1. **ROLL CALL**

President LaHue called the special meeting to order at 7:02 p.m.

2. **ORAL COMMUNICATIONS**

None

3. **FORUM ON 1,2,3-TRICHLOROPROPAINE (TCP) DETECTION IN THE COUNTRY CLUB WELL**

   A. **Introductions of District Representatives and Expert Panelists**

   President LaHue introduced himself and welcomed everyone to the special meeting of the Soquel Creek Water District Board to receive information about the levels of 1, 2, 3-Trichloropropane (TCP) detected at the District’s Country Club Well. The District is very conscientious about complying with all water quality testing requirements and informing the public of any potential health concerns about the water produced even when a detected contaminant is within existing acceptable levels according to State and Federal drinking water regulations. A notification was sent to all properties that receive water from the Country Club Well when trace amounts of TCP were detected at that well site. The State and Federal officials serving on the panel are responsible for assessing the risk of contaminants in drinking water and enforcing the regulations for acceptable levels of contaminants in the public drinking water. They are here this evening to provide information about any potential health effects from the detected levels of TCP that were found and to respond to questions/concerns from the public.

   The following board and staff members and panel of experts were introduced:

   Bruce Daniels, Vice President
   Directors: Dr. Bruce Jaffe, Dr. Don Hoernschemeyer and Dan Kriege
   Staff members:
   Laura Brown, General Manager
   Taj Dufour, Operations and Maintenance Manager
   Christine Mead, Water Quality Technician
   Denise Alexander, Board Secretary
Experts:
Dr. Robert Howd, Public Health Goal Manager, Office of Environmental Health Hazard Assessment (OEHHA) of the California Environmental Protection Agency
Dr. Bruce Macler, National Microbial Risk Assessment Expert for the Water Division of the U.S. Environmental Protection Agency Region 9
Gary Hoffmann, P.E., Acting District Engineer for the Monterey Bay Region of the California Department of Public Health Drinking Water Section

B. Staff Presentations

Operations and Maintenance Manager Taj Dufour provided a brief overview of the District’s water system and how it works. It was explained that approximately 5,000 customers receive water from the five wells in Subarea 3, including the Country Club Well. Because several wells contribute water to this subarea, the water is mixed or blended within the distribution system and tanks. Country Club Well contributes 10% - 20% of the daily production for Subarea 3. Because Country Club Well is not the exclusive or primary water source for Subarea 3, the concentrations of TCP in the distribution system are reduced to levels that are below the detection ability of current technology.

C. Expert Panel’s Response to Questions from the District

The panel responded to questions from the Board.

Dr. Howd stated that, to his knowledge, TCP has never caused toxicity in humans, but is carcinogenic. Dr. Howd and Dr. Macler concurred that they would not be concerned about the amount of TCP that District customers are potentially exposed to from this source. Dr. Howd stated that past use of agricultural fumigants is the most likely source of the TCP.

Mr. Hoffmann stated that no other water agencies within the jurisdiction of District 5 with detected levels of TCP have installed treatment facilities for this contaminant because there is no standard, and it would be cost prohibitive to try to remove such trace amounts.

Additional information from the California Department of Public Health regarding TCP in drinking water can be found at www.cdphe.ca.gov/certlic/drinkingwater/Pages/123TCP.aspx and the
toxicology report on this contaminant can be found at http://oehha.ca.gov/water/phg/pdf/TCPphg091407.pdf

D. Questions and Comments from the Public

27 members of the public were present.

The expert panel responded to 11 questions from the public.

In response to questions regarding home treatment, the panelists stated that granular activated carbon filtration would probably be effective at removing TCP. Dr. Hoffman recommended consulting the CDPH website on filter certification at http://www.cdph.ca.gov/certlic/device/Pages/watertreatmentdevices.asp The experts reiterated that risks from consuming or bathing in the levels detected were, in their opinions, not something to worry about even for customers with health issues.

The bacteriological water sampling process performed by the District’s Water Quality Technician Christine Mead was explained.

A Consumer Confidence/Water Quality Report is prepared by the District annually and sent to all customers. This report presents all positive results of water quality testing from all of the District’s supply wells. All test samples are collected and reported in accordance with standards and requirements established by the USEPA and CDPH. A copy of the report can be found on the District’s website at www.soquelcreekwater.org

E. Discussion by the Board of Directors and Possible Direction to Staff Re: Follow-up Action

The Board briefly discussed the panelists’ remarks and asked staff to clarify the testing schedule. Director Daniels stated that he would be interested in testing again before waiting a year in order to see if there are any changes in the detected levels of TCP.

MOTION: Director Daniels; Second: Director Jaffe: To test Country Club Well for TCP again six months from the initial detection date with a split sample. The motion passed by a unanimous vote.

4. ADJOURNMENT – President LaHue adjourned the special meeting at 8:30 p.m. to the next regularly scheduled meeting on January 20, 2009.
SUBMITTED BY:  
Denise Alexander, Board Clerk

APPROVED BY:  
Dr. Thomas LaHue, President
1. Roll Call

6:00 P.M. CLOSED SESSION

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

2. RECONVENE TO OPEN SESSION - President LaHue reconvened the meeting to Open Session and called the regular session to order at 7:04 p.m.

2.1 Report from Closed Session

President LaHue stated that direction was given to the District’s Labor Negotiator. The Board will convene to Closed Session again shortly after the regular session.

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:

Derrrik Williams with HydroMetrics LLC
5 members of the public and two staff members of the SEIU negotiating team
Roy Sikes, Conservation Specialist and Reggie Almond, Construction Inspector
3. **APPROVAL OF MINUTES**

December 16, 2008

On page 4 - President LaHue mentioned possibly saving the current *stated that the proposed option to save* available retrofits for everyone currently holding a Conditional Will Serve letter and to have a different pool to choose from for all future Will Serve applicants; however, that idea may not be fair, and because whoever is ready to build should get the retrofits.

| MOTION: Director Kriege; Second: Director Hoernschemeyer: To approve the minutes of December 16, 2008 as modified. The motion passed by a unanimous vote. |

4. **ORAL COMMUNICATIONS**

Sonia Laracuente, SEIU Local 521 representative and chief negotiator, introduced herself and members of the District’s Field and Office negotiating team Roy Sikes and Reggie Almond. Christine Mead, Water Quality Technician and Rob Jaime, Customer Service Field Crew Leader were not present. A survey was performed by the District’s union members and the following wish list was stated:
1) Wage increase
2) A proposal will be drafted when the market study is received and reviewed for parity
3) Increase PERS retirement benefit from 2.5 to 2.7 @55
4) Change the current health insurance plan employee contribution formula for dependant coverage to be a flat fee instead of a COLA adjustment
5) Agency Shop due to the increase in union membership of 75% of the unit
6) Binding arbitration added to the grievance process

Ms. Laracuente thanked the Board for their time and the SEIU representatives left the meeting.

