

**SOQUEL CREEK WATER DISTRICT
REGULAR MEETING MINUTES
June 2, 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
Ron Duncan, Conservation & Customer Service Field (CCSF) Manager
Michelle Boisen, Financial/Business Services Manager
Taj Dufour, Operations & Maintenance Manager
Mike Wilson, Associate Engineer
Leslie Strom, Supervising Accountant
Denise Alexander, Executive Assistant/Board Clerk

Others Present:

1 member of the public
Sunny Wang with Black & Veatch
Derrik Williams with HydroMetrics LLC

2. APPROVAL OF MINUTES

May 19, 2009

Page 2: Oral Communications – correct spelling of ~~Gadoy~~ to Godoy. Director Jaffe provided an update of his meeting with County Supervisor Ellen Pirie who was interested in gaining a better understanding of the District's WDO Program ...

MOTION: Director Daniels; Second: Director Hoernschemeyer: To approve the May 19, 2009 minutes as modified. The motion passed by a unanimous vote.
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3. ORAL COMMUNICATIONS

Steve Kennedy, a Soquel resident, felt that the Board had made a mistake by not following the City of Santa Cruz's implementation of mandatory water rationing this year. He also noted that San Lorenzo Valley Water District has a Stage 2 restriction, with no watering allowed between 9:00 a.m.- 5:00 p.m. He said his neighbors continue to use water as usual. He questioned how can the Board ask its customers only to conserve during these low water years. Does the Board plan on waiting until there's a serious emergency?

The Board members acknowledged Mr. Kennedy's comments and issues. The guidelines for declaring a groundwater emergency outlined in the District's Urban Water Management Plan were explained. Ms. Brown gave Mr. Kennedy the May 2009 production report, which showed a significant reduction in water use over last year.

President LaHue commented he received an email from a customer who appreciated his response and the fact that the Board is aware of the situation concerning the Poor Clares project.

4. REPORT FROM CLOSED SESSION – May 19, 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

None

6. ADMINISTRATIVE BUSINESS

6.1 New Water Service Connection Application for Dean Rossi, 635 Beach Drive, Aptos, APN 043-161-55

<p>MOTION: Director Daniels; Second: Director Hoernschemeyer: To authorize the District's standard water service connection to be installed for Dean Rossi at 635 Beach Drive in Aptos, APN 043-161-55. The motion passed by a unanimous vote.</p>
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6.2 Satellite Reclamation Plant (SRP) Facilities Study Grant – Final Report

Engineering Manager Jeff Gailey introduced the District's Associate Engineer Mike Wilson and Sunny Wang with Black & Veatch. Mr. Wang and staff responded to questions from the Board.

Director Daniels stated he would like to see the calculation comparisons for the acre-foot cost of a regional seawater desalination facility versus the water recycling facility to arrive at the amounts shown on page vii of the Executive Summary. Ms. Brown stated that staff will find out how those numbers were calculated. She also explained that the figures on page 6 in Table 3, on Average District Water Demand (in acre-feet per year) of the report, were developed for the Well Master Plan EIR because an updated projection was needed.

Discussion ensued whether to proceed with developing a construction financing plan for a Satellite Reclamation Plant or to declare the project as financially infeasible at this time.

MOTION: Director Daniels; Second: President LaHue: To direct staff to proceed with pursuing a Satellite Reclamation Plant to serve the Seascape Golf Course with Direction to develop a Construction Financing Plan for submittal to the State Water Board. The motion passed by a unanimous vote.
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The Board thanked Mr. Wang for the report.

6.3 Discussion with HydroMetrics, LLC Re: Studies/Models to Provide Quantifiable Information Re: the District's Groundwater Resources

Derrick Williams with HydroMetrics LLC stated he was present to gain a better understanding of the Board's concerns and objectives before developing a proposal to address the questions that were asked by the Board at the May 5, 2009 meeting.

The list developed by the Board for HydroMetrics to address, stated in the staff report, and Mr. Williams' written response were discussed.

Defining conditions that would constitute a groundwater emergency, new criteria for the District's Urban Water Management Plan Groundwater Emergency Section, and achieving collaboration basin-wide were noted.

Mr. Williams proposed that recharge calculations could be developed with the purpose of quantifying recharge deficiencies and that water

levels must also be taken into account in developing criteria for a groundwater emergency.

