

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

**March 17, 2005**

The regular meeting of the Board of Directors of the San Lorenzo Valley Water District was called to order by Dir. Vierra on Thursday, March 17, 2005 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. Nelson, Prather, Rapoza, Ross and Vierra present. District Manager Mueller and Counsel Hynes were also present.

MINUTES:

- a. Minutes of the Regular Meeting of March 3, 2005

Motion was made by Dir. Rapoza to approve the Minutes of the Regular Meeting of March 3, 2005, as amended.

ROLL CALL:

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

ADDITIONS AND DELETIONS TO THE AGENDA: None

ORAL COMMUNICATIONS: None

WRITTEN COMMUNICATIONS:

- a. March 9, 2005 Correspondence from James Rapoza Regarding LAFCO Election

The Board received the March 9, 2005 Correspondence from James Rapoza Regarding LAFCO Election.

- b. February 28, 2005 Correspondence from Mike Johnson Regarding the Boulder Creek Elementary Pedestrian Safety Project

The Board received the February 28, 2005 Correspondence from Mike Johnson Regarding the Boulder Creek Elementary Pedestrian Safety Project.

- c. February 21, 2005 Correspondence from George Galt, Boulder Creek Recreation and Park District, Regarding the Boulder Creek Dam

03/17/2005

The Board received the February 21, 2005 Correspondence from George Galt, Boulder Creek Recreation and Park District, Regarding the Boulder Creek Dam.

CONSENT AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS:

a. Manana Woods Annexation Agreement

Manager Mueller reported that in 1993 Manana Woods first detected the presence of petroleum hydrocarbon constituents in their groundwater supply source. In January 2001, Manana Woods filed against certain oil companies for injunctive relief in state and federal court. In January 2004, the oil companies completed the installation of a new water treatment system for the Manana Woods water supply well. In January 2002, Manana Woods entered into a confidential settlement agreement with the oil companies for potential resolution of the outstanding formal litigation proceedings between the two parties. Under terms of the agreement, Manana Woods and the oil companies agreed to approach the San Lorenzo Valley Water District to determine if an agreement could be reached whereby the District would provide permanent water service to the existing customers of Manana Woods. Under the proposed Annexation Agreement, current customers of Manana Woods will become permanent customers of the San Lorenzo Valley Water District.

Dir. Ross had no comments to make other than it has been a long process.

Sue Roth, President of Manana Woods Mutual Water Company thanked the Board for the process. Ms. Roth expressed her appreciation to the Board. In addition, Manana Woods is looking forward to being incorporated with San Lorenzo Valley Water District.

Paul Storm, Brookdale stated that the costs relative to LAFCO related fees are perhaps low ball figures. The amount would hardly cover an EIR. Mr. Storm felt that Manana Woods should join with Scotts Valley Water District as the additional customers will put a strain on the south system. Mr. Storm stated that this was happening at an unfortunate time and that this District is stretching itself thinner and thinner.

Dir. Vierra stated that the District has been considering this merger for a long time and has analyzed all the issues that Mr. Storm addressed, including the LAFCO

costs. Dir. Vierra stated that this Board feels that the merger will not stress the system. The wells will be rested during peak water times.

Counsel Hynes stated that the District cannot know the extent of the environmental review, but there are reserves designated for that.

Dir. Ross stated that the only cost related to clean up would be if the District uses water from wells that contain the plume. Beyond that, there are no clean up costs for the District.

Dir. Prather commended staff on their work for the last two (2) years. Dir. Prather stated that the oil companies are handling all clean up. The merger will allow for conjunctive use and allow the wells to rest.

Dir. Nelson stated that this has been a long process and there have been a lot of concerns. Dir. Nelson stated that our neighbors came to this District in good spirit and faith and asked for the District's assistance. As an elected official, Dir. Nelson is to indeed willing to help Manana Woods. Dir. Nelson stated that this District cannot promise Manana Woods that the District will provide them with water from other sources.

