

**SOQUEL CREEK WATER DISTRICT
REGULAR MEETING MINUTES
September 1, 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
Ron Duncan, Conservation & Customer Service Field (CCSF) Manager
Michelle Boisen, Financial/Business Services Manager
Taj Dufour, Operations & Maintenance Manager
Denise Alexander, Executive Assistant/Board Clerk

Others Present:

Alex Handlers with Bartle Wells Associates
2 members of the public

2. APPROVAL OF MINUTES

August 4, 2009

MOTION: Director Kriege; Second: Director Daniels: To approve the August 4, 2009 minutes as presented. The motion passed by a 4-0-1 vote with President LaHue abstaining.

3. ORAL COMMUNICATIONS

Don Heichel asked if the Board had visited the Monterey Bay Sanctuary website he had provided them regarding the land sea connection being exposed every winter to persistent organic pollutants caused by stormwater runoff into biologically sensitive areas of the bay. Sediment washing into the bay is an issue. He asked for a statement from the Board as to why they think that a desalination supplemental water supply project would help these biologically sensitive areas of the bay. Instead of desalination, the District could go up into the foothills where the tributaries are small, and divert the

runoff into the aquifer. Use diversion to stop the flow of sediment into the bay.

4. **REPORT FROM CLOSED SESSION – August 4, 2009**

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

Vice President Daniels stated that the Board gave direction to the labor negotiator regarding the MOU with mid-management employees.

5. **PUBLIC HEARING**

None

6. **ADMINISTRATIVE BUSINESS**

6.1 Will Serve Water Service Application for Richard Anderson, End of Wallace Avenue, Aptos, APN 041-481-04

In response to an inquiry from Director Daniels, staff explained that the modification to the WDO policy regarding residential lots greater than one-half acre was inadvertently not considered when the WDO requirement was calculated and an adjustment will be made.

MOTION: Director Kriege; Second: Director Hoernschemeyer: To authorize the District's Conditional Will Serve Letter as modified, indicating that the District will conditionally serve the project to be located at the end of Wallace Avenue in Aptos for a proposed 3-lot Minor Land Division for Richard Anderson, APN 041-481-04. The motion passed by a unanimous vote.

6.2 Water Rates & Charges Presentation by Bartle Wells Associates

Financial and Business Services Manager Michelle Boisen introduced Alex Handlers with Bartle Wells Associates. Mr. Handlers provided an overview of a 3-Year Water Rate Projections Report that was sent electronically to the Board, independent of the packet, and responded to questions from the Board. A copy of the report is attached as **Exhibit A.**

Topics discussed were: State Revolving Fund and/or conventional funding sources for the desalination project; future construction of additional water treatment facilities to remove Chromium 6, and the

issues associated with tiered rate structures for commercial, multi-family and dedicated irrigation use.

Director Daniels recommended a tiered rate structure for commercial use or the same as residential, where the size of the meter determines the rate. There was discussion regarding the time and effort required to develop an appropriate tier structure for commercial customers. A question arose regarding Proposition 218 noticing requirements and the ability to consider a commercial tiered rate structure within the three-year rate schedule. District Counsel Bob Bosso will provide clarification regarding the Prop 218 noticing amendment that was passed last year.

The Board thanked Mr. Handlers for a good report.

MOTION: Director Kriege; Second: Director Hoernschemeyer: To accept the Bartle Wells Associates 3-Year Water Rate Projections Report as complete and direct Staff to prepare proposed Rates and Charges, and schedule a Public Hearing on November 17, 2009. The motion passed by a 4-1 vote with Director Daniels dissenting stating that he did not like the single quantity rate for commercial customers.

6.3 Direction Regarding Monthly Billing

CCSF Manager Ron Duncan provided an overview of the staff report. A brief discussion ensued regarding the cost/benefit to change from bimonthly to monthly billing.

MOTION: Director Daniels; Second: Director Kriege: To defer implementing to monthly billing at this time. The motion passed by a unanimous vote.

6.4 Aptos Pump Station Project – Adopt Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program

Engineering Manager Jeff Gailey reported that the CEQA process has been completed. No public comments were received. He responded to questions from the Board.

A clerical error was noted in the mitigation measures spreadsheets attachment to the staff report; the spreadsheets will be reviewed for accuracy and corrected as needed. Director Jaffe reiterated the importance of adding drought tolerant plantings to aesthetically obscure visibility of the pump station.

MOTION: Director Kriege; Second: Director Hoernschemeyer: To adopt **Resolution No. 09-35** adopting the Aptos Pump Station Project Initial Study/Mitigation Negative Declaration and approve the Mitigation Monitoring and Reporting Program for the Aptos Pump Station Project located at 9033 Soquel Drive in Aptos, APN 041-061-41, CWO 09-107. The motion passed by a unanimous vote.