Mr. Will Roblins, a resident of Santa Cruz County for 35 years and a project manager for Barry Swenson Builder, stated he was concerned when he read the recent Board minutes regarding available retrofit candidates languishing on the list to receive a toilet for more than a year. Barry Swenson’s experience has been the opposite and they have been struggling with getting the candidates to schedule site visits and to make toilet selections. His company is concerned that water credits won’t be available for their big projects. He proposed working with the Board to create a corresponding program to the Water Demand Offset Program called *Water Supply Onset Program* whereby the builders would offer assistance with bringing
desalination on line as a way of providing water for some of the larger projects.

Director Daniels reported on the following:
• A recent geyser-like water leak on his street.
• An article in the Capitola-Soquel Times titled “Looking Back on 2008” incorrectly tied the increase in water rates to the proposed desalination project.
• Hexavalent chromium was discussed at the dinner he attended with the experts before the TCP Forum. Based on prior studies, a PHG of .07 for hexavalent chromium was established with consensus that the MCL would be about 10. That would present a serious concern for the District which the Board needs to address.
• A National Groundwater Association Conference in Tucson on April 19-23 would be worthwhile. Approval to attend this conference will be agendized.
• He will be giving a talk about water quality and quantity in the county on January 24 for the American Association of University Women at Michael’s On Main.
• He was informed by a constituent that the City of Capitola wants to remove vegetation in the medians along 41st Avenue to curtail water use and the Redevelopment Agency would then transfer those water credits to the developers to use for the Rispin project. 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.

Director Jaffe stated he would like to receive information on the District’s chlorination process that would include the ranges of concentration and how the chorine levels are being monitored so he can respond when comments come up about residents not drinking the water because of the chlorine taste.

President LaHue stated he read in the ACWA newsletter that a large solar installation at a California water district in Newport Beach was providing 20% of their electricity.

5. **PUBLIC HEARING**

None

6. **ADMINISTRATIVE BUSINESS**

6.1 Presentation and Acceptance of Report on Groundwater Levels to Protect against Seawater Intrusion and Store Freshwater Offshore by HydroMetrics LLC
President LaHue stated that questions will be taken after the presentation is given.

District Manager Laura Brown introduced the District’s hydrologist Derrik Williams with HydroMetrics LLC who provided a presentation, attached as Exhibit A.

Mr. Williams responded to questions from the Board.

A question arose whether 1100 acre-feet of offshore storage was sufficient under certain scenarios and possibly a larger protective zone may be needed.

A slide showing current groundwater levels at the District’s key monitoring wells compared to the proposed protective and target water levels was presented by Director Daniels, attached as Exhibit C.

**MOTION:** Director Daniels; Second: Director Hoernschemeyer: To accept the Report on Groundwater Levels to Protect Against Seawater Intrusion and Store Freshwater Offshore prepared by HydroMetrics LLC. The motion passed by a unanimous vote.

**MOTION:** Director Jaffe; Second: Director Daniels: HydroMetrics to perform additional work to estimate the outflow using a range of volume that could help refine the quantification of sustainable yield and provide a letter report at a cost not to exceed $5,000. The motion passed by a unanimous vote.

### 6.2 Annual State of the Basin Report for Water Year 2007 and Preliminary Findings and Recommended Actions from Water Year 2008 Data presented by HydroMetrics LLC

Mr. Williams provided a presentation, attached as Exhibit B.

Director Daniels stated that the contour maps appear to show a negative gradient which would mean that seawater should be flowing inland. HydroMetrics was asked to calculate from the offshore gradient what the onshore flow might be.

Director Jaffe requested having more details on the extent of seawater intrusion in the Aromas aquifer to then possibly decide what pumping measures could be taken to slow advancing seawater.

In response to Director Jaffe’s request, Mr. Williams stated he could provide a report on what the rate of intrusion in the Aromas might be.
and at what depths, and compare that depth to the depths of the District’s production wells. He could also provide a timescale and information about upconing and what preventative measures can be taken.

6.3 Approval of Water-Wise Garden Mini Grant Application for a Water-Wise Demonstration Garden at the Corner of Wharf and Capitola Roads

CCSF Manager Ron Duncan introduced Melissa Van Ness, Volunteer project Coordinator and Kristen Liske, Vice President with Ecology Action.

Ms. Van Ness and Ms. Liske discussed the following aspects about the proposed project: volunteer assistance and long-term maintenance, that water demand will eventually decline once the garden is established, and they will work with District staff on the signage.

MOTION: Director Daniels; Second: President LaHue: To approve grant funding to Ecology Action in an amount not to exceed $2,000 for a water-wise demonstration garden at the corner of Wharf and Capitola Roads. The motion passed by a unanimous vote.

6.4 Will Serve Water Service Application for Jim Patterson, 3298 Valencia Ave., Aptos, APN 041-181-39

MOTION: Director Daniels; Second: Director Jaffe: To authorize the District’s Conditional Will Serve Letter indicating that the District will conditionally serve the single-family dwelling to be located at 3298 Valencia Avenue in Aptos, APN 041-181-39. The motion passed by a unanimous vote.

6.5 Approve Purchase over $5,000 for Testing the Performance of Estates Well

MOTION: Director Kriege; Second: Director Daniels: To authorize the General Manager to execute a purchase order in the amount not to exceed $8,100 to HydroMetrics, LLC to conduct performance testing of Estates Well and generate a report of the results. The motion passed by a unanimous vote.

6.6 Approve Purchase over $5,000 for Proposed Scope of Work for Data Collection Program in the Soquel Creek Watershed

A brief discussion ensued.
Director Daniels explained why he is not a fan of continuing to have the consultant administer this data collection program in the future. He suggested correlating the data from the District’s rain gauge with Santa Cruz to determine whether there is still a need for maintaining a gauge on Soquel Creek. President LaHue agreed with this idea.

