

**SOQUEL CREEK WATER DISTRICT
REGULAR MEETING MINUTES
February 3, 2009**

1. Roll Call

President LaHue called the Regular Session to order at 7:02 p.m.

Board Members Present:

Dr. Thomas LaHue, President
Bruce Daniels, Vice President
Dan Kriege
Dr. Bruce Jaffe
Dr. Don Hoernschemeyer

Staff Members Present:

Laura Brown, General Manager
Bob Bosso, District Counsel
Jeff Gailey, Engineering Manager/Chief Engineer
Michelle Boisen, Financial/Business Services Manager
Ron Duncan, Conservation & Customer Service Field (CCSF) Manager
Taj Dufour, Operations & Maintenance Manager
Denise Alexander, Executive Assistant/Board Clerk

Others Present:

Heidi Luckenbach, scwd² Program Coordinator with the City of Santa Cruz Water Department

2. APPROVAL OF MINUTES

January 13, 2009 Special Meeting – no changes were made.

January 20, 2009 Regular Meeting– the following changes were made:

Page 3, 4th and 6th bulleted items. Add brackets around:

(Approval to attend this conference will be agendized)

(Staff clarified that most of the medians along 41st Avenue are not within the District's service area and that the Capitola City Council recently voted not to approve that project)

Page 3, 3rd paragraph. Change Newport Beach to Valley Center.

<p>MOTION: Director Daniels; Second: Director Hoernschemeyer: To approve the minutes of the January 13, 2009 Special Meeting as presented and to approve the January 20, 2009 Regular Meeting minutes as modified. The motion passed by a unanimous vote.</p>

3. ORAL COMMUNICATIONS

Director Hoernschemeyer asked if the format of the Work Plan and General Assignments Status Report could be modified to include additional information that would help him immediately grasp the status of each project, **e.g. estimated completion date; percentage of completion; slippage and on-hold.** The Board agreed.

General Manager Laura Brown responded to a second request from Director Hoernschemeyer clarifying that the milestone chart for the desalination project provided by Heidi Luckenbach, scwd² Program Coordinator with the City of Santa Cruz Water Department, reflects a combined timeline for both City and District staff.

Director Jaffe stated that “drought” has been the main topic of conversation over the past two weeks. He commented on articles in the San Francisco Chronicle titled *Forecast Worst Drought Ever* and in the Sentinel that the City of Santa Cruz is considering water rationing up to 35%. Now is a good time for the District to be considering what an appropriate action should be on this issue as well. The Board concurred. Staff recommended starting with a review of the District’s Emergency Plan. Director Jaffe stated he would not be able to attend the March 3 meeting. He attended a workshop on climate change in San Francisco for the USGS. The slides presented by Randy Hansen with the USGS on the effects of climate change and rising seawater levels and the history of salt-water intrusion in the Aromas will be distributed to the Board when received. Also, the global climate change models are confirming a reduction in precipitation for most of California, (5-50% reduction on a 30-year average and mega droughts lasting 10-15 years). Mr. Hansen stated he was interested in HydroMetrics’ recent report on target water levels; a pdf copy of that report will be sent to him.

Director Daniels requested agendaizing a discussion of the letter that was sent to the Regional Water Quality Control Board in January from the District and other agencies. He received a complaint from a constituent that Nob Hill Foods thaws fish by turning on the faucet and letting it run. He requested staff to investigate this possible water waste. He agreed with Director Jaffe that the rationing/drought issue should be discussed and the District’s Emergency Plan reviewed.

Ms. Brown stated that the District’s *What’s On Tap* newsletter for March/April will be entirely devoted to the groundwater situation and what customers can do to help during these times.

Director Daniels commented on an article regarding the Central Coast and Sam Farr meeting with folks about the federal bailout money. Most of the money will come in grants and the agencies who have formed interagency partnerships stand a better chance of scoring dollars. He recommended looking into this opportunity.

Director Kriege recently met with people from Santa Clara Valley Water District and others from Sacramento and was informed of a state revolving fund that will be receiving federal money, hopefully from the stimulus package for shovel-ready projects. Black & Veatch may be able to provide details. He and Ms. Brown attended Dr. Haddad's Water Work Force Symposium at UCSC. It was interesting to learn that the students now have a desal plant sitting on a trailer and a new program to study "water business" is being considered. Director Daniels stated that the program will enable the students to graduate with a water operation certification.

