

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

May 20, 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, May 20, 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, Prather, Rapoza, Ross and Vierra present. District Manager Mueller and Counsel Baird were also present.

MINUTES:

- a. Minutes of the Regular Meeting of May 6, 2004

Motion was made by Dir. Prather to approve the Minutes of the Regular Meeting of May 6, 2004, as presented.

ROLL CALL:

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

ADDITIONS AND DELETIONS TO THE AGENDA: None

ORAL COMMUNICATIONS:

John Fasolas, Felton was present to address the Board. Mr. Fasolas stated that the Cal-Am Water rate increase has been put on hold until consolidation with Monterey. FLOW would like to stay away from the consolidation. Mr. Fasolas presented the Board with a FLOW bumper sticker.

WRITTEN COMMUNICATIONS: None

CONSENT AGENDA: None

UNFINISHED BUSINESS:

- a. Request from Friends of Locally Owned Water (FLOW) Regarding Potential Public Acquisition of California-American Water Company, Felton

05/20/2004

Manager Mueller stated that the Board directed staff to agendize this matter for the May 20, 2004 Board meeting. Manager Mueller presented the Board with a draft resolution based on FLOW's request to the Board regarding possible acquisition of Cal-Am Water Company, Felton.

Kevin Tilden, Cal-Am Water reiterated correspondence submitted to the Board. Mr. Tilden suggested that the Board reject the resolution. In addition, Mr. Tilden welcomed the opportunity to meet with the Board, staff, legal counsel and/or consultants to discuss how Cal-Am Water can better serve the community.

Barbara Sprenger, Felton appreciated the Board's consideration of the resolution. Ms. Sprenger stated that Felton customers will be better off if this District acquires the Felton facility. The Felton customers will be able to help share the cost of overhead expenses for the District. Ms. Sprenger reported that the customers of Felton received a mailing from Cal-Am Water with misleading and incorrect information. When the misleading information is corrected, Cal-Am's water rates are 30% higher than any other Water District in the area.

Paul Storm, Brookdale stated that several points need to be discussed regarding the potential acquisition of Cal-Am Water. Mr. Storm questioned the real effect of the annexation. What is the state of the Felton facility? What is the cost for the physical integration? Adding 1,300 new customers would add additional labor. What is the severance cost for people that need to be laid off? Mr. Storm would like to know where the plan is for integration and who will bear the costs. In addition, Mr. Storm provided the Board with a request from Friends of Responsible Organized Water Neutrality (FROWN), a citizen's action group. Mr. Storm stated that he is not a member of FROWN. No members of FROWN were present. FROWN is requesting that the Board give similar consideration to their requests as it did for FLOW.

Pat Dugan, Felton stated that the potential acquisition of Cal-Am Water does not represent all citizen's beliefs, only a small group of people that are vocal. This is ratepayer's money that the District is dealing with. The potential acquisition of Cal-Am Water is premature and the Board needs to stop and think about the action of a few individuals.

John Fasolas, Felton stated that within the next two (2) weeks there will be a petition to see how many residents of Felton are in agreement with the potential acquisition.

Dir. Rapoza stated that a sentence needed to be added to Section 3 of the resolution stating that the State Department of Water Resources Loan will continue to be paid off by the Felton ratepayers.

Dir. Vierra stated that he could not support the resolution. There has not been enough discussion with the public and not enough research.

Dir. Prather stated that he is in support of the resolution and is ready to commit to being the lead agency in negotiations with a possible acquisition. Dir. Prather felt that the commitment was not all that much. It only states that the District is willing to enter into negotiations with Cal-Am Water. It is possible that the County could be the lead agency and they are probably a logical candidate; however, the County is not in a logical position to do this. The County would come to us anyway to operate the Felton facility, should an annexation occur.

Dir. Nelson is in support of the resolution with one (1) clarification that Dir. Rapoza recommended. The County does not operate a water district so they would not be a good lead agency. Dir. Nelson stated that this is not a legal commitment and the financial burden will be on the Cal-Am Water ratepayers. Dir. Nelson shared conversations with four (4) ratepayers and neighbors regarding the potential acquisition and they were all sympathetic with the Felton situation. They all indicated that they would be willing to participate in the potential acquisition financially.

Dir. Ross stated that he is in favor of the resolution and felt that it was asking very little of the District. The resolution is a statement to the public. If and when the annexation happens, the District will be prepared. It is premature to do the necessary investigation except for the general idea to make sure Felton ratepayers are going to pay for the annexation. Dir. Ross has no problem with Dir. Rapoza's amendment to the resolution.

Dir. Rapoza stated that this is a service to Felton ratepayers. The resolution is contingent upon a financing mechanism.