**MOTION:** Director Kriege; Second: Director Hoernschemeyer: To authorize the General Manager to execute the standard consultant agreement with Linsley, Kraeger Associates, Ltd for 2008-09 Data Collection Program in the Soquel Creek Watershed at a total cost not to exceed $20,000. The motion passed by a 4-1 vote with Director Daniels dissenting.

Director LaHue stated he supported a transition so the District can be using the data ourselves.

6.7 Approve Purchase over $5,000 for 10 Remote Telemetry Units (RTUs)

**MOTION:** Director Daniels; Second: Director Kriege: To authorize the General Manager to execute a purchase order in the amount not to exceed $37,827 to Emerson Process Management, Remote Automation Solutions for the purchase of ten remote telemetry units. The motion passed by a unanimous vote.

6.8 Approve Purchase over $5,000 for Replacement Sodium Hypochlorite Bulk Storage Tank

**MOTION:** Director Daniels; Second: President LaHue: To authorize the General Manager to execute a purchase order in the amount not to exceed $17,972 to Ryan Process, Inc. for the purchase of one 3000-gallon double contained sodium hypochlorite storage tank. The motion passed by a unanimous vote.

6.9 Claims of Damage: T.J. Bemi, 160 Margarita Rd., Aptos

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

6.10 Appoint Board Member to the Zone 5 Board of Directors of the Santa Cruz County Flood Control and Water Conservation District
MOTION: Director Daniels; Second: Director Jaffe: To appoint Director Hoernschemeyer as the District representative to serve on the Zone 5 Board of Directors of the Santa Cruz County Flood Control and Water Conservation District, replacing Director Daniels. The motion passed by a unanimous vote.

6.11 Resolution in Recognition of the Retirement of Gary Lamprecht, Operations and Maintenance Manager

MOTION: Director Daniels; Second: Director Jaffe: To adopt Resolution No. 09-01 in appreciation of Gary Lamprecht. The motion passed by a unanimous vote.

6.12 Approve Attendance at the International Water Efficiency Conference, March 30 – April 2, 2009 in Newport Beach, California

MOTION: Director Kriege; Second: Director Jaffe: To authorize attendance at the International Water Efficiency Conference, March 30-April 2, 2009 in Newport Beach, California. The motion passed by a unanimous vote.


Director Kriege stated that he, Director Daniels and Ms. Brown recently met to discuss proposals for the operational agreement being facilitated by Dr. Haddad. More precise details regarding the District’s share of expenses versus the city’s and in particular how they relate to the city owning the outfall and intake, when the District could have access to the water, and the amount of water guaranteed to the District were discussed.

7. INFORMATION ITEMS

None

8. STATUS REPORTS

8.1 Engineering – Engineering Manager Jeff Gailey reported on the following: Larkin Valley Tank Recoat should start on or about January 26; Martinez Paving & Grading, contractors for the Seacliff Avenue Main Replacements, Phase II project, has been experiencing difficulty with trenching out by the railroad tracks. It’s very labor intensive. Several fire hydrant relocations are going on down by the wharf.
8.2 Operations & Maintenance - Mr. Dufour provided an overview of the status report.

Director Daniels commented on the rain data and the Department of Water Resources' meteorological report forecasting a La Nina which would cut short the traditional rainfall season. We may be looking at future drought conditions and a plan for possible rationing should be in place. Staff stated that the District is closely monitoring what the City of Santa Cruz is currently doing in this regard.

8.3 District Counsel – Bob Bosso stated he has been working with the General Manager and the District’s consultants on the Well Master Plan draft EIR and also with Mr. Gailey regarding issues related to the project in Seacliff. Certificates for completing the ethics training were distributed to the Board Clerk.

8.4 General Manager – Ms. Brown apprised the Board of a letter received from the Regional Water Management Foundation to the Northern Santa Cruz County IRWM Proposition 50 Grant Partners informing them of a State funding freeze which will have a substantial impact on several District projects, e.g. Polo Grounds Monitoring Well and Polo Grounds Well and Treatment Plant. Kestrel Consulting has been retained by the IRWM Partners to provide an integrated resource water management strategy to look at what could be funded with future grants, updating the list of projects and packaging for the next round of State funding as well as exploring other grant possibilities. Also, five agencies have decided to submit an application for Federal Bureau of Reclamation grant money that would help fund modeling intertie connections between the agencies. The District’s portion would address the City of Santa Cruz intertie that would allow the District to move water in both directions. Kennedy Jenks has prepared the grant applications, one of which was due on January 14. She briefly commented that Black & Veatch has inquired whether the District has any “shovel-ready” projects to submit for possible funding under President Obama’s economic stimulus package. Several main replacements are possibilities.

9. WRITTEN COMMUNICATIONS AND CORRESPONDENCE

None

10. REPORT ON PAYMENT OF THE BILLS

December Warrants and Nov./Dec. Credit Card Analysis
MOTION: Director Kriege; Second: Director Jaffe: To approve the December Warrants and Nov./Dec. Credit Card Analysis as paid. The motion passed by a unanimous vote.

11. **ADJOURNMENT** - There being no further business, President LaHue adjourned the meeting at 9:50 p.m. to the next regularly scheduled meeting on February 3, 2009.

SUBMITTED BY:  
________________________________
Denise Alexander, Board Clerk

APPROVED BY:  
________________________________
Dr. Thomas LaHue, President
MEMO TO THE BOARD OF DIRECTORS

Subject: Agenda Item No. 5.1 Appeal of High Water Usage Bill Adjustment: 104 Beachgate Way, Aptos

Attachments: 1) Meter Performance Report dated December 11, 2008 from M & M Backflow
2) Email Dated December 5, 2008 from Michelle Boisen, Financial and Business Services Manager
3) Letter (also sent via email) Dated November 21, 2008 from Michelle Boisen
4) Email Dated November 4, 2008 from Michelle Boisen
5) Email Dated October 3, 2008 from Michelle Boisen
7) District Policy

The customer is appealing the Financial and Business Services Manager’s decision to adjust the customer’s account for unexplained high water usage in accordance with Board adopted policy by reducing the price of the Tier 3 consumption to the Tier 2 rate. The dollar amount of the adjustment as calculated in the standard adjustment is $155.39. The customer is requesting an adjustment for the full amount of use in excess of the average amount paid for the April 2008 and June 2008 billing periods at the service address which would amount to a credit of $480.78. The customer has been offered and accepted an amortized payment plan. His account is in good standing.