Director Daniels stated that using the cross-sectional modeling for improving the analysis of the sustainable yield of the Soquel-Aptos basin should be the priority.

The Board clarified that the sustainable yield analysis being done by HydroMetrics should be completed prior to developing a scope of work based on this discussion.

MOTION: President LaHue; Second: Director Kriege: To focus on the most straightforward methods to develop a criteria for declaring a groundwater emergency, including recharge and water levels. The motion passed by a unanimous vote.

6.4 Adopt 2009-10 Budget

Financial and Business Services Manager Michelle Boisen and Supervising Accountant Leslie Strom responded to questions from the Board.

MOTION: Director Jaffe; Second: Director Hoernschemeyer: To adopt as the Final Fiscal Year 2009-10 Budget and direct staff to produce final copies for distribution as required. The motion passed by a 4-1 vote with Director Daniels dissenting because he does not support a rate increase. .

The Board thanked staff for a job well done.

6.5 Approval of Public Outreach Consultant Services with Data Instincts

General Manager Laura Brown responded to questions from the Board. Director Jaffe stated he would like to see a more detailed Scope of Work.

MOTION: Director Jaffe; Second: President LaHue: To return with a more detailed Scope of Work for Data Instincts Services in excess of \$5,000. The motion passed by a unanimous vote.

Item 6.14 was heard at this time to accommodate the District's Supervising Accountant Leslie Strom.

6.6 Approval of Rate Consultant Services with Bartle Wells Associates

Ms. Boisen provided an overview of the staff report.

Director Daniels stated that the scope of services from Bartle Wells to provide rate recommendations should also include the Water Capacity Charges. The Board concurred. A suggestion was made that Tom Pavletic with Municipal Financial Services may be the best consultant to perform that task, due to having performed a comprehensive water capacity charge study to prepare an updated charge model for the District in 2008. Staff will initiate an update of the Water Capacity Charges.

MOTION: Director Kriege; Second: Director Daniels: To accept the Rate Consultant Services proposal from Bartle Wells Associates at a cost not to exceed \$20,000 and to have Municipal Financial Services provide a proposal to develop a rate recommendation for the Water Capacity Charges. The motion passed by a unanimous vote.

6.7 First Amendment to Joint Powers Agreement (JPA) with Central Water District for Groundwater Management of the Soquel-Aptos Area

Discussion ensued. The Board gave guidance for modifying the Draft First Amendment to the JPA as follows:

- the committee member representing private wells shall be non-voting on fiscal matters
- to specify that the chairmanship would alternate between committee members from SqCWD and Central Water District every other year.

MOTION: Director Jaffe; Second: Director Kriege: To recommend that the First Amendment to the JPA be modified to state that the fifth committee member representing private wells would be non-voting on fiscal matters and the selection of a chair would alternate between committee members from SqCWD and Central Water District every other year. The motion passed by a unanimous vote.

6.8 Larkin Valley Tank Recoat, Approve Change Order No. 1, Grant Final Acceptance and File Notice of Completion

MOTION: Director Kriege; Second: Director Hoernschemeyer: To adopt **Resolution No. 09-16** approving Change Order No. 1 for a contract deduction of -\$10,284 and accept the Larkin Valley Tank Recoat Project as complete and File the Notice of Completion. The motion passed by a unanimous vote.

- 6.9 Seacliff Area Main Replacements Project, Phase II, Approve Change Order No. 3

MOTION: Director Daniels; Second: Director Jaffe: To adopt **Resolution No. 09-17** approving Change Order No. 3 for a contract addition of \$11,901.05 for the Seacliff Area Main Replacement Project, Phase II, CWO 08-042. The motion passed by a unanimous vote.

- 6.10 This item was deleted.

- 6.11 Vista Del Mar Booster Station Site Work, Adopt Plans & Specs and Call for Bids

MOTION: Director Jaffe; Second: Director Kriege: To approve **Resolution No. 09-18** for plans and specifications and **Resolution No. 09-19** setting prevailing wages and calling for bids for the Vista Del Mar Booster Station Site Work Project, CWO 09-110. The motion passed by a unanimous vote.

- 6.12 Approve Purchase Over \$5,000 for Production Well Level Transducers

MOTION: Director Daniels; Second: Director Kriege: To approve the purchase of 14 water level transducers for a total price not to exceed \$17,769.42, excluding tax and shipping, from Dugan Technologies of Walnut Creek, Ca and authorize \$2,261.80 to be appropriated from Operating Contingency Reserves. The motion passed by a unanimous vote.