President LaHue complimented Ron Duncan, Conservation/Customer Service Field Manager, on the articles in the packet that were very educational and well written. Information from the District's hydrologist's report could be used to prepare an article that would clarify the issues being faced by the District. Also, he questioned whether the District's website has a search function and if it doesn't, it should.

4. REPORT FROM CLOSED SESSION – January 20, 2009

- a. Conference with District Labor Negotiator to Give Direction Regarding Memorandum of Understanding with SEIU Local 521
- b. Conference with Laura Brown, General Manager to Give Direction Regarding Memorandum of Understanding with Management Employees

President LaHue stated that the Board gave direction to the labor negotiator regarding the MOU with SEIU Local 521 and to the General Manager regarding the MOU with management employees.

Ms. Brown apprised the Board that the negotiators are still exchanging proposals and the Closed Session item on tonight's agenda is not needed.

5. PUBLIC HEARING

- 5.1 Appeal of High Water Usage Bill Adjustment, 104 Beachgate Way, Aptos

Financial/Business Services Manager Michelle Boisen provided an overview of the staff report regarding Mr. Infantino's appeal. Mr. Infantino was not present.

President LaHue opened the public hearing.

MOTION: Director Daniels: Second: Director Kriege: To close the public hearing. The motion passed by a unanimous vote.
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MOTION: Director Hoernschemeyer: Second: Director Kriege: To deny the customer's appeal for a greater adjustment than the tier adjustment for special circumstances. The motion passed by a unanimous vote.

6. ADMINISTRATIVE BUSINESS

6.1 Proposal from HydroMetrics LLC to Develop a Program to Expand the Water Demand Offset (WDO) Program to Properties Outside the District's Boundaries

Mr. Duncan provided an overview of the staff report. He clarified that the new proposal to expand the WDO program to include non-District wells to benefit the aquifer would also apply to existing wells within the District's service area. He responded to questions from the Board.

The Board discussed requiring data collection from participating private wells as a program condition.

Director Daniels referred to Figure 4: *Sample Capture Zones in Lower Part of DEF Unit for Pumping in BC Unit* from HydroMetrics' proposal stating he disagreed with the methodology that the areas identified as capture zones around each well are the only areas worth giving a WDO credit for retrofitting. He suggested that anything north of the District's boundary that is perpendicular to the groundwater flow lines, and at the depth of District pumping should be eligible.

Assessing the amount of offset credits to be applied within and outside of the District's boundary was briefly discussed. To provide a 100% offset credit for retrofits within the District that would benefit the basin soon but less of a percentage further away, using the coastline as a starting point was suggested. It was agreed to have the consultant comeback with a scientific basis for determining the credit; e.g. within the cone of depression formed by District wells may be worth more than

outside those zones or further inland and consumption demand should be accounted for when private wells are in non-sewered areas.

A motion was made by Director Kriege to pay the consultant up to \$5,000 to expand the WDO program to provide offset credits for private wells within the District's service area and a lesser offset credit for private wells further inland with the qualifier that the pumping must be from the same production zones as District wells was withdrawn as discussion continued regarding additional qualifying criteria that the water has to come from a confined aquifer.

By consensus, the item will return to the Board at a later date with a proposal from HydroMetrics based on the ideas discussed and in a form that could be administered by staff.

- 6.2 Fire Hydrant Relocations at 1435 Wharf Road and 870 Balboa Avenue, Approve Change Order No. 1 and Grant Final Acceptance

MOTION: Director Daniels: Second: Director Jaffe: To approve **Resolution No. 09-02** for Change Order No. 1 for the Fire Hydrant Relocations at 1435 Wharf Road and 870 Balboa Avenue in Capitola and to accept the project as complete and file the Notice of Completion, CWO 08-050. The motion passed by a unanimous vote.

Items 6.3 and 6.4 were heard simultaneously.

- 6.3 Approve Attendance at the National Ground Water Association's 2009 Ground Water Summit, April 19-23, 2009 in Tucson, Arizona
- 6.4 Approve Attendance at the Association of California Water Agencies (ACWA) Spring Conference, May 19-22, 2009, in Sacramento

MOTION: Director Jaffe: Second: Director Kriege: To authorize attendance at the National Water Association 2009 Ground Water Summit, April 19-23, 2009 in Tucson, Arizona and the Association of California Water Agencies Spring Conference, May 19-22, 2009 in Sacramento. The motion passed by a unanimous vote.