Mr. Enfantino is a long standing customer and there is a consistent history of single digit consumption at this service address. On August 27, 2008 the meter was read and consumption of 71 units was recorded. District staff went back to the service address on August 27th and again on September 17th to verify the meter read and to check for a leak. The meter read was consistent with what had been recorded earlier, and there was no indication of a leak. Consumption for the subsequent 60-day period ending October 28, 2008 was recorded at 2 units. A water audit performed by conservation staff on November 10, 2008 also found no signs of a leak.

The residence is not occupied full time and the customer has indicated that other people are occasionally allowed to use the premises. Unexplained high usage occurs most often in residences that are not occupied on a full time basis because no one is present to detect faucets or toilets that have been left running or other circumstances that result in water waste. In fact, the customer has acknowledged that a washing machine hose line broke at the service address and discharged water for an undetermined amount of time before being shut off. The customer maintains that this occurred in a billing period previous to the one in question.
The District has installed an “automated meter” that will be able to record when and how much water is used in the future on pre-set increments at this service address.

Bill adjustments are allowed for underground leaks that have been repaired, misreads, meter malfunction and tier adjustments for special circumstances. As discussed above, no leaks or misreads were noted. The service meter was pulled and tested. The test results indicated that the meter was reading accurately within American Water Works Association standard industry guidelines. The only adjustment that staff is authorized to offer under these circumstances is a tier adjustment.

Established District policy does not provide for a full waiver of charges for use in excess of normal as requested by this customer. Even in cases where there is an undetectable underground leak, the District adjusts the consumption in excess of normal by 50% after the customer demonstrates that the repair was completed. The customer then pays for one-half of the quantity lost due to the leak at the Tier 2 rate for consumption above 8 units.

Consistent with established District policies and practices, the recommendation is to deny the appeal. The recommendation to deny the appeal is made according to findings under Resolution No. 74-55, Section 1.03, Findings: B - Granting the appeal would not be in harmony with the general intent and purpose of the ordinances, resolutions and policies of the District; C - Granting of the variance would constitute a grant of special privilege inconsistent with similar situations.

RECOMMENDED BOARD ACTION

1. Open public hearing and receive public testimony.
2. By MOTION, close the public hearing.
3. By MOTION, deny or approve the customer’s appeal for a greater adjustment than the tier adjustment for special circumstances.

By ________________________________
Michelle Boisen
Financial and Business Services Manager
**M & M BACKFLOW & METER MAINTENANCE**
**METER PERFORMANCE REPORT**

**CUSTOMER NAME:** SOQUEL CREEK WATER DISTRICT

**LOCATION:** METER PULLED FROM 104 BEACHGATE WAY, SEA CLIFF, CA

**SERIAL #:** 05267864  **SIZE:** 5/8"  **TYPE:** BADGER

**READING (BEFORE):** 023555.8  **READING (AFTER):** 023567.8

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**NOTES:**

**RE-TESTED ACCURACY AFTER CHANGES / REPAIRS**

Revenue Loss = 100.0 minus avg. tested %, divide 100, X avg. Monthly bill = $ Loss / Gain / Monthly X 12 (mo) = YEARLY $ LOSS / GAIN

(- indicates an overcharge to the customer)

**ESTIMATED REVENUE LOSS**

| PER MONTH: | PER YEAR: |

**TESTED BY:** MICHAEL WOLF  **DATE:** 12/11/08
Hello Mr. Enfantino:

I am sending this email as a courtesy to let you know that a 48 hour notice of discontinuance has been issued for your account # 009902-000, service address 104 Beachgate Way.

In order to avoid having your service turned off please make payment in the amount of $325.39 or contact the office at (831) 475-8500 to request an amortized payment plan. Payment must be received or arrangements made by end of day on Monday, December 8th.

If your service is discontinued, the account would be subject to a reestablishment fee to have the service turned back on. The fee for reestablishing service during regular Soquel Creek Water District business hours is $40 and $100 during non-business hours and holidays.

Michelle Boisen
Financial and Business Services Manager
Soquel Creek Water District
5180 Soquel Drive
Soquel, CA 95073
(831) 475-8500
michelleb@soquelcreekwater.org
November 21, 2006

Mr. Richard Enfantino
22750 Mercedes Road
Cupertino, CA 95014

Dear Mr. Enfantino:

Thank you for taking the time to allow District staff to complete a water efficiency survey for your service address at 104 Beach Drive. The survey was scheduled in response to an unexplained spike in usage sometime between June 26 and August 27, 2008. I understand that you are now enrolled in the District’s Water Demand Offset program and are on the list to receive two brand new water-efficient toilets at no cost to you.

Water consumption for the period mentioned above was recorded as 71 units and resulted in a billing of $533.78. Upon completion of the water efficiency survey, the District’s standard tier adjustment was applied to your account in the amount of $155.39. I believe I indicated in an earlier email to you that the Tier adjustment would be closer to $300.00. That credit calculation was in error, and I sincerely regret any confusion this may have caused.

You made one payment of $53.00 on September 19, 2008 and have indicated to District staff that you are unwilling to pay the remaining balance of $325.39.

Justifications for adjusting a bill are limited to allowable leak adjustments; misreads; incorrect data input; and meter malfunction. Staff has explored each of these justifications and has the following findings:

Leak Investigation: The usage at your account before and after the billing period in question shows “normal” usage patterns. District staff was dispatched to your premises on August 27th and September 17th. The water survey was performed on November 10th and no indication of a leak was found. Therefore, a leak is highly improbable since once leaking, the condition does not correct itself without intervention.
**Meter Read Verification:** The reading has been verified as correct. Even if a misread occurred, resulting in an extremely high read for one billing period, this type of error is self correcting as the next billing period would have shown negative usage. Subsequent readings of your meter verified the accuracy of the read in question.

**Data Input Verification:** The meter read was verified as correctly recorded into the billing software.

**Meter Malfunction:** The meter at your service address is new. It was installed in January of this year because the prior meter failed and did not register any water use for six (6) consecutive billing periods. It is unlikely that this new meter is malfunctioning as the reads subsequent to the spike in consumption appear to be consistent with your typical usage pattern.

**Special Circumstances:** The residence is not occupied full time and you have indicated that you occasionally allow other people to use the premises. We have also discussed the fact that at some point a washing machine hose line broke at the service address and discharged water for an undetermined amount of time before being shut off. Unexplained high usage occurs more often in homes that are not occupied full time because no one is present to detect faucets that have been left running, toilets that leak (sometimes intermittently), or other situations that result in water waste.