- 6.5 Approve Consultant Budget Modification with Environmental Science Associates (ESA) to Prepare the CEQA Compliance for the Aptos Pump Station Project

MOTION: Director Daniels; Second: Director Hoernschemeyer: To authorize the General Manager to sign a purchase order to provide additional funding to ESA Consultants for the preparation of the Initial Study and Negative Declaration for the Aptos Pump Station Project for an amount not to exceed \$600, CWO 09-103. The motion passed by a unanimous vote.

- 6.6 Approve Consultant Agreement for Design of the Polo Grounds Treatment Plant Project, Aptos

MOTION: Director Jaffe; Second: Director Daniels: To authorize the Board President to sign a standard District consultant agreement with Gilmore Engineering to perform consulting services for Polo Grounds Treatment Plant Design Project for an amount not to exceed \$135,759, CWO 06-039. The motion passed by a unanimous vote.

- 6.7 Distribution System Hydraulic Model Calibration – Approve Consultant Agreement with Schaaf & Wheeler

Mr. Gailey stated it will take approximately 4-6 months to complete the project. Director Hoernschemeyer asked to be kept apprised on the progress being made.

MOTION: Director Hoernschemeyer; Second: Director Kriege: To appropriate \$23,300 from Operating Contingency Reserves to complete the funding for the Distribution System Hydraulic Model Calibration Project and to authorize the Board President to sign a standard District consultant agreement with Schaaf & Wheeler to perform consulting services for the Distribution System Hydraulic Model Calibration Project for an amount not to exceed \$53,300, CWO 10-019. The motion passed by a unanimous vote.

6.8 Bulk Water Station Automation – Appropriate Funds and Approve Purchase Order over \$10,000 for Construction Funding

A brief discussion ensued regarding the possibility of shutting down the West Bel Mar station in La Selva Beach.

MOTION: President LaHue; Second: Director Kriege: To appropriate \$62,067.60 from Operating Contingency Reserves to fund the Bulk Water Station Automation Project and to authorize the General Manager to sign a purchase order in the amount not to exceed \$62,067.60 to Johlin Measurement Ltd. to automate both bulk water stations located at Main Street/West Walnut Street in Soquel and West Bel Mar in La Selva Beach. The motion passed by a unanimous vote.

6.9 Ratify General Manager's Action to Approve Purchase of Data Loggers for the SC-A6 (Bonita) Monitoring Well Cluster

MOTION: Director Jaffe; Second: Director Daniels: To ratify the General Manager's actions for the purchase of three data loggers at the SC-A6 (Bonita) monitoring well and to authorize \$6,361.11 be transferred from Operating Contingency Reserves to purchase data loggers at the SC-A6 monitoring well. The motion passed by a unanimous vote.

6.10 Approve Agreement for Partial Cost to Operate & Maintain United States Geological Survey (USGS) Stream Gauging Station, Soquel Creek

MOTION: Director Daniels; Second: Director Kriege: To authorize the General Manager to sign a letter of continuation to the USGS for the partial operation and maintenance cost of the stream gauging station on Soquel Creek at Bridge Street (11160000) at a cost of \$6,650 for the period November 1, 2009 through October 31, 2010. The motion passed by a 4-0-1 vote with Director Jaffe abstaining because of his association with the USGS.

6.11 Nominations for Association of California Water Agencies Committee Appointments for the 2010-2011 Term

Ms. Brown stated that the recommendation is to nominate Robert E. Bosso to the ACWA's Legal Affairs Committee and Derrik Williams to the Groundwater Committee.

Director Daniels stated he would like to be nominated to ACWA's Climate Change Subcommittee to the Energy Committee.

MOTION: Director Kriege; Second: Director Hoernschemeyer: To approve the nominations of: Robert E. Bosso to the 2010-2011 ACWA Legal Affairs Committee; Derrick Williams to the 2010-2011 ACWA Groundwater Committee and Bruce Daniels to the 2010-2011 ACWA Climate Change Subcommittee to the Energy Committee. The motion passed by a unanimous vote.

- 6.12 Association of California Water Agencies Region 5 Election for the 2010-2011 Term

MOTION: Director Daniels; Second: Director Kriege: To direct the Board President to vote for the nominating committee's recommended slate for the ACWA Region 5 Board 2010-2011 Term. The motion passed by a unanimous vote.

- 6.13 Approve Attendance at the Association of California Water Agencies Fall Conference, December 1-4, 2009, San Diego

MOTION: Director Jaffe; Second: Director Daniels: To authorize attendance at the ACWA Fall Conference, December 1-4, 2009 in San Diego. The motion passed by a unanimous vote.

- 6.14 Desalination Task Force and Energy Issues (oral report)

Director Kriege stated he would be teleconferencing for the next task force meeting on September 16.

Ms. Brown stated that an update of the desalination project written by Heidi Luckenbach, Desalination Program Coordinator with the City of Santa Cruz was distributed to the Board, attached as **Exhibit B**. An overview was given. An editorial has been submitted to the Santa Cruz Weekly clarifying the relationship of the proposed desalination facility to growth, in particular UCSC growth.