- 6.5 Desalination Task Force and Energy Issues

Ms. Brown introduced Heidi Luckenbach, scwd² Program Coordinator with the City of Santa Cruz Water Department. An update on the scwd² desalination program was given, attached as **Exhibit A**. She responded to questions from the Board throughout the presentation. A revised color-coded schedule was distributed, attached as **Exhibit B**.

In response to a question from the Board regarding cost, Ms. Luckenbach stated that an estimate of the cost for the various options will be provided when the preliminary design is completed. Construction of the desalination plant is scheduled to start in 2013 with completion in 2015. The EIR is expected to be certified after the full-scale plant design is completed. Permitting for the full-scale plant will start as soon as a site is located; permitting for the intake will start once it is known what kind of intake it will be. The budget for the next phase of studies will be presented to the task force in March. It would be difficult to estimate a ballpark cost for the entire project at this time because the pre-treatment, location and intake are still unknown; we will have a better sense of that cost this summer. At Director Jaffe's request, Ms. Luckenbach stated a ballpark figure for the cost of the studies to be performed.

District Counsel Bob Bosso responded to a question on the issue of water rights. A brief discussion ensued.

With regard to the draft EIR and when the public process will start, Ms. Luckenbach stated that a pre-scoping meeting to engage the public as soon as possible will be scheduled late-summer.

The Board thanked Ms. Luckenbach for the update.

Ms. Brown provided an update on recent public outreach for the desalination project.

7. INFORMATION ITEMS

None

8. STATUS REPORTS

- 8.1 Conservation & Customer Service Field - Mr. Duncan provided an overview of the status report. A correction was noted that the Capitola Mall Business Showcase will be held on February 19.

Director Daniels stated that the number of candidates waiting on the retrofit list for over a year is growing. He reiterated that something needs to be done to address this concern.

- 8.2 Income & Investment Report for December – Ms. Boisen responded to questions from the Board and confirmed that the water capacity charges for new development are being deposited in a separate account specifically for capitol improvement projects.

With regard to the Income report, Mr. Duncan stated that a table of the various customer classes and their percentage of water consumption will be provided to the Board. He further stated that the rebates for turf replacement have greatly exceeded budget and an effort is now being made by staff to market the sale of the corresponding retrofit credits to developers.

- 8.3 District Counsel – Bob Bosso stated he had nothing to report.
- 8.4 General Manager – Ms. Brown stated she is still waiting to receive the financing plan from Bartle Wells to provide the Board for the February 10th Workshop on the District’s 10-year Financing Plan. In addition, the Board requested receiving a list of upcoming CIP projects and the water master plan. The Work Plan and Special Assignments Status report was briefly discussed and only high priority projects will be identified for the workshop. If the draft Financing Plan is not received soon, the February 10th Workshop will be cancelled to allow staff adequate time to review the consultant’s report.

A significant amount of time has been spent on the Well Master Plan EIR. A review of the preliminary draft is almost complete. The document is very complex with four new wells and conversion of the Polo Grounds Well. A meeting with the county was held to discuss the two well sites owned by that agency; however, given the County’s financial turmoil, scheduling a follow up meeting has been stalled. A brief discussion ensued, and the Well Master Plan timeline schedule will be updated.

The Regional Water Management Foundation met to discuss a contingency plan for the various scenarios if state grant funding is further delayed or not released. The IRWMP projects that were funded have been classified as exempt and will therefore likely be spared. The commitment to hold the coalition together and to keep moving forward with other grant opportunities is very strong.

With regard to the stimulus package, 2 billion dollars has been approved for water projects with a “shovel-ready” threshold of 120 days. The District has identified 1.4 million dollars of main replacement projects that would fit that criteria. Monica Reid is preparing an application for the Northern Santa Cruz County Regional partners.

- 8.5 Work Plan & Special Assignments- nothing further was reported.

9. **WRITTEN COMMUNICATIONS AND CORRESPONDENCE**

Two articles included with the packet: *Desalination plant in Santa Cruz to turn sea water into drinking water* and *Mid County Post Testing the Water – Desalination Studies Continue*. Correspondence from a District customer regarding his water bill and Ms. Boisen's response were distributed.

10. **CLOSED SESSION**

10.1 Conference with District Labor Negotiator to Give Direction Regarding Memorandum of Understanding with SEIU Local 521

This item was not heard.

11. **ADJOURNMENT** - There being no further business, President LaHue adjourned the meeting at 9:07 p.m. to the next regularly scheduled meeting on February 17, 2009.

SUBMITTED BY:

APPROVED BY:

Denise Alexander, Board Clerk

Dr. Thomas LaHue, President