

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

February 3, 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, February 3, 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, Rapoza, Ross and Vierra present. Dir. Prather arrived at 7:31 p.m. District Manager Mueller and Counsel Hynes were also present.

MINUTES:

- a. Minutes of the Regular Meeting of January 20, 2005

Motion was made by Dir. Rapoza to approve the Minutes of the Regular Meeting of January 20, 2005, as presented.

ROLL CALL:

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

ADDITIONS AND DELETIONS TO THE AGENDA: None

ORAL COMMUNICATIONS:

Glenn Lyons, FLOW representative was present to address the Board. Mr. Lyons stated that the proposed acquisition of Cal-Am can be viewed a couple of different ways. Mr. Lyons felt that once the two facilities are joined it will be a positive situation. Mr. Lyons stated that the Felton community does not have a choice but to choose the San Lorenzo Valley Water District to provide their water service. The Felton community has no where else to go. Mr. Lyons feels that San Lorenzo Valley Water District will provide better service and better care and the Felton facility will bring value to the San Lorenzo Valley Water District. Mr. Lyons stated that this is one valley and we all share a common watershed. A number cannot be put on this acquisition.

Ron Wilkerson, 32 year resident of the San Lorenzo Valley was present to address the Board. Mr. Wilkerson stated that valley residents are unmatched in time of need. Mr. Wilkerson felt that it is important to pull together and unify the water system. The Felton community needs this District's help and will bring water storage capability, watershed and water treatment to the

table. Most important, it will bring excess water capability. Mr. Wilkerson would like to see the Felton facility back in locally owned and operated hands.

Don Dieker, Scotts Valley was present to address the Board. Mr. Dieker stated that the San Lorenzo Valley Water District has always provided good service and water quality to his family and home. Mr. Dieker is in support of FLOW and would like to request that the District work through the process and put the water service back in local hands. As a customer, he would like to encourage the District to make the merger work. In addition, Mr. Dieker would like the District to keep Tom Raffelli on board should the acquisition be finalized.

Laura Dolson, Ben Lomond was present to address the Board. Ms. Dolson stated that she has been a customer of the San Lorenzo Valley Water District for 10 years. Ms. Dolson is in support of FLOW and would like the District to come up with a fair agreement. Only good can come from a fair and equitable deal.

Frank Adamson, Felton was present to address the Board. Mr. Adamson seconded Mr. Dieker regarding Tom Raffelli.

Roland Chombeck, business owner San Lorenzo Valley was present to address the Board. Mr. Chombeck stated that he supports the Felton acquisition.

Mr. Mosher, FLOW Legal Committee was present to address the Board. Mr. Mosher understands the District's position and would like to work with the District to make a cooperative acquisition. If there is anyway FLOW can assist the San Lorenzo Valley Water District on legal issues they would be willing. Mr. Mosher stated that this acquisition is setting a precedent in the San Lorenzo Valley, the State of California and nationally.

Evan Jacobs, Cal-Am was present to address the Board. Mr. Jacobs stated that Tom Raffelli would definitely be an asset to the San Lorenzo Valley Water District should the acquisition be finalized.

Dir. Vierra agreed with Mr. Lyons that Felton does not have a choice. Dir. Vierra hoped that Cal-Am will listen to the needs of the Felton community. Dir. Vierra stated that he has expressed time and time again about the details of the acquisition.

Dir. Ross stated that FLOW, the County and this District are all trying to find a way to do this together.

WRITTEN COMMUNICATIONS: None

CONSENT AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS:

a. LAFCO Election

Manager Mueller stated that the District received notification that Santa Cruz County Local Agency Formation Commission (LAFCO) is soliciting nominations to fill two (2) Special District LAFCO positions. The deadline for returning completed nomination papers is Friday, February 18, 2005. In addition, LAFCO Executive Officer, Patrick McCormick is also requesting if the Board would prefer to conduct the election by mail or by attending a meeting in March or April.

Dir. Vierra stated that he preferred to conduct the election by mail ballot.

Dir. Nelson stated that it can be a benefit to go to a meeting and hear each of the candidate's statements. Dir. Nelson stated that he is willing to be the delegate for the in-person meeting.

No Board members were interested in running for the LAFCO position. In addition, the Board recommended an in-person meeting election.

Dir. Rapoza stated that he choose not to be reelected to the oversight committee for the County Treasurer's Investment Board. It would be more realistic for someone that is investing through the County. This District does not invest through the County.

b. Authorization to Bid for Inventory Materials for a Six-Month Period

Manager Mueller stated that this form of purchasing has given the District volume pricing based on a six-month estimation of inventory parts.

Motion was made by Dir. Ross to authorize Bid for Inventory Material for a Six-Month Period.

ROLL CALL:

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

GENERAL MANAGER'S REPORTS:

a. Manager

(1) Bill List Period Ending February 3, 2005

Motion was made by Dir. Prather to approve the Bill List Period Ending February 3, 2005 in the amount of \$109,186.58.

ROLL CALL:

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

(2) Investment Report Period Ending December 31, 2004

The Board received the Investment Report Period Ending December 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): None

INFORMATIONAL MATERIAL:

a. Newspaper Articles

The Board received the Newspaper Articles.

ADJOURNMENT TO CLOSED SESSION:

Dir. Vierra adjourned the meeting to closed session at 8:10 p.m. to approve Minutes of the Closed Session Meeting of January 20, 2005 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 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 and for Public Employee Performance Evaluation Pursuant to California Government Code Section 54957, Title: District Manager.

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

- a. Minutes of the Closed Session Meeting of January 20, 2005

Motion was made by Dir. Vierra to approve the Minutes of the Closed Session Meeting of January 20, 2005, as presented.

ROLL CALL:

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

- 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. 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 9:11 p.m.

Kelly Stephens

District Secretary