- 6.13 Rosedale Well Treatment Plant Recoat and Media Replacement Project, Bid Award

Operations & Maintenance Manager Taj Dufour responded to questions and input from the Board.

MOTION: Director Hoernschemeyer; Second: Director Jaffe: To accept the lowest qualified bidder and adopt **Resolution No. 09-20** for award of contract to ERS Industrial Services, Inc. of Fremont for the Rosedale Well Treatment Plant Recoat and Media Replacement Project and to authorize funds in the amount of \$50,405.06 to be allocated from Operating Contingency Reserves to complete the Rosedale Well Treatment Plant Recoat and Media Replacement Project, CWO 09-149. The motion passed by a unanimous vote.

Item 8.1 was heard at this time to accommodate Mr. Duncan.

6.14 Approve Purchase Over \$5,000 for Cisco Telecommunications System

Staff responded to questions from the Board.

MOTION: Director Jaffe; Second: Director Daniels: To approve the purchase of the Cisco UB520 Telecommunications System for an implementation cost not to exceed \$29,864 in fiscal year 2008-09 (including the purchase of headphones/speakers) from The Maynard Group. The motion passed by a unanimous vote.
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6.15 Desalination Task Force and Energy Issues

a) Review and Comment on Draft Request for Proposals – CEQA/NEPA Support Services for the Desalination Program

The Board did not have any revisions to the Draft Request for Proposals.

7. **INFORMATION ITEMS**

None

8. **STATUS REPORTS**

8.1 Conservation & Customer Service Field (CCSF) – CCSF Manager Ron Duncan provided an overview of the staff report. The plumber's installation of toilets for customers who have been waiting for over a year is moving along nicely and a compliment was received from a customer. Approximately 40% of the toilets seen in the Water Use Efficiency Survey Program were identified as 1.6 gpf. The installation of the AMRs is starting up again now that the contractor is available to resume that project. Staff contacted the representative from Seascape Green's Homeowners Association, Mark Godoy, who was pleased with the advice he received to lower their irrigation usage. An article in the Register Pajaronian regarding St. John the Baptist Episcopal Church's installation of a 30,000 gallon cistern entitled "Green-minded congregation," was mentioned.

Ms. Brown noted that the District had received several exceptional letters of support for the Bureau of Reclamation grant including from the head of the legislative division of ACWA and Congressman Farr.

- 8.2 Income and Investment Report for April – Ms. Boisen provided an update that the FDIC insurance (up to \$250,000) that was due to expire on December 31, was extended to 2013. The Money Market Guarantee Program expected to expire April 30, was extended to September 2009. Staff is progressing with the selection process for the District’s general banking services.

Director Daniels referred to the Water Consumption Report noting the extremely high amount of water being used by the top Tier 3 water users. A brief discussion ensued.

- 8.3 District Counsel – Bob Bosso briefly commented on the ACWA conference he attended last week. A few courses and very interesting cases noted by the Legal Affairs Committee were worthwhile. He gave a talk on water law last Wednesday to the Santa Cruz Board of Realtors as part of their education program.

- 8.4 General Manager – Ms. Brown stated she had nothing to report.

- 8.5 Work Plan & Special Assignments – President LaHue stated that the additional information provided in the work plan is very helpful and thanked staff.

Mr. Gailey responded to a question regarding the status of the Bulk Water Stations.

On page 7, 3 (B) Arsenic, Director Hoernschemeyer recommended stating “less than the detectable level of X” rather than “non-detect.”

9. WRITTEN COMMUNICATIONS AND CORRESPONDENCE

None

10. REPORT OF PAYMENT OF THE BILLS

April Warrants and Mar./Apr. Credit Card Analysis

MOTION: Director Kriege: Second: Director Hoernschemeyer: To accept the April Warrants and Mar./Apr. Credit Card Analysis as paid. The motion passed by a unanimous vote.

At 9:42 p.m., President LaHue recessed the Open Session to convene the Closed Session.

11. 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 10:05 p.m.

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

- 12. ADJOURNMENT** - There being no further business, President LaHue adjourned the meeting at 10:06 p.m. to the next regularly scheduled Board meeting on June 16, 2009.

SUBMITTED BY:

APPROVED BY:

Denise Alexander, Board Clerk

Thomas LaHue, President