

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

July 1, 2004

The regular meeting of the Board of Directors of the San Lorenzo Valley Water District was called to order by Dir. Ross on Thursday, July 1, 2004 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. Nelson, Rapoza, Vierra and Ross present. Dir. Prather arrived at 7:38 p.m. District Manager Mueller and Counsel Hynes were also present.

MINUTES:

- a. Minutes of the Regular Meeting of June 17, 2004

Motion was made by Dir. Rapoza to approve the Minutes of the Regular Meeting of June 17, 2004, as presented.

ROLL CALL:

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

ADDITIONS AND DELETIONS TO THE AGENDA: None

ORAL COMMUNICATIONS:

Frank Adamson-Felton was present to address the Board. Mr. Adamson is concerned about misinformation and exaggeration in phone calls and letters received from Cal-Am Water regarding the Cal-Am acquisition.

Connie Barr-Felton was present to address the Board. Ms. Barr commented that the recent phone calls for the Cal-Am survey appear to be working off of two (2) pieces of paper. Ms. Barr stated that there are two (2) sets of questions; one (1) for San Lorenzo Valley Water District customers and one (1) for Cal-Am customers. Ms. Barr indicated that these people are calling from Atlanta, Minnesota and Wisconsin. Ms. Barr stated that someone is spending thousands of dollars everyone already knows the answers to.

WRITTEN COMMUNICATIONS: None

CONSENT AGENDA: None

07/01/04

UNFINISHED BUSINESS:

a. Budget Fiscal Year 2004/2005

Manager Mueller stated that on June 29, 2004 the Board reviewed and discussed the Draft Budget for Fiscal Year 2004/2005 at a Budget Workshop meeting. Manager Mueller stated that there is an increase in LAFCO fees that was not originally projected in the Draft Budget. Mr. Mueller suspects that the increase is due to the recording of the Waterman Gap revenues. Other changes made to the budget were for Cal-Am acquisition and rate case expenditures. In addition, changes were made for a proposed administration building property acquisition.

Paul Storm, Brookdale thanked the Board for including the oversight in the budget with respect to the administration building property acquisition and Cal-Am acquisition. Mr. Storm noted that there is no contingent budget item with regard to the proposed Cal-Am annexation. Mr. Storm was disheartened that the suggested corrections were not made.

Dir. Rapoza explained the breakdown for the LAFCO fees. Dir. Rapoza felt that the figure is far in excess of what the District expected. Manager Mueller will meet with the Auditor-Controller to discuss these fees. In addition, Dir. Rapoza stated that the principal on the Waterman Gap revenue remains untouched and that the Manager's auto allowance is a benefit to the District. Lastly, Dir. Rapoza stated that the private use of District's phones is monitored and any private use will be reimbursed to the District.

Dir. Ross stated that the proposed budget for the Cal-Am acquisition reflects actual and projected expenditures.

Motion was made by Dir. Ross to approve Resolution No. 1 (04-05) Budget for Fiscal Year 2004/2005.

ROLL CALL:

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

NEW BUSINESS:

a. Multiple User Variance Renewals 2004-2005

Manager Mueller recommended the Board approve a one-year variance from Multiple User Status for ten (10) property owners.

Motion was made by Dir. Vierra to approve Resolution No. 2 (04-05) Multiple User Variance Renewals 2004-2005.

ROLL CALL:

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

b. June 15, 2004 Loss Control Committee Meeting Minutes

Manager Mueller stated that there are anti-slip devices that are available for retrofitting temporary ladders and the District is moving forward with the purchase.

Motion was made by Dir. Rapoza to approve the June 15, 2004 Loss Control Committee Meeting Minutes.

ROLL CALL:

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

c. Annual District Picnic

Manager Mueller recommended that the Board of Directors authorize a contribution in the amount of \$125.00 to reserve equipment and facilities for the Annual District Picnic scheduled for Saturday, August 28, 2004.

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

ROLL CALL:

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

GENERAL MANAGER'S REPORTS:

a. Manager

(1) Bill List Period Ending July 1, 2004

Motion was made by Dir. Prather to approve the Bill List Period Ending July 1, 2004 in the amount of \$123,039.26.

ROLL CALL:

Ayes: Prather, Nelson, Rapoza, Vierra, Ross

07/01/04

Noes: None
Absent: None

(2) Investment Report Period Ending May 31, 2004

The Board received the Investment Report Period Ending May 31, 2004.

(3) 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):

Paul Storm, Brookdale stated that he is in receipt of a letter from District Counsel relative to a Brown Act Violation correction. Mr. Storm appreciated the letter and prompt response and felt that the violation has been corrected.

INFORMATIONAL MATERIAL:

a. Newspaper Articles

The Board received the Newspaper Articles.

ADJOURNMENT TO CLOSED SESSION:

Dir. Ross adjourned the meeting to closed session at 7:58 p.m. to approve Minutes of the Closed Session Meeting of June 17, 2004 and to confer with Legal Counsel - Anticipated Litigation, Initiation of 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 June 17, 2004

Motion was made by Dir. Ross to approve the Minutes of the Closed Session Meeting of June 17, 2004, as presented.

ROLL CALL:

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

- b. CONFERENCE WITH LEGAL COUNSEL -
ANTICIPATED LITIGATION

Initiation of 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 8:46 p.m.

Kelly Stephens
District Secretary