

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

July 3, 2003

The regular meeting of the Board of Directors of the San Lorenzo Valley Water District was called to order by Dir. Rapoza on Thursday, July 3, 2003 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. Rapoza, Prather and Ross present. Dirs. Nelson and Vierra were absent. District Manager Mueller and Counsel Hynes were also present.

MINUTES:

- a. Minutes of the Regular Meeting of June 19, 2003

Motion was made by Dir. Ross to approve the Minutes of the Regular Meeting of June 19, 2003, as presented.

ROLL CALL:

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

ADDITIONS AND DELETIONS TO THE AGENDA: None

ORAL COMMUNICATIONS:

Pat Dugan commented on two (2) late agenda items on June 5, 2003 and June 19, 2003. Mr. Dugan felt that this was not a proper procedure for the Board and these items should have been agendized with a 72-hour notice. The Board has the responsibility to let the public know and felt that this way of doing business is unacceptable.

Skip Matthes concurred with Mr. Dugan's principals. Mr. Matthes felt that this was violation of the spirit and the intent. Mr. Matthes stated that this procedure was not good protocol. This is about open government, it isn't professional.

Kevin Tilden, Steve Leonard and Evan Jacobs with California American Water Company were present. Mr. Tilden stated that Cal-Am has owned the Felton system for a year and half and is committed to the community, customer service and their employees. Mr. Tilden stated that he received a letter from Mr. Mueller. Mr. Tilden stated that Cal-Am

has filed for a rate increase from PUC for the first time in six years. The proposed rate increase will be 13.5% every five (5) years. In addition, Cal-Am is proposing a regionalization program in which Felton customers would be included. Cal-Am is urging the District to support the regionalization program. Mr. Tilden indicated that one of Cal-Am's representatives would be at all future meetings of the Board. Cal-Am has a long-term commitment to working in Felton and will continue to serve the customers in Felton. Mr. Tilden indicated that the Montara Sanitary District was purchased for more than \$11 million dollars. That amount was just to purchase the system and did not include the start up costs. Cal-Am would like to work with the District toward regionalization.

Dir. Rapoza indicated that the District does not have a deficit in the budget. When all funds are combined there is no deficit. Mr. Rapoza indicated that the people of Felton are the ones who want local control over their water and this District did not seek to take over the Felton system.

WRITTEN COMMUNICATIONS: None

CONSENT AGENDA: None

UNFINISHED BUSINESS:

- a. Budget Fiscal Year 2003/2004

Manager Mueller provided the Board with an estimated fund balance including revenues and disbursements and an ending fund balance as of June 30, 2004. Manager Mueller recommended approving the Budget as presented and discuss the issues of personnel in the scope of Fiscal Year 2003/2004.

Motion was made by Dir. Ross to approve Resolution No.1 (03-04) Budget Fiscal Year 2003/2004.

ROLL CALL:

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

NEW BUSINESS:

- a. Agreement for Water Service; APN 71-091-57

Manager Mueller reported that Stu Phillips applied for water service on June 20, 2003. Annexation of this area along El Alamein Road to the District's service area was approved by LAFCO on August 7, 2002. Staff review indicates that the District has no water distribution facilities located on this portion of El Alamein Road and is recommending that water service be provided by Long Service Line Agreement.

Motion was made by Dir. Rapoza to approve Resolution No. 2 (03-04) Agreement for Water Service; APN 71-091-57.

ROLL CALL:

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

- b. Agreement for Installation of Fire Hydrant and Private Fire Service; APN 77-104-01

Manager Mueller stated that as part of improvement requirements on APN 77-104-01, generally located at the intersection of Mill Street and Highway 9, Ben Lomond the Ben Lomond Fire Protection District has required the property owner to install a fire hydrant and private fire service on the District's existing 6-inch water mainline located along Mill Street.

Motion was made by Dir. Ross to approve Resolution No. 3 (03-04) Agreement for Installation of Fire Hydrant and Private Fire Service; APN 77-104-01.

ROLL CALL:

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

GENERAL MANAGER'S REPORTS:

- a. Manager

- (1) Bill List through July 3, 2003

Motion was made by Dir. Ross to approve the Bill List in the amount of \$162,149.10.

ROLL CALL:

Ayes:	Ross, Prather, Rapoza
Noes:	None

Absent: Nelson, Vierra

(2) Department Status Reports

(i) Administration

Dir. Ross asked about the feasibility of a Low Efficiency Loan Program. Manager Mueller indicated that he has had discussions with the consultant regarding the applicability of the program. 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 Article

The Board received the Newspaper Article.

Prior to adjourning to closed session, Counsel Hynes made an announcement for the record relative to Closed Session Agenda Item 11b. The facts and circumstances involved relative to this matter are set out in a letter to the District dated June 25, 2003 from the Law Firm of Steefel, Levitt & Weiss representing California American Water Company who maintain that an alleged Brown Act violation occurred relative to action taken at the June 5, 2003 Board meeting when item 7b was added to the agenda regarding an Agreement with the County of Santa Cruz for Payment of Legal and Consulting Costs subsequent to posting of the agenda and the subsequent action taken by the Board to authorize \$21,000 in additional funding relative to the Agreement.

ADJOURNMENT TO CLOSED SESSION:

Dir. Rapoza adjourned the meeting to closed session at 8:06 p.m. to approve the Minutes of the Closed Session Meeting of June 19, 2003 and to confer with Legal Counsel - Anticipated Litigation, Significant Exposure to Litigation Pursuant to Subdivision (b) of Government Code Section 54956.9-One (1) Potential Case and 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 19, 2003

Motion was made by Dir. Rapoza to approve the Minutes of the Closed Session Meeting of June 19, 2003, as presented.

ROLL CALL:

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

- b. CONFERENCE WITH LEGAL COUNSEL -
ANTICIPATED LITIGATION
Significant Exposure to Litigation Pursuant to Subdivision (b) of
Government Code Section 54956.9:
One (1) Potential Case

Motion was made by Dir. Rapoza to direct District Counsel to respond to June 25, 2003 correspondence received from Steefel, Levitt & Weiss, representing California American Water Company, regarding a demand to cure an alleged Brown Act violation, informing said demanding party that the District will agendize actions taken at the June 5th and June 19th Board of Directors meeting regarding an Agreement with the County of Santa Cruz for Payment of Legal and Consulting Costs for the regular Board of Director's meeting July 17, 2003; and further, provide copies of said letter to two (2) interested citizens, Skip Matthes and Patrick Dugan.

ROLL CALL:

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

- c. 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.

- d. PUBLIC EMPLOYEE PERFORMANCE EVALUATION as provided in
California Government Code Section 54957
District Manager

No reportable action.

ADJOURNMENT:

The meeting was adjourned at 8:48 p.m.

Kelly Stephens
District Secretary