Dir. Vierra felt that the resolution was giving verbal support. He shares the same concerns that Mr. Storm presented. Dir. Vierra felt that the questions need to be answered before a commitment is made in a resolution.

Kevin Tilden, Cal-Am stated that the Felton facility is not for sale. In addition, Mr. Tilden felt that items 3&4 of the resolution guarantees the rates would stay the same. This District does not know anything for certain. Mr. Tilden stated that he is not a risk advocator.

Mr. Storm stated that there was a spelling error in Section 3 of the resolution. Born should be spelled Borne.

Motion was made by Dir. Ross to approve Resolution No. 32 (03-04) Potential Acquisition of California-American Water Company, Felton Waterworks, by San Lorenzo Valley Water District, as amended.

ROLL CALL:

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

NEW BUSINESS:

a. San Lorenzo Valley Water District Education Grant Program

Manager Mueller stated that staff noticed the Availability of Grant Funding by direct mail to interested citizens, community groups and local schools, on the Districts website and through published display ads in local newspapers. The deadline for the submittal of Grant Proposal Applications for the funding cycle was April 16, 2004. In response to the Notice of Available Grant Funding, the District received five (5) Grant Proposal Applications.

At the April 29, 2004 Education Program Advisory Commission meeting, the Commission reviewed and discussed the aggregate scores and ranking order of the Grant Proposal Applications relative to the April 16, 2004 funding cycle. At said Commission meeting, the Commission recommended the funding and allocation of San Lorenzo Valley Water District Education Program Grants to all five (5) applicants, subject to the following terms and conditions:

- 1) All applicants shall provide an acknowledgement in or on the final product of the District's Education Grant Program as the funding source for said project.
- 2) The "The Musical Watershed" Grant Proposal Application be amended to include at least two (2) performances at one or more of the following locations: San Lorenzo Valley Elementary School, Boulder Creek Elementary School, Boulder Creek Art & Wine Festival and/or Felton Festival.

Commissioner Focha-Smart was present to answer any questions the Board may have regarding the Commission's recommendations.

Paul Storm, Brookdale stated that he was troubled that he could not obtain copies of the Grant Applications prior to this Board meeting. Since he did not have time to look at the Applications he recommended giving the frog monitoring proposal extra scrutiny. Mr. Storm was also distressed about the mailing of 4,000 brochures for the City of Scotts Valley. Mr. Storm stated that this is not good use of District funds. In addition, Mr. Storm stated that he was concerned about the scoring for the Valley Women's Club Grant Application. Mr. Storm stated that a score was put to the sheet for each Commissioner when in fact one of the Commissioners was recused from scoring on this Application. Mr. Storm felt that the spirit had been violated. Finally, Mr. Storm stated that there are already videos available in the public library regarding erosion control and no additional videos are needed. Mr. Storm opposes funding for these particular projects.

Dir. Nelson apologized to Mr. Storm for not being able to view the Grant Applications prior to the meeting. Dir. Nelson did read through the proposals and liked them all. Dir. Nelson would like to proceed with funding.

Dir. Prather stated that he is in support of all the Grant Applications. Dir. Prather was surprised that the City of Scotts Valley would approach the District with a Grant Application, but felt that it was for a good cause. Dir. Prather suggested that in the future whenever a Commissioner is recused from the scoring of a particular application that it is so identified.

Dir. Vierra stated that he was impressed with all the Grant Applications and believes that all the applicants have a good project. Dir. Vierra is concerned about "The Musical Watershed" and the number of people that it will target for the amount of money requested.

Dir. Rapoza would like to see a presentation before the full Board on the Amphibian Population project when it is completed. Dir. Rapoza stated that any product developed and disbursed by the City of Scotts Valley should state that the funding source is a grant from the San Lorenzo Valley Water District. Dir. Rapoza felt that it was ok to have duplicate videos on erosion control at the public libraries. "The Musical Watershed" project needs to reach more people. Dir. Rapoza stated that this project needs reworking before agreeing to spend money on it. In addition, Dir. Rapoza stated that the Grant Application documents should have been made available to the public as a whole. Even if the documents were sent under separate cover, they should be made available to the public at the front counter and at the public libraries.

Dir. Ross was surprised at the City of Scotts Valley request but believes that it is worth it and a good idea. Dir. Ross has hesitation on “The Musical Watershed” project. At this time, Dir. Ross will vote to approve all Applications as a way of supporting the Education Program Advisory Commission. Dir. Ross would like the Commissioners to be a little harsher with their scoring, but is very happy with results. Dir. Ross stated that the Board will vote on each Grant Application individually.