7. INFORMATION ITEMS

- 7.1 Status on Action Plan to Promote Curtailing Water Use

Copies of Production Reports for August 2009 were distributed.

Mr. Duncan stated that curtailment averaged 12% for August. A brief discussion ensued. Attachment 1 of the status report, Table 1- Monthly Consumption by Use Type was distributed, attached as **Exhibit C**. The *Limit Water Use* postcards that were mailed to both residential and commercial high water users (34 units or more) generated a lot of calls. Ms. Brown stated that the response has provided an opportunity to educate customers and to perform water surveys; most customers have responded in a positive way.

Director Daniels thanked the District's Conservation staff, especially Paul Bargetto, for patrolling off hours to spot water waste. Mr. Duncan stated that staff is considering adding the water education patrolling as part of the regular conservation program.

Ms. Brown commented that certain entities who were in the process of replacing their turf with drought tolerant landscaping under the District's turf rebate program when the program was temporarily suspended, were approved to receive a rebate providing they do not violate the District's water waste policy. Water waste has been a problem at these properties due to excessive irrigation. Staff drafted an agreement specifically conditioned on the recipients regulating their irrigation systems to prevent wasting water. Staff will monitor for compliance and the rebates will be apportioned over a one year period with one-sixth of the total rebate amount being applied to each of the six billing periods. Failure to stay in compliance will result in forfeiture of any remaining rebate.

7.2 Chromium 6 (Cr.6)

Operations & Maintenance Manager Taj Dufour provided an overview of the staff report and the efforts that have been made to minimize Cr.6 in the La Selva Beach area. Distribution systems were sampled after the new Public Health Goal was released and based on those results. Altivo well was cut back to 5% which should bring Cr.6 levels in La Selva Beach down from 30ppb to approximately 13ppb. The distribution system will be re-sampled in three weeks. He responded to questions from the Board. Ms. Brown provided input. Discussion ensued.

This topic will continue to be agendized to provide updates.

A District customer stated she was mainly interested in desalination; however, as a resident of La Selva Beach, she was appreciative of the information she heard tonight on Cr.6 and the efforts being made. She

never felt that the District wasn't doing all they could to address the problem. She understands the need to protect the aquifers and is becoming more and more supportive of the desalination project based on the information she heard tonight.

8. STATUS REPORTS

- 8.1 Conservation & Customer Service Field – Mr. Duncan provided an overview of the status report. The toilet installation program and the plumber doing the work are receiving many positive compliments from satisfied customers. The contractor installing the AMR's informed staff that he will not be able to complete the job. The second lowest bidder for that project was contacted and has agreed to finish the project. An update on the new State graywater regulations that were passed on August 4 was given. Staff's article on this topic will appear this Saturday in the Go Green Section of the Sentinel. Copies of the article and the regulations will be sent to the Directors. The final four candidates for the Staff Analyst position were selected. Interviews will be held tomorrow.
- 8.2 Income & Investment Report for July - Ms. Boisen noted a correction to the Water Consumption Report Summary. *Water consumption in July 8.91% decrease from prior year (7.16% ~~under~~ over budget).*
- 8.3 District Counsel – Mr. Bosso stated that he has been working on agreements with staff, the District received two Stop Notices against the contractor for the District's Seacliff Area Main Replacement Project. An explanation of how a Stop Notice works was given.
- 8.4 General Manager – Ms. Brown stated that the second administrative draft of the Well Master Plan EIR was received. Staff will be busy reading and critiquing the document. With regard to the preliminary findings, a very thorough impact analysis was done on all known wells within a radius of the proposed wells. The impact analysis information on the O'Neill Well was shared with Santa Cruz and the Polo Grounds Well with Central Water District. Cooperative Agreements will be drafted. The private well users will be sent copies of the EIR and given an opportunity to comment as well. Recommended mitigations are in the document.
- 8.5 Work Plan & Special Assignments – nothing further was discussed.

9. WRITTEN COMMUNICATIONS AND CORRESPONDENCE

Correspondence to the Board and General Manager from a customer whose daughter had not been selected to participate in the interview process for the Staff Analyst position, and the General Manager's response.

10. REPORT OF PAYMENT OF THE BILLS

10.1 July Warrants and June/July Credit Card Analysis

Ms. Boisen responded to questions from Director Daniels.

MOTION: Director Kriege; Second: Director Daniels: To accept the July Warrants and June/July Credit Card Analysis as paid. The motion passed by a unanimous vote.

President LaHue recessed the Open Session to convene the Closed Session at 9:23 p.m.

11. CLOSED SESSION

11.1 Conference with District Labor Negotiator to give direction regarding Memorandum of Understanding with Mid-Management Employees Unit

President LaHue reconvened to Open Session at 9:35 p.m.

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

12. ADJOURNMENT - There being no further business, President LaHue adjourned the meeting at 9:36 p.m. to the next regularly scheduled meeting on September 15, 2009.

SUBMITTED BY:

APPROVED BY:

Denise Alexander, Board Clerk

Thomas LaHue, President