There is no disputing that, given your account history of low usage, the billing period in question was extraordinary. Although your bill is higher than usual, the District does not monitor how or when the usage occurs, only the amount registered by the meter in order to determine your bill. All water usage registered by the meter is the responsibility of the customer.

As a public agency, staff is obliged to adhere to Board adopted policies and your account has been adjusted in accordance with policy. Staff has no administrative authority to further adjust your bill.

**In order to avoid any interruption in your water service, please pay the balance of your July/August 2008 water bill of $325.39 or contact me to make payment arrangements no later than Thursday, December 4, 2008.**

You have indicated that you may request further consideration by the District’s Board of Directors. District policy requires that you pay the disputed bill and maintain your account in good-standing even while pursuing an appeal. Should you
proceed with an appeal and the Board of Directors authorizes further adjustment to the disputed bill, a credit will be issued at that time.

Should you wish to file an appeal, please address a letter to the Board of Directors at the address shown on this letterhead, which explains your position about why you believe you should receive an additional adjustment, the amount of credit you are seeking, and includes attachments of any evidence you have in support of your claim that you wish the Board to consider. A hearing date for you to appear before the Board and have your appeal considered will be scheduled at the earliest possible Board meeting. The Board typically meets on the first and third Tuesday of each month at 7:00 p.m. There will not be a meeting on January 6, 2009.

Please do not hesitate to contact me directly with any questions you may have.

Sincerely,

SOQUEL CREEK WATER DISTRICT

Michelle Boisen
Financial and Business Services Manager
Hello Mr. Enfantino:

I am contacting you as a courtesy regarding your account with the Soquel Creek Water District at 104 Beachgate Way. The account is now in arrears. The balance on the account is $517.20 and includes a past due amount of $480.78. You are still eligible for a tier adjustment that would reduce the past due balance to $223.41 pending the completion of a water use efficiency survey.

Please contact me immediately to schedule the survey or make payment arrangements. If arrangements are not made prior to Friday, November 7th, a 48 hour notice of discontinuance will be issued and water service will be discontinued on Tuesday, November 11th.

Michelle Boisen
Financial and Business Services Manager
Soquel Creek Water District
5180 Soquel Drive
Soquel, CA 95073
(831) 475-8500
michelleb@soquelcreekwater.org
Michelle Boisen

From: Michelle Boisen
Sent: Friday, October 03, 2008 4:27 PM
To: ‘renfantino@mrenet.com’
Subject: Water audit contact information

Hello Mr. Enfantino:

I am emailing to confirm our phone conversation today. You have requested a tier adjustment for your Soquel Creek Water District account #9902-000. Recorded consumption of 71 units for the 60-day billing period ending in August resulted in a $533.78 water bill.

Staff visited the service address at your request on September 19, 2008 to verify the meter read and to check for a leak. The meter showed 1 unit of water had been consumed in the 22-day period from the time the meter was read in August (August 27 – September 19). This would seem to indicate that there is no on-going leak.

You stated that you do not know what caused the spike in consumption. The District does offer a tier adjustment under this circumstance. As calculated by the adopted Board policy, the tier adjustment would be $310.37, and would reduce your billing to $223.41. The adjustment can be applied to your account after the District performs a water use efficiency survey at the premises. District conservation staff will check for leaks, install water saving devices, and recommend water-wise changes. There is no charge for this service.

You indicated that you are busy and your time is valuable and you would prefer not to participate. You do not think you would benefit from a water survey given your history of consistent low water use and the fact that this is a second home and is not occupied full time. The water survey is part of the tier adjustment policy adopted by the Soquel Creek Water District Board of Directors and staff is required to abide by the policies enacted by the Board.

We agreed that you will try to schedule the water survey before the end of October. Please contact me directly if this is not possible to avoid having your account fall into arrears. To schedule the survey, please contact Roy Sikes at (831) 475-8501 ext 146.

Regards,

Michelle Boisen
Financial and Business Services Manager
Soquel Creek Water District
5180 Soquel Drive
Soquel, CA 95073
(831) 475-8500
michelleb@soquelcreekwater.org
MEMO TO ALL EMPLOYEES

Subject: Tier Adjustment Policy
Effective August 5, 2008

The District will grant a Tier Adjustment for a toilet leak, above ground irrigation leak, (either through faulty valves, sprinkler heads, or timers), and a clogged drip irrigation line, upon reasonable proof of its existence. The District will also consider a Tier Adjustment in situations where there is an unexplained spike in usage but no leak.

To be eligible for the adjustment, the customer must report the leak or unexplained high usage to the District within six (6) months of the billing period in which it occurred, establish proof of repair of the leak, and allow District staff to complete a water efficiency survey at the service address where the leak or unexplained spike in usage occurred.

The adjustment is calculated by comparing the consumption during the period(s) of the leak to the same period(s) in the prior year. All consumption within the tier 3 category that exceeds recorded usage for the same period in the prior year is billed at the tier 2 rate.

The adjustment is calculated consistent with the following example:

A. Billed consumption (including leak) 175 units
   B. Prior year’s billed amount 75 units
   C. Water consumption billed at the Tier 1 rate 8 units
   D. Water consumption billed at the Tier 2 rate 122 units
   E. Water consumption billed at the Tier 3 rate 45 units

The adjustment will be calculated at the prevailing rates charged for the particular consumption level and will be credited to the customer’s account. No cash refunds will be made unless the account in question has been closed.
A Tier Adjustment will be limited to one time within any five-year period.

The District retains the right to deny a Tier Adjustment request if extenuating circumstances exist. In extraordinary cases, the General Manager and/or the Financial and Business Services Manager will have the discretion to adjust the amount attributable to a leak or unexplained high usage, as circumstances warrant.

By _______________
Michelle Boisen
Financial and Business Services Manager
February 3, 2009

MEMO TO THE BOARD OF DIRECTORS

Subject: Agenda Item No. 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

Attachment: Proposal from HydroMetrics for WDO Expansion

Background
At the September 4, 2007 Board Meeting (Item 5.4), staff presented options for developing more offset credits by extending the Water Demand Offset (WDO) program. As part of that review, the District’s consulting hydrology firm, HydroMetrics LLC, provided a preliminary evaluation of the potential opportunities and benefits as well as the drawbacks of expanding the District’s WDO program to include retrofitting fixtures of private well users outside the District’s service area but within the hydrologic basin. The Board requested HydroMetrics LLC to prepare a proposal to specifically define what the hydrologic benefits would be, evaluate whether the benefits would be zone specific, identify areas where water-level data are needed and quantify the value of that data in terms of cost/benefit, and provide a recommendation without consideration of developer economics.