Motion was made by Dir. Rapoza to approve funding for “Long-Term Monitoring of San Lorenzo Watershed Amphibian Population with San Lorenzo Valley High School’s Watershed Academy” Grant Application with the final project being presented at a full Board meeting.

ROLL CALL:

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

Motion was made by Dir. Vierra to approve funding for “San Lorenzo Watershed-Importance of Erosion Control” Grant Application with the provision that an acknowledgement be included on the final project of the San Lorenzo Valley Water District’s Education Grant Program as the funding source.

ROLL CALL:

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

Motion was made by Dir. Ross to approve funding for “Protecting City Creeks and the San Lorenzo Watershed” Grant Application with the provision that an acknowledgement be included on the final project of the San Lorenzo Valley Water District’s Education Grant Program as the funding source.

ROLL CALL:

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

Motion was made by Dir. Ross to approve funding for “San Lorenzo River Watershed Educational Display” Grant Application with the provision that an acknowledgement be included on the final project of the San Lorenzo Valley Water District’s Education Grant Program as the funding source.

ROLL CALL:

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

Absent: None

Motion was made by Dir. Nelson to approve funding for “The Musical Watershed” Grant Application with the provision that additional performances be held at two (2) elementary schools.

ROLL CALL:

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

Dir. Rapoza directed staff to inform the applicant for “The Musical Watershed” to reformat the application to include two (2) elementary schools and resubmit at a different time.

Dir. Vierra commended the Commission for their work.

- b. Agreement for Installation of Fire Hydrant, Private Fire Protection Service and 1” Water Service; APN 81-084-05

Manager Mueller stated that a development proposed for the subject parcel will be required to install a new public fire hydrant and private fire protection service. In addition, the proposed development will also consolidate two (2) existing 5/8” meters into a 1” meter at a new location. The fire hydrant will be located near Highway 236 and Oak Street. The fire service and water meter will be located on Lorenzo Street east of Oak Street. Installation costs associated with said facilities shall be the responsibility of the property owner.

Motion was made by Dir. Ross to approve Resolution No. 33 (03-04) Agreement for Installation of Fire Hydrant, Private Fire Protection Service and 1” Water Service; APN 81-084-05.

ROLL CALL:

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

GENERAL MANAGER'S REPORTS:

- a. Manager

- (1) Bill List Period Ending May 20, 2004

Motion was made by Dir. Rapoza to approve the Bill List Period Ending May 20, 2004 in the amount of \$285,010.16.

05/20/2004

ROLL CALL:

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

(2) Cash Flow Period Ending April 30, 2004

The Board received the Cash Flow Period Ending April 30, 2004.

(3) Investment Report Period Ending April 30, 2004

The Board received the Investment Report Period Ending April 30, 2004.

(4) 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:

a. Newspaper Articles

The Board received the Newspaper Articles.

b. June 1, 2004 Watershed Academy Symposium

The Board received the June 1, 2004 Watershed Academy Symposium Information.

ADJOURNMENT TO CLOSED SESSION:

05/20/2004

Dir. Ross adjourned the meeting to closed session at 8:46 p.m. to approve Minutes of the Closed Session Meeting of May 6, 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 to confer with Real Property Negotiator (California Government Code 54956.8), Property: APN 81-084-05, generally located at 13250 Highway 236, Boulder Creek, CA. Agency Negotiator: James Mueller, District Manager, Negotiating Parties: Christopher and Nancy Currier, Under Negotiation: Price and Payment Terms and to confer with Real Property Negotiator (California Government Code 54956.8), Property: APN 81-204-04 and -06, generally located at 12804 Highway 9, Boulder Creek, CA. Agency Negotiator: James Mueller, District Manager, Negotiating Parties: Jean Processor, Under Negotiation: Price and Payment Terms and to confer with Real Property Negotiator.

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

- a. Minutes of the Closed Session Meeting of May 6, 2004

Motion was made by Dir. Ross to approve the Minutes of the Closed Session Meeting of May 6, 2004, as presented.

ROLL CALL:

Ayes:	Ross, Nelson, Prather, Rapoza, 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
(California Government Code 54956.8)
Property: APN 81-084-05, generally located at 13250 Highway 236,
Boulder Creek, CA.
Agency Negotiator: James Mueller, District Manager
Negotiating Parties: Christopher and Nancy Currier
Under Negotiation: Price and Payment Terms

No reportable action.

- d. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
(California Government Code 54956.8)
Property: APN 81-204-04 and -06, generally located at 12804 Highway 9,
Boulder Creek, CA.
Agency Negotiator: James Mueller, District Manager
Negotiating Parties: Jean Prosser
Under Negotiation: Price and Payment Terms

No reportable action.

ADJOURNMENT:

The meeting was adjourned at 9:45 p.m.

Kelly Stephens
District Secretary