

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

June 17, 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, June 17, 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 was absent. District Manager Mueller and Counsel Hynes were also present.

MINUTES:

- a. Minutes of the Regular Meeting of June 3, 2004

Motion was made by Dir. Rapoza to approve the Minutes of the Regular Meeting of June 3, 2004, as presented.

ROLL CALL:

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

ADDITIONS AND DELETIONS TO THE AGENDA: None

ORAL COMMUNICATIONS:

Frank Adamson, Felton was present to address the Board. Mr. Adamson thanked the Board members who attended and participated in the FLOW meeting last night.

Bill Ferguson, Boulder Creek was present to address the Board. Mr. Ferguson stated that his meter size and service line are restricting flow to his house. Mr. Ferguson would like the District to upgrade his meter and service line size prior to the resurfacing project scheduled for the end of July.

Paul Storm, Brookdale was present to address the Board. Mr. Storm stated that the agenda packets are not getting to library in a timely manner. Mr. Storm stated that vendors at the annual Art & Wine Festival were blocking the District's gates and felt that this was a safety hazard. After reviewing the District's phone bills, Mr. Storm felt that

employees were using District phones for personnel use. Mr. Storm cited several calls made from District cell phones and would like the Board to investigate the matter. Lastly, Mr. Storm stated that the District is in violation of the Brown Act relative to noticing Closed Session. Mr. Storm will give the Board formal written notice on how the Closed Session items are to be noticed.

Skip Matthes, Boulder Creek was present to address the Board. Mr. Matthes inquired on the status of the Waterman Gap property with reference to the legal registered owners. Mr. Matthes would like to see proof that the property in question is still in the name of Semperviren's Fund. Manager Mueller reported that the transaction has been completed and will follow up.

WRITTEN COMMUNICATIONS:

- a. June 4, 2004 Correspondence from Kevin Tilden, California American Water Regarding Utility Rate Structure Analysis

Evan Jacobs, Cal-Am Water stated that the letter was self explanatory.

Dir. Vierra would like to see a presentation before the full Board of the results of the analysis. The District Manager will work with Evan Jacobs to schedule a presentation.

CONSENT AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS:

- a. Write-Off of Uncollectable Accounts Fiscal Year 2003/2004

Manager Mueller reported that the Auditor-Controller of Santa Cruz County recommends that each year the District review its uncollectable accounts to evaluate the possibility of collection. Accounts having no likelihood of collection should be written off after approval of the Board of Directors.

Motion was made by Dir. Vierra to approve Resolution No. 36 (03-04) Write-Off of Uncollectable Accounts Fiscal Year 2003/2004.

ROLL CALL:

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

Absent: Prather

b. Property Purchase Agreement, APN 81-204-04 and -06

Manager Mueller reported that the Board directed staff to negotiate a proposed Property Purchase Agreement for APN 81-204-04 and -06, generally located along Highway 9, between Mountain Street and Flat Street, Boulder Creek. The property is presently owned by Jean Prosser.

Paul Storm, Brookdale stated that the process has cheated the public. Mr. Storm felt that the Board is leaping to conclusions and does not know how much office space is going to be needed in the near future. Mr. Storm stated that there may be a merger and annexation of the Felton system and it is unwise for the District to buy at this time. Mr. Storm felt that the negotiation was done secretly and recommended that the Board not go forward with the purchase at this time.

Dir. Ross stated that the Board has been discussing the inadequacy of the Administration Building in open session for a long time.

Dir. Vierra stated that this Board has had numerous discussions on the purchase of new property for the Administration Building. Dir. Vierra felt that the Board has been up front with its intentions.

Dir. Nelson stated that the Board directed staff to search the Highway 9 corridor to find an acceptable piece of property. Dir. Nelson stated that this issue has been very open.

Dir. Rapoza stated that another piece of property was discussed but an opinion was voiced that it was in the core of the commercial area. Dir. Rapoza stated that this Board has been open and has researched parcels in appropriate size and suitability.

Mr. Matthes is concerned about expansion in the future.

Dir. Vierra stated that the District has looked at future needs and will be consolidating the Operations and Administration departments.

Motion was made by Dir. Ross to approve Resolution No. 37 (03-04) Property Purchase Agreement, APN 81-204-04 and -06.

ROLL CALL:

Ayes: Ross, Nelson, Rapoza, Vierra

Noes: None
Absent: Prather

c. Fiscal Year 2004/2005 Budget

Manager Mueller stated that there has been an ongoing battle in the legislature.

Dir. Rapoza stated that he anticipates approval of the budget on July 1, 2004.

Paul Storm recommended that the Board keep track of legislative issues. Mr. Storm stated that some legislatures are challenging the deal that was struck between the Governor and small Districts.

Motion was made by Dir. Ross to schedule a Budget Workshop meeting for Tuesday, June 29, 2004 at 7:30 p.m.

ROLL CALL:

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

GENERAL MANAGER'S REPORTS:

a. Manager

(1) Bill List Period Ending June 17, 2004

Motion was made by Dir. Rapoza to approve the Bill List Period Ending June 17, 2004 in the amount of \$115,107.53.

ROLL CALL:

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

(2) Cash Flow Period Ending May 31, 2004

The Board received the Cash Flow 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):

Dir. Rapoza reported on the FLOW meeting. Dir. Rapoza reported that the meeting went well and a Mello-Roos District is being formed.

INFORMATIONAL MATERIAL:

a. Newspaper Articles

The Board received the Newspaper Articles.

ADJOURNMENT TO CLOSED SESSION:

Dir. Ross adjourned the meeting to closed session at 8:27 p.m. to approve Minutes of the Closed Session Meeting of June 3, 2004 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 June 3, 2004

Motion was made by Dir. Ross to approve the Minutes of the Closed Session Meeting of June 3, 2004, as presented.

ROLL CALL:

Ayes: Ross, Nelson, Rapoza, Vierra

Noes: None
Absent: Prather

- 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 9:12 p.m.

Kelly Stephens
District Secretary