Carrie Larue, Scotts Valley Banner asked if this Annexation Agreement would avoid litigation. Counsel Hynes stated that this process is part of the settlement agreement between the oil companies and Manana Woods.

Pat McCormick, LAFCO stated that the LAFCO process starts with an environmental review. Next, a series of LAFCO studies and public hearings are conducted. Mr. McCormick stated that it is important for the public to be involved. If approved by LAFCO, there is another round of LAFCO studies and public hearings, and then the matter can go to election.

Motion was made by Dir. Vierra approve Resolution No. 22 (04-05) Manana Woods Annexation Agreement.

ROLL CALL:

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

b. April 23, 2005 Election of Special District Representatives to LAFCO

Manager Mueller reported that the District received notification that Santa Cruz County Local Agency Formation Commission (LAFCO) will be conducting their Special District Election on Saturday, April 23, 2005 at 9:00 a.m. LAFCO

Executive Officer, Patrick McCormick is requesting each District authorize a "Voting Board Member" prior to the election.

Motion was made by Dir. Rapoza to authorize Dir. Nelson as the District's "Voting Board Member" for the April 23, 2005 LAFCO Election.

ROLL CALL:

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

c. Notice of Award of Sale for Surplus Property; APN 71-291-33

Manager Mueller reported that on March 4, 2004 the Board of Directors adopted Resolution No. 22 (03-04) declaring APN 71-291-33 as surplus property. On March 11, 2004 the District mailed a Notice of Declaration of Surplus Property to other public agencies. On February 4, 2005 the District published a Notice of Surplus Property Sale in the local newspaper and mailed said notice to all contiguous landowners. On Wednesday, March 9, 2005 the District received one (1) bid for APN 71-291-33. Staff is recommending that sale of APN 71-291-33 be awarded to Robert E. Clark in the amount of \$1,000.00.

Motion was made by Dir. Rapoza to approve Resolution No. 23 (04-05) Notice of Award of Sale for Surplus Property; APN 71-291-33.

ROLL CALL:

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

GENERAL MANAGER'S REPORTS:

a. Manager

(1) Bill List Period Ending March 17, 2005

Motion was made by Dir. Ross to approve the Bill List Period Ending March 17, 2005 in the amount of \$238,306.11.

ROLL CALL:

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

(2) Cash Flow Report Period Ending February 28, 2005

The Board received the Cash Flow Report Period Ending February 28, 2005.

(3) Investment Report Period Ending February 28, 2005

The Board received the Investment Report Period Ending February 28, 2005.

(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):

Dir. Vierra reported on the March 10, 2005 Finance Committee Meeting. Staff was directed to put together a Request for Proposal for consultant services for a rate study. In addition, the Committee discussed developing a policy for Reserve Funds-Designated and pre-budgetary Committee meetings for budget discussions.

INFORMATIONAL MATERIAL:

a. Newspaper Article

The Board received the Newspaper Article.

ADJOURNMENT TO CLOSED SESSION:

Dir. Vierra adjourned the meeting to closed session at 8:13 p.m. to approve Minutes of the Closed Session Meeting of March 3, 2005 and to confer with Real Property Negotiator Pursuant to California Government Code 54956.8, Property: APN 81-204-03 and -07, generally located at 12788 Highway 9, Boulder Creek, CA. Agency Negotiator: James Mueller, District Manager, Negotiating Parties: Albert and Melva Johnson, Under Negotiation: Price and Payment Terms.

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

- a. Minutes of the Closed Session Meeting of March 3, 2005

Motion was made by Dir. Rapoza to approve the Minutes of the Closed Session Meeting of March 3, 2005, as presented.

ROLL CALL:

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

- b. CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Pursuant to California Government Code 54956.8

Property: APN 81-204-03 and -07, generally located at 12788 Highway 9, Boulder Creek, CA.

Agency Negotiator: James Mueller, District Manager

Negotiating Parties: Albert and Melva Johnson

Under Negotiation: Price and Payment Terms

No reportable action.

ADJOURNMENT:

The meeting was adjourned at 8:50 p.m.

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Kelly Stephens  
District Secretary