HydroMetrics LLC Proposal
HydroMetrics LLC has provided a revised proposal (see Attachment) that recommends approaching the expansion in two phases. Phase I, at a cost of $9,480, would expand the program to include non-District wells that pump from the same aquifers screened by the District’s productions wells. Phase II, costing $46,980, would further expand the program to non-District wells that pump from shallower units overlying the District production zones. In response to the other items that the Board requested HydroMetrics LLC to evaluate (e.g., collecting water-level data, etc), they suggest that those items are less critical and should not be included in the work to expand the WDO program at this time.

Staff’s Evaluation
Staff believes the proposed concept, approach and methodology are good, but wonder if the timing of its implementation is appropriate. Even though the needed offset credits for the current Will Serve holders exceeds what is estimated to be available to retrofit in the District, the Board may want to consider whether it is better to secure the additional offset credits now or wait, considering the following:

- Staff estimates it will be 2 to 3 years before all available toilets inside the District have been identified.
There is a big backlog of customers on the retrofit list, many of whom have waited over a year.

The District is currently considering retrofitting customers who have waited over a certain time period (e.g., 1 year).

There might be other conservation devices developed for offset credits that customers inside the District could benefit from and thus partially alleviate the need for retrofitting outside the District.

Development has and is predicted to be slow for the foreseeable future.

Staff recommends that the Board approve Phase I of the HydroMetrics LLC proposal and direct staff to implement the process at a few test cases amounting to approximately one acre-foot of offset. This will provide a better understanding of the effort, results, and desire for non-District entities to participate. Then staff can present their findings to the Board for further direction. Staff also recommends that turf retrofit credits be excluded from the eligible offsets for non-District participants because of the uncertainty about the quantity and permanence associated with this conservation measure. Staff recommends non-District retrofit entities be treated with the same protocol as customers with respect to the waiting list. Since funds for this proposed program modification were not allocated in the FY 2008/09 budget, staff recommends appropriating $9,480 from the District Operating Contingency Reserve (OCR) for the hydrologist consulting fees for Phase I.

RECOMMENDED BOARD ACTION

By MOTION, approve:

1. HydroMetrics LCC to proceed with Phase I of their attached proposal not to exceed $9,480.
2. Staff to implement the program at a few test sites amounting to approximately one acre-foot of offset.
3. Excluding turf as an eligible retrofit credit for properties outside the District
4. Applying the same waiting list protocol for non-District retrofit candidates as District retrofit customers.
5. Allocating $9,480 from the Operating Contingency Reserve (OCR) for this project.

By ____________________________
Ron C. Duncan
Conservation and Customer Service Field Manager
Laura Brown  
Soquel Creek Water District  
P.O. Box 1550  
Capitola, CA 95010-1550  

December 16, 2008  

Subject: Water Demand Offset Program Expansion  

Dear Laura:  

You have passed along a request from your Board of Directors for HydroMetrics LLC to revisit our July 12, 2007 draft memorandum discussing expansion of the Water Demand Offset (WDO) program to areas outside of the District's service area but within the groundwater basin. That memorandum concluded that such an expansion of the program would not result in direct benefits to the District, but may have ancillary benefits such as obtaining additional data or increasing streamflow. The July 12, 2007 memorandum only considered wells upgradient of the District's service area that produce groundwater from shallow aquifers overlying the District's production aquifers. John Ricker from Santa Cruz County Environmental Health recently noted that reducing demand on non-District wells pumping from the same areas of the basin as the District may provide more benefit to District. We are pleased to present an outline of our approach and estimated level of effort for helping you evaluate which non-District wells should qualify for an expanded water demand offset program.  

Only current District customers are eligible for conservation credits under the current water demand offset program. Reducing these customers' demand has a direct and measurable benefit to the District's production system. Lower consumption by these customers directly leads to less pumping by the District just as any new development directly leads to more pumping by the District. As a result, the program is able to directly offset any impacts of new development on the District's system.
Expanding the program to non-District wells would not provide the same direct offset to additional demand on the system. However, some non-District wells may be pumping groundwater that would otherwise be available to District production wells. Reducing pumping at these wells would benefit the District by effectively providing in-lieu recharge that could be captured by District wells. Although this program expansion would not result in a direct offset of new demand on the system, it would aid the District in managing its groundwater resource.

The District will need a method for identifying which non-District wells are pumping groundwater that could be captured by District wells. Non-District wells that are located in the three-dimensional capture zones of the District's production wells should qualify for the program. Capture zones define from where wells receive water. Identifying capture zones in the aquifers screened by the District's production wells is relatively straightforward; identifying capture zones for overlying aquifers is more complicated. Therefore, we propose expanding the water demand offset program in two phases. First, the District can expand the program to include non-District wells that pump from the same aquifers screened by the District's production wells. Second, a more complicated analysis to estimate capture zones in overlying units will allow the District to expand the program to include shallower wells.

This phased approach allows the District to expand the program to try to meet current demand offset requests without waiting for an analysis of overlying aquifers to be performed. Planning for the second phase recognizes that the number of wells that qualify under the first phase is limited and expansion to overlying aquifer units will be necessary to continue the program in the future.

**PHASE 1: EXPAND WDO PROGRAM BASED ON CAPTURE ZONES IN AQUIFERS SCREENED BY DISTRICT WELLS**

Non-District wells that are screened in the same aquifers as District wells, and lie within a District well's capture zone would qualify for the phase 1 expansion of the water demand offset program. HydroMetrics LLC will produce a series of maps that District staff can use to assess whether a well is within the production aquifer capture zone. These maps will show the locations and minimum depths at those locations required for wells to qualify under the program. HydroMetrics LLC will perform the following tasks to produce these maps and attached guidelines for the District's use in its administration of the program:
1. We will outline capture zones for each aquifer screened by a District production well based on groundwater level contours created for the Annual Review and Report. Draft figures from the 2007 report are attached to provide context for this task (Figures 1-3). The figures show contours for the Purisima A unit, Purisima BC unit, and Aromas Red Sands. Capture zones for the District wells in these units can be estimated from these contours. Contours have not been produced for the DEF unit which provides groundwater for the T. Hopkins and Aptos Creek wells. We will use the BC unit contours to define the DEF unit capture zone for these two wells. We will use the most up-to-date contours created for the Annual Review and Report, but some additional modification of the contours may be necessary for this task.

