

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

January 15, 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, January 15, 2004 in the District's Operations Building, 13057 Highway 9, Boulder Creek, California at 7:30 p.m.

CONVENE MEETING/ROLL CALL:

Roll call showed Dirs. Ross, Prather, Rapoza and Vierra present. Dir. Nelson arrived at 7:31 p.m. District Manager Mueller and Counsel Hynes were also present.

MINUTES

- a. Minutes of the Regular Meeting of December 18, 2003, as presented.

Motion was made by Dir. Rapoza to approve the Minutes of the Regular Meeting of December 18, 2003.

ROLL CALL:

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

ADDITIONS AND DELETIONS TO THE AGENDA: None

ORAL COMMUNICATIONS:

Sue Roth with Manana Woods Mutual Water Company was present to invite the Board to tour their new Water Treatment Plant. In addition, Ms. Roth urged the Board to consider absorbing Manana Woods Mutual Company. Now that the Treatment System is completed, their Board needs to make some decisions regarding Manana Woods Mutual Water Company. Manager Mueller was directed to facilitate a tour of the Water Treatment Plant and schedule a meeting with the Manana Woods Mutual Water Company Board of Directors.

Evan Jacobs with Cal-Am was present to tell the Board that Paul Townsley will be in town on Wednesday, February 4, 2003 and would like to meet with the Board. Mr. Evans left his number (246-2328) for the District Manager to schedule a meeting.

Susan Kipping was present to inform the Board of the next neighborhood meeting in Felton. In addition, Ms. Kipping gave the Board a copy of an email she received from the Monterey Peninsula Water Management District regarding Cal-Am Water Company.

01/15/04

WRITTEN COMMUNICATIONS: None

CONSENT AGENDA: None

UNFINISHED BUSINESS:

- a. Committee Appointments, 2004

Dir. Ross stated that the Committee Appointments for 2003 will remain the same for 2004.

Motion was made by Dir. Ross to approve the Committee Appointments for 2004.

ROLL CALL:

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

NEW BUSINESS:

- a. Financial Statement for Fiscal Year 2002-2003

Rob Smiley with Berger Lewis Accountancy Corporation was present to present the District's Financial Statement for Fiscal Year 2002-2003. Mr. Smiley stated that a lot of things in the Sarbanes Oxley Act of 2002 will become best practices for government agencies. Mr. Smiley recommended that the Board appoint an Audit Committee to oversee the operations of the Finance Department and the Annual Audit. This would give the Board a chance to have input at an operational level. The Committee could then begin to refine the standard operating procedures of the District.

Mr. Smiley reported that the Financial Statement for 2003-2004 will have formatting changes which will include Management's Discussion and Analysis. This will be a narrative on financial activities that will be easier to read for non-financial people. This will be included in the June 30, 2004 audit.

Mr. Smiley recommended that the Board review and accept the Special District Risk Management Agency's Financial Statement on an annual basis.

Motion was made by Dir. Vierra to adopt Resolution No. 17 (03-04) Financial Statement for Fiscal Year 2002-2003.

ROLL CALL:

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

Dir. Rapoza directed the District Manager to add discussion on the items Mr. Smiley highlighted to the next Finance Committee Agenda.

GENERAL MANAGER'S REPORTS:

a. Manager

(1) Bill List Period Ending January 15, 2004

Motion was made by Dir. Rapoza to approve the Bill List Period Ending January 15, 2004 in the amount of \$196,062.55.

ROLL CALL:

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

(2) One Time Leak Adjustment Status Report, October 1, 2003 through December 31, 2003

The Board received the One Time Leak Adjustment Status Report, October 1, 2003 through December 31, 2003.

(3) Water Conservation Credit Programs Status Report, September 1, 2003 through December 31, 2003

The Board received the Water Conservation Credit Programs Status Report, September 1, 2003 through December 31, 2003.

(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):

(1) January 14, 2004 Finance Committee Meeting

Manager Mueller stated that approximately fifteen (15) customers of Bear Creek Estates attended the meeting. The consensus of the customers in attendance regarding financing for the new treatment system was leaning toward property related charges on the water bills. Manager Mueller agreed to send out a mailer with a return request card asking customers what their financing preference would be.

Dir. Nelson informed the Board that the Department of Fish and Game will be having a meeting on January 30, 2004 at 10:00 a.m. regarding habitat in sandhills. Manager Mueller will send staff to attend this meeting.

INFORMATIONAL MATERIAL:

a. Newspaper Articles

The Board received the Newspaper Articles.

b. December 29, 2003 Correspondence from Don Ramos Regarding LAFCO

The Board received the December 29, 2003 Correspondence from Don Ramos Regarding LAFCO.

ADJOURNMENT TO CLOSED SESSION:

Dir. Ross adjourned the meeting to closed session at 8:25 p.m. to approve the Minutes of the Closed Session Meeting of December 18, 2003 and to confer with Legal Counsel - Anticipated Litigation, Significant Exposure to Litigation Pursuant to Subdivision (c) of Government Code Section 54956.9-Two (2) Potential Cases.

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

- a. Minutes of the Closed Session Meeting of December 18, 2003

Motion was made by Dir. Ross to approve the Minutes of the Closed Session Meeting of December 18, 2003, 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:

Two (2) Potential Case

No reportable action.

ADJOURNMENT:

The meeting was adjourned at 9:03 p.m.

Kelly Stephens
District Secretary