

**SOQUEL CREEK WATER DISTRICT
REGULAR MEETING MINUTES
May 5, 2009**

1. Roll Call

President LaHue called the Regular Session to order at 7:01 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:

2 members of the public (appellants Item 5.1)

2. APPROVAL OF MINUTES

April 21, 2009

Page 8 Item 5.11 – Director Daniels suggested *that if we sell the retrofit credits, then we should retrofit* ~~retrofitting~~ the toilets for all candidates on the available retrofit list, not only for those who have been waiting for over a year.

MOTION: Director Kriege; Second: Director Hoernschemeyer: To approve the April 21, 2009 minutes as modified. The motion passed by a 4-0-1 vote with Director Jaffe abstaining.
--

3. ORAL COMMUNICATIONS

Director Daniels stated that the presentations on water issues and the desalination pilot plant project/process given at a public meeting held at the Seymour Center on April 22 were good. He did not think many people from the District's service area were in attendance, and he suggested having a

similar event in our area. Peter Swarziniski with USGS gave an interesting presentation today on fresh water releases in the ocean. A new project he is doing with Moss Landing Marine Labs on the effects of the tides will most likely show the connection between our aquifers and the ocean.

Director Jaffe stated he was contacted by several customers who expressed concern about the Poor Clares development in Aptos. He was given a County report regarding the project's water situation and he and Director Daniels plan to meet with County Supervisor Ellen Pirie tomorrow to discuss the issues and to provide clarity on the District's Water Demand Offset program. A brief discussion ensued.

4. REPORT FROM CLOSED SESSION – April 21, 2009

4.1 Conference with District Labor Negotiator to Give Direction Regarding Memorandum of Understanding with Management Employees

President LaHue stated that the Board gave guidance to the labor negotiator regarding the MOU with management employees.

5. PUBLIC HEARING

5.1 Appeal of High Water Usage Bill Adjustment, 306 Fanmar Way, Capitola

Financial/Business Services Manager Michelle Boisen provided an overview of the staff report regarding the appeal. She noted that the applicants feel that the water meter did not accurately record their water usage.

President LaHue opened the public hearing.

Mr. Marciano and Ms. Middleton thanked the Board for hearing their appeal. Mr. Marciano stated they were present to attempt to resolve their dispute with the District regarding high water usage that he opined stemmed from a faulty/inaccurate meter. He asked that all charges be rescinded for billing period 9/11/08 to 11/13/08, and to acknowledge that the adjustment is not a tier adjustment that would subject them to the 5-year limitation. Charts/drawings depicting the amount of water used from March, 2008 through January 2009 were shown.

Issues noted were:

- 106 units of water allegedly used from 9-11 to 11-13-08 (79,288 gallons) is considerable and a leak of that size would not go unnoticed
- District staff inspected the property and no indication of a leak was found
- No changes were made to the landscaping or in their lifestyles during that timeframe
- Opined that the meter's counting mechanism malfunctioned causing episodic rolling, which was not checked as part of the testing
- Once the meter was replaced, the consumption of water dropped from five to four units. After contacting other customers who have appealed unexplained water use charges, contends that they, too, were affected by faulty metering and doesn't believe it is a coincidence that replacing the meters corrected the problem.

He concluded by asking the Board to devise a new policy to address episodic meter failures, overcharges and for compensating customers.

Mr. Marciano, Ms. Middleton and staff responded to questions from the Board.

Ron Duncan, Conservation and Customer Service Field Services Manager, stated that based on his own limited experience combined with knowledge gathered from manufacturers and outside testers who have years of experience, water meters very rarely show episodic movement. Meters generally slow down over time, not speed up. If a meter performs accurately in outside testing, then it is probable that the water consumption occurred as registered.

MOTION: Director Kriege; Second: Director Jaffe: To close the public hearing. The motion passed by a unanimous vote.
--

The Board responded to the issues/concerns expressed by Mr. Marciano.

Director Jaffe stated he has no doubt that Mr. Marciano feels 100% certain he did not use the disputed amount of water. He noted that appeals appear to be happening more often possibly due to the higher rates. He would like to look for a win/win that would give customers a way to make up for the water lost through some acceptable form of offset that would then qualify for a retroactive adjustment.

Director Kriege stated that compared to the annual amount of meter readings, the Board has had only three similar appeals, which is a very low percentage. He does not question the accuracy of the tested meters. The District has a policy for unexplained high water usage not offered by other agencies, and the policy has worked and is fair. He appreciates the work that was done by Mr. Marciano and Ms. Middleton for their appeal.

President LaHue stated that the District's policy tends to be more lenient when compared to other water agencies' policies. The Board tries to be "fair" to everyone. Director Jaffe's proposal to consider an amendment to the District's policy would have to be agendized at a later date.