2. We will map the top of the aquifer for each capture zone. These maps will be based on mapped elevations for aquifers in the Soquel-Aptos basin published in Appendix B of the Draft Technical Memorandum 2: Hydrogeologic Conceptual Model (Johnson et al., 2004). We will convert these elevations to depths based on a digital elevation model of the ground surface, and map the depths. We will provide the District with both the paper and GIS format versions of the maps. There may not be published elevations of the top of the production aquifer in the Aromas Red Sands area; in this case, we will use our professional judgment to map appropriate minimum well depths, probably based on District well screen elevations.

3. We will produce written guidelines explaining how well data should be used in conjunction with the depth maps. Total well depth exceeding the minimum depth will likely not be enough to qualify for the full offset credit. The guidelines will allow the District to use the top of the screen or production interval to assess the amount of offset credit that should be applied.

4. The District may want to obtain other data from the non-District wells such as production and groundwater level data. Providing these data can be added as a requirement for participating in the demand offset program. We will provide recommendations for what production and groundwater level data the District should require.
5. We will be available to provide guidance to the District as it implements this phase of the expansion. We can review District decisions on qualifying wells and revise the guidelines for clarity or implementation reasons. This communication about the implementation of the program will guide our work in the phase 2 expansion of the program.

We have estimated a cost of $9,480 to complete the tasks in Phase 1 and allow the District to proceed with a preliminary expansion of its water demand offset program. A table detailing the cost estimate by task is attached.

PHASE 2: EXPANDED WDO PROGRAM BASED ON CAPTURE ZONES IN OVERLYING AQUIFERS

As stated above, it is more complicated to evaluate capture zones in overlying aquifers than in the production aquifers. Vertical capture zones cannot be delineated from the available groundwater level contours, so additional analytical calculations are required. Additionally, there is significant uncertainty about the vertical resistance to flow between aquifers, leading to uncertainty in the location of overlying capture zones.

Analytical element models are often used to delineate capture zones. A multi-layer model is necessary to evaluate capture zones in overlying aquifer units. Tim\textsuperscript{ML} is a steady-state, multi-layer analytical element model that can estimate the three-dimensional capture zones. This model can provide the basis for expanding the water demand offset program. Phase 2 will include the following tasks:

1. We will create general models using Tim\textsuperscript{ML} for each of the production units and their overlying units. Major boundary conditions such as pinching out of production units, streams, ocean and the regional gradient will be included. Aquifer property values for each aquifer will be homogeneous and based on documented values. The models will not be calibrated to groundwater level data.

2. Three-dimensional capture zones will be delineated by the models using average recent pumping values. In the attached example Figure 4, the capture zones of the wells pumping the BC unit in the lower part of the overlying DEF unit are shown in red. The blue contours for the DEF unit are not sufficient to delineate the capture zone due to vertical flow. Also note that the capture zone does not include the unit directly above the
well because the regional gradient in the DEF unit takes water
downgradient of the well without getting pulled down into the BC unit.

3. We will conduct an uncertainty analysis that quantifies how certain any
location is in the capture zone. This analysis will lead to assigning a water
demand offset value for locations in overlying aquifers. Locations which
are more certain to be in the capture zone will have higher offset value
than locations which are less certain to be in the capture zone.

4. We will create maps that will show the depth requirements for wells
producing from overlying aquifers to qualify for the water demand offset
program. These maps will be similar to the maps created in phase 1, but
will also assign water demand offset values based on depth and location.
These maps will be accompanied by guidelines for using well data and the
maps to assign water demand offset values.

5. We will document the models used to create the maps, guidelines, and
offset values. Since the program will be offered to the public, the methods
for expanding the program may need to be transparent.

6. Similar to phase 1, we will be available to provide guidance to the District
as it implements this phase of the expansion. We can review District
decisions on qualifying wells and revise the guidelines for clarity or
implementation reasons.

The estimated cost for phase 2 of the program expansion is $46,980. A table
detailing the cost estimate by task is attached.

An additional advantage of Phase 2 is that the analytical element models can
provide a framework to address other questions. The models can be used to
update capture zones for the District’s Drinking Water Source Assessment and
Protection (DWSAP) reports. With additional calibration, they also can be
potentially used to assess the effect of changes in long-term pumping rates on
groundwater levels.

In your email to us, you listed several items that the Board of Directors wanted
us to address. It appears these items relate to ancillary benefits of a water
demand offset program for wells that are unlikely to have impact on the
District’s groundwater resources. We recommend exploring expanding the

HydroMetrics LLC • 519 17th Street, Suite 500 • Oakland, CA 94612
(510) 903-0458 • (510) 903-0468 (fax)
program to include wells that are likely to impact District groundwater before relying only on ancillary benefits to expand the program.

We believe that we have developed an approach that meets the District's needs to address the immediate shortage of water demand offset program candidates, while acknowledging that a comprehensive expansion of the program will need to be evaluated more carefully. Please let me know if you have any questions or concerns.

Sincerely,

Cameron Tana

cc: Ron Duncan

Attached: Cost estimate
Contour maps from Draft 2007 Annual Review and Report
<table>
<thead>
<tr>
<th>Task</th>
<th>Hours</th>
<th>Costs</th>
<th>Direct Costs</th>
<th>Totals</th>
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<td>Task 1-1: Modify contours as necessary and outline capture zones within production units</td>
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<th>Task</th>
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<th>Direct Costs</th>
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<tr>
<td>Task 2-1: Create multi-layer analytical element models</td>
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<td>Task 2-6: Provide ongoing guidance on implementation of program</td>
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Example Figure 4: Sample Capture Zones in Lower Part of Overlying DEF Unit for Pumping in BC Unit
MEMO TO THE BOARD OF DIRECTORS

Subject: Agenda Item No. 6.2 Fire Hydrant Relocations at 1435 Wharf Road & 870 Balboa Avenue, Approve Change Order No. 1 & Accept Project as Complete

Attachment: Change Order No. 1

The fire hydrant relocations project in Capitola has been completed by Monterey Peninsula Engineers. This work consisted of relocating two existing fire hydrants in Capitola located at 1435 Wharf Road and 870 Balboa Avenue.

Change Order No. 1 represents extra work paid for by a homeowner on Balboa Avenue for the replacement of one additional sidewalk square. The City of Capitola required the homeowner to replace the concrete raised-up by tree roots. He requested a price for the extra work since the contractor was already working there and paid the District for the work done by MPE. There is no cost to the District for this Change Order.

The 2008-2009 District budget includes $20,000 to complete this work. The final cost of the project is $10,423 leaving a balance of $9,577 to be returned to Operating Contingency Funds.

Staff recommends the Board approve Change Order No. 1 in the amount of $580 and accept the project as complete.

RECOMMENDED BOARD ACTION

1. By MOTION, approve the Resolution No. 09-02 for Change Order No. 1 for the Fire Hydrant Relocations at 1435 Wharf Road and 870 Balboa Avenue in Capitola, CWO 08-050.

2. By MOTION, accept the Fire Hydrant Relocations at 1435 Wharf Road and 870 Balboa Avenue in Capitola and file the Notice of Completion, CWO 08-050.

By _____________________________
Jeffery N. Gailey
Engineering Manager/Chief Engineer
CHANGE ORDER No. 1

PROJECT: FIRE HYDRANT RELOCATIONS AT 1435 WHARF RD. AND 870 BALBOA AVE. 
CWO 08-050

Contractor: Monterey Peninsula Engineering Contractors and Engineers 
192 Healy Ave. 
Marina, CA 93933

You are hereby authorized and directed to change construction according to the modifications as outlined under ‘Change in Contract Work’ of this change order.

Unit price or lump sum prices for work omitted, changed, or added shall be as described under ‘Change in Contract Amount’ of this change order.

Adjustments to the Contract Time of Completion shall be as described under ‘Change in Contract Time of Completion’ of this change order.

It is hereby agreed by the Contractor that he is satisfied with the changes and agrees to accept the prices indicated for said work in full payment for the work performed, and that no further payment will be asked for the work omitted or deleted.

Date

JANUARY 22, 2009

Contractor: Monterey Peninsula Engineers
(Printed Name)

Contractor: Monterey Peninsula Engineers
(Signature)
CHANGE ORDER No. 1

PROJECT: FIRE HYDRANT RELOCATIONS AT 1435 WHARF RD. AND 870 BALBOA AVE.
CWO 08-050

Contractor: Monterey Peninsula Engineering Contractors and Engineers
192 Healy Ave.
Marina, CA 93933

Change in Contract Work:

Unit price or lump sum prices for work omitted, changed, or added shall be as follows:

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<tr>
<th>Change in Contract</th>
<th>Bid Item</th>
<th>Deletion</th>
<th>Addition</th>
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<tbody>
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<td>1. Remove and replace concrete sidewalk, 5' x 4.5' for 870 Park Ave.</td>
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<td><strong>Sub Total</strong></td>
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**Total For Change Order No. 1: $580.00**

Change in Contract Amount:

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Change in Contract Time of Completion:

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G:\01_Prot_Current\08-50\Bid_Doc\ChangeorderNo1.doc
February 3, 2009

MEMO TO THE BOARD OF DIRECTORS

Subject: Agenda Item No. 6.3

Authorize Attendance at the National Ground Water Association’s 2009 Ground Water Summit, April 19-23, 2009, in Tucson, Arizona

Attachment: 2009 Ground Water Summit Program

The National Ground Water Association (NGWA) is a nonprofit membership organization for ground water professionals – contractors, scientists and engineers, equipment manufacturers, and suppliers. The NGWA’s purpose is to provide guidance to members, government representatives, and the public for sound scientific, economic, and beneficial development, protection, and management of the world's ground water resources. The District is not a member of NGWA; however, the summit is open to anyone.

The NGWA is holding its 2009 Ground Water Summit from April 19-23, 2009, in Tucson, Arizona. The theme is “Adapting to Increasing Demands in a Changing Climate.” The program will focus on the critical role of ground water in the context of a changing climate with regard to water resources and provide insights into the nature of the challenges and opportunities ahead. The list of presentations and speakers is attached. More information about the summit, including the registration form is available at http://www.ngwa.org/2009summit/index.aspx.

RECOMMENDED BOARD ACTION


By _________________________________
Laura D. Brown
General Manager
MEMO TO THE BOARD OF DIRECTORS

Subject: Agenda Item No. 6.4 Approve Attendance at the Association of California Water Agencies (ACWA) Spring Conference, May 19-22, 2009, in Sacramento

ACWA will be holding its Annual Spring Conference in Sacramento from May 19-22, 2009. Participation at these conferences has proven to be valuable to the District by improving our knowledge and understanding of public sector management and State of California water issues. There are numerous opportunities for networking with other water agencies and consultants about issues of concern to the District.

Materials regarding the conference are provided directly to Board members by ACWA. At this time, we anticipate attendance by the General Manager and District Counsel. Board Members may also wish to attend. Those wishing to attend should advise the Executive Assistant/Board Clerk as soon as possible. The deadline for early registration discounts for the Spring Conference is Friday, April 17, 2009.

RECOMMENDED BOARD ACTION

By MOTION, authorize attendance at the ACWA Spring Conference, May 19-22, 2009, in Sacramento.

By __________________________
Laura D. Brown
General Manager
February 3, 2009

MEMO TO THE BOARD OF DIRECTORS

Subject: Agenda Item No. 6.5 Desalination Task Force and Energy Issues

Heidi Luckenbach, the scwd² Program Coordinator, will be at the meeting to provide an update on the seawater desalination evaluation.

By _________________________
Laura D. Brown
General Manager
### Desalination Program: Schedule and Milestones

Note: Tasks in Blue are tentative and subject to change.

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<tr>
<td>Testing Begins/</td>
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<td>Grand Opening</td>
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<tr>
<td>RFP Let</td>
<td></td>
<td></td>
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<tr>
<td>Proposals Due</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finalize Contract</td>
<td></td>
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</tr>
<tr>
<td>Begin Work</td>
<td></td>
<td></td>
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<tr>
<td>Ongoing</td>
<td></td>
<td></td>
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<tr>
<td>Subsurface Geophysical Survey</td>
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<tr>
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<tr>
<td>Permitting</td>
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<tr>
<td>Begin Field Work</td>
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<tr>
<td>Ongoing</td>
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<tr>
<td>Intake Design</td>
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<tr>
<td>Let RFP</td>
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<td></td>
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<tr>
<td>Proposals