issues need to be taught to children so they do not form an unbiased opinion.

Joel Pettenissi urged the Board to forget putting the money into education, as there is much better use for the money. The Water District has no business being in the education business. Mr. Pettenissi stated that the educational system in this country sucks.

Gordon Stewart urged the Board to bring the educational funding issues to the voters and ratepayers and prove to the people that this Board will give the citizens a vote on the Board's decisions.

Mr. Hyde made an observation that only one nominee for the Education Program Citizens Advisory Committee was present and left before public input. Mr. Hyde would hope that the nominees would at the least read the minutes from this meeting before they meet.

Ms. Rudnick repeated that the proposed education program is a misuse of District funds. The Waterman Gap Citizens Advisory Committee wanted to maintain management of the property and felt that a majority of this

Board has a political agenda. Ms. Rudnick urged the Board not to proceed with the proposed education program. Ms. Rudnick does not like the idea of the Water Board of political leanings having any control over any school functions. Ms. Rudnick stated that this Board took away peoples property rights and has seen people very hurt because decisions this Board has made.

Daniel Beckett stated that it would be logical to have a rebate to ratepayers if excess funds are available.

Mr. Pettenissi asked if the customers could amend the District's Board Minutes. Legal Counsel Hynes stated that customers could not amend the District's Board Minutes. Mr. Pettenissi would like the record to show that he doesn't agree that customers are not allowed to make changes to the District's Board Minutes. In addition, Mr. Vrolyk would like the record to show that he would like to have a copy of the tape recorded minutes. Legal Counsel Hynes informed Mr. Vrolyk that there would be a charge.

Dir. Rapoza directed staff to contact all members and schedule a meeting with the Education Program Citizens Advisory Committee and the Board of Director's Education Committee.

Dir. Vierra stated that he was not comfortable moving forward with this Education Program if the people in the community do not want it. Dir. Vierra commented that everyone in the audience has been negative about a good thing that the Board is trying to do.

Janet Laidlaw asked the Board to put it to the people if this is the type of program they want.

Skip Matthes is concerned that the educational community are the only individuals involved in this program. If these are the same individuals appointed to the Commission it would be a one sided program.

Elizabeth Knights reported that education is a noble goal; however, the groups that have submitted information foremost are not to educate individuals but to politically motivate individuals.

Dir. Vierra felt that the two (2) committees were not ready to meet. This is not a positive environment to bring in an Education Program Citizens Advisory Committee. Since there is no support tonight, the issue needs to be posed to the public more. Dir. Vierra withdrew his committee member nomination.

Dir. Rapoza is ready to move forward with the Education Program Citizens Advisory Committee. Dir. Ross stated that the Board has seen the radical extreme of the political spectrum from both meetings and is also ready to move forward with the Education Citizens Advisory Committee. Mr. Dugan requested that the Board Minutes show Dir. Ross' comment.

Ms. Rudnick felt that Board members at this meeting and last weeks meeting were verbally abusive. Ms. Rudnick felt that the Board should not be verbally abusive or belittle persons that are in the audience to make their point of view known.

Motion was made by Dir. Ross to appoint Hank Helbush, Carson Brown, Tai Stills, Terry Umstead and Connie Benton to the Education Program Citizens Advisory Committee:

ROLL CALL:

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

NEW BUSINESS:

- a. Nomination for Special District LAFCO Representation

Manager Mueller stated that LAFCO is calling for nominations to fill two (2) special district terms on LAFCO. Dir. Rapoza would appreciate the Board's reelection to fill this term from May 5, 2003 through May 7, 2007.

Motion was made by Dir. Ross to appoint Dir. James Rapoza for Special District LAFCO Representation.

ROLL CALL:

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

Dir. Rapoza stated that a meeting has been scheduled for March 24, 2003 for LAFCO nominations and a Board member needs to be elected to cast the vote. Dir. Rapoza directed staff to put on the agenda for the first meeting in March 2003.

REPORTS:

- a. Manager

- (1) Bill List through January 16, 2003

Motion was made by Dir. Vierra to approve the Bill List in the amount of \$116,682.34.

ROLL CALL:

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

(2) Cash Flow, December 2002

The Board received the Cash Flow, December 2002.

(3) Investment Report

The Board received the Investment Report.

(4) One Time Leak Adjustment Status report
October 1, 2002 - December 31, 2002

The Board received the One Time Leak Adjustment Status Report
October 1, 2002 - December 31, 2002.

(5) Department Status Reports

The Board received the Department Status Reports.

(6) Committee/Director Reports (Oral)

Manager Mueller, Dir. Rapoza and Dir. Ross met with Supervisor Almquist regarding Cal-Am. It was determined that that Felton customer's cannot legally vote without forming some form of legal entity. Alternative options are being explored to form a CSA. The deadline to get on the next ballot would be June 6, 2003. Another meeting will be scheduled with Supervisor Almquist to discuss formation of a CSA.

Two (2) PUC Rate Case Hearings will be heard on January 29, 2003 in Felton.

INFORMATIONAL MATERIAL:

a. AB 1945 Ralph M. Brown Act Amendment

The Board received AB 1945 Ralph M. Brown Act Amendment.

ADJOURNMENT TO CLOSED SESSION:

Dir. Rapoza adjourned the meeting to closed session at 10:21 p.m. to approve the Minutes of the Closed Session Meeting of January 2, 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 to Confer with Real Property Negotiator, Property: APN 81-361-02, Negotiating Parties: James Mueller, District Manager and Ikey Little, Under Negotiation: Price and Payment Terms.

RECONVENE TO OPEN SESSION TO REPORT ACTIONS TAKEN:

- a. Minutes of the Closed Session Meeting of January 2, 2003

Motion was made by Dir. Rapoza to approve the Minutes of the Closed Session Meeting of January 2, 2003.

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. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
Property: APN 81-361-02
Negotiating Parties: James Mueller, District Manager and Ikey Little
Under Negotiation: Price and Payment Terms

No reportable action.

ADJOURNMENT:

The meeting was adjourned at 11:50 p.m.

Kelly Stephens
District Secretary