Director Daniels supported Director Jaffe's proposal to provide the customer some kind of remediation to offset the water used; however, the customer would still be required to pay for normal consumption.

A brief discussion ensued.

MOTION: Director Jaffe: 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.

MOTION: Director Jaffe: Second: Director Daniels: To agendize exploring the possibility of an offset for unexplained water usage and a credit adjustment to the bill, and to consider a timeframe and threshold for a retroactive adjustment to qualifying customers who have experienced similar unexplained high water usage based on staff's recommendation. The motion passed by a 4-1 vote with Director Kriege dissenting.

Ms. Middleton thanked the Board. She noted comments expressed to her by other appellants that on the one hand they were encouraged to appeal to the Board, but the appeal is always denied.

The Board thanked Mr. Marciano and Ms. Middleton for coming.

6. ADMINISTRATIVE BUSINESS

- 6.1 Will Serve Water Service Application for Tom Healy, 126 Meredith Court, Aptos, APN 041-422-04

MOTION: Director Daniels: Second: Director Kriege: To authorize the District's standard Will Serve Letter indicating that the District will conditionally serve the new single family dwelling for Tom Healy located at 126 Meredith Court in Aptos, APN 041-422-04. The motion passed by a unanimous vote.

6.2 Consideration for Stage 2 Mandatory Water Rationing of 15% - 30%.

The Board discussed the following concerns:

1. The last three years of low rainfall have impacted groundwater recharge in the Soquel-Aptos Basin, which will lead to exacerbated overdraft at the coast;
2. The sustainable yield appears to be less than previously estimated given the lack of groundwater recovery. There is a public perception that the sustainable yield is approximately 4800 AFY and that that is obtainable without a significant supplemental supply project (i.e., desalination), thereby making the need for desalination to serve growth.

Discussion ensued about information provided by the District's consulting hydrogeologist that could address these concerns. The Board developed the following list:

- A. Sustainable Yield using cross-sectional modeling – confirm completion by August 15, 2009
- B. Prepare a Proposal to Establish Criteria by which SqCWD may make findings for the need to declare a groundwater emergency and set curtailment levels. Include:
 1. Groundwater conditions relative to sustainable yield and target water levels;
 2. Effects of rainfall at various levels and impact on recharge
 3. Identify the rainfall data collection site(s) to be used
 4. Update recharge estimates using more recent precipitation than the 41.5 inches and evapotranspiration rates from 1971 used by Johnson
 5. Provide a timeframe for basin recovery under various scenarios from wet years only to having a supplemental supply, i.e. low rainfall and responding with reduced pumping vs. having recharge either actual or in lieu
 6. Can this basin recover without a supplemental supply?
 7. Correlate rainfall, evapotranspiration, recharge and other factors that impact groundwater levels to provide a formula for determining whether emergency measures should be taken

8. After the basin has recovered, what is sustainable and how would the emergency triggers change?
- C. Are these untenable questions?
- D. Each answer is to include relative certainty (e.g. very certain to rough estimate)
- E. Provide budget estimate and schedule

MOTION: Director Kriege: Second: President LaHue: To direct staff to request a scope of work and cost estimate from HydroMetrics LLC addressing the list of items discussed.
The motion passed by a unanimous vote.

6.3 Options for Selling Water Demand Offset Credits from Toilet and Turf Retrofits Funded by District

CCSF Manager Ron Duncan provided an overview of the staff report. The following approach was recommended by staff:

Option 2b - Temporarily suspend accepting additional applications for both toilet and turf retrofits until the backlog of current retrofits is sufficiently depleted. Sell the accrued toilet and turf retrofit credits to developers at a cost of \$17,000 per acre-foot to be adjusted accordingly; however, the bank of available credits would be initially limited to the existing toilet applicant pool that has waited for over one year and completed turf projects. Discontinue developer installed retrofits and have retrofits administered and performed by the District.

Discussion ensued regarding discontinuing developer installed retrofits and the amount of rebate that was given for turf retrofits.

Director Daniels recommended allowing staff to make an exception, under certain circumstances, to grant a dispensation that would allow a developer to perform their own retrofits providing the retrofits be obtained from the District's available retrofit candidate list and to be a combination of toilet and turf.

MOTION: Director Daniels: Second: Director Kriege: To approve Option 2b as recommended and authorize Staff to grant a dispensation to developers to perform their own retrofit credits only under exceptional circumstances provided the retrofits are obtained from the District's available candidate list. When expenditures for this program reach \$200,000 in excess of offsetting revenue from developers, return to the Board. The motion passed by a unanimous vote.

6.4 Additional Staffing and Cost to Implement Monthly Billing Effective January 2010

Mr. Duncan credited the District's Supervising Accountant for her contribution to the report.

MOTION: Director Jaffe: Second: Director Daniels: To direct staff to include the monthly billing in the U.S. Bureau Challenge Grant Application (if it's beneficial to the application) and include the funding for this program in the draft 2009/2010 budget contingent upon receiving grant funding. The motion passed by a unanimous vote.

6.5 Approve the Revised Scope of Work and Budget for Environmental Science Associates to Complete the Well Master Plan Environmental Impact Report

MOTION: Director Kriege: Second: Director Jaffe: To approve the Revised Scope of Work and Budget for ESA to complete the Well Master Plan EIR in the amount not to exceed \$145,940 with \$53,320 allocated for expenditure within the 2008/09 budget and the balance of \$92,640 appropriated in the 2009/10 budget, and authorize the Board President to execute an amendment to the consultant's agreement for this work; to authorize \$53,320 to be appropriated from Operating Contingency Reserves to fully fund the estimated 2008/09 costs for the Well Master Plan EIR. The motion passed by a unanimous vote.

6.6 Approve Purchase Order over \$5,000 for Polo Grounds Production Well Pump Test and Water Quality Data Collection

MOTION: Director Kriege: Second: President LaHue: To authorize the General Manager to sign a purchase order in the amount of \$33,178 for HydroMetrics LLC to perform a pump test and collect water quality information at the Polo Grounds Irrigation Well, CWO 06-039. The motion passed by a unanimous vote.

6.7 Option to Purchase Real Property, Approve Purchase over \$5,000 for the Aptos Booster Pump Station Property, 9033 Soquel Drive, Aptos, APN 041-061-04

MOTION: Director Jaffe: Second: Director Kriege: To authorize the General Manager to sign an Option to Purchase Agreement and make a payment of \$1,000 for the purchase option. The motion passed by a unanimous vote.

- 6.8 Approve Purchase of Springbrook Hosted Web UB Payments and Inquiry Program

MOTION: Director Hoernschemeyer: Second: Director Jaffe: To approve the proposal for the Springbrook Hosted Web UB Payments and Inquiry Program in the amount of \$12,300 and authorize staff to sign a purchase agreement. The motion passed by a unanimous vote.

- 6.9 Claim of Damage – Jennifer and Bradley Ashby, 113 Santa Clara Ave., Aptos

MOTION: Director Daniels: Second: Director Jaffe: To deny the subject claim and forward to JPIA for review and resolution. The motion passed by a unanimous vote.

- 6.10 Approve Purchase over \$5,000 for Solenoid Controlled Pump Control Valve at Bonita Well

MOTION: Director Daniels: Second: Director Kriege: To approve the purchase of one, 8” CLA-VAL pump control valve for a total cost not to exceed \$6,100, excluding tax and shipping, from Groeninger and Company of Salinas, CA. The motion passed by a unanimous vote.

- 6.11 Desalination Task Force and Energy Issues – (oral report)

Director Kriege noted that the next meeting of the Task Force is May 20.

7. INFORMATION ITEMS

None

8. STATUS REPORTS

- 8.1 Conservation & Customer Service Field (CCSF) – Ron Duncan, Conservation and Customer Service Field Manager, highlighted information provided in the written report.
- 8.2 District Counsel – Mr. Bosso stated that he had been assisting staff on various matters including the property purchase option for the proposed Aptos Booster Pump Station and an amendment to the Groundwater Management Joint Exercise of Powers Agreement with Central Water District.

8.3 General Manager – Ms. Brown reported that precautionary measures had been taken to protect staff from the flu outbreak. She also reported that the County Sanitation District is considering a lower cost funding scenario for the North Polo Dr. sewer main extension which would benefit the proposed Polo Grounds Well and Treatment Plant project.

8.4 Work Plan & Special Assignments – The Board appreciated staff's effort to provide completion estimates for each item.

9. WRITTEN COMMUNICATIONS AND CORRESPONDENCE

None

At 9:36 p.m., President LaHue recessed the Open Session to convene the Closed Session.

10. CLOSED SESSION

9.1 Conference with District Labor Negotiator to Give Direction Regarding Memorandum of Understanding with Management Employees Unit

President LaHue reconvened to Open Session at 10:15 p.m.

President LaHue stated that the Board gave direction to the labor negotiator regarding the MOU with management employees.

11. ADJOURNMENT - There being no further business, President LaHue adjourned the meeting at 10:16 p.m. to the Budget Workshop scheduled for 5:30 p.m. on Tuesday, May 19, 2009 to be followed that day by the regularly scheduled Board meeting.

SUBMITTED BY:

APPROVED BY:

Denise Alexander, Board Clerk

Thomas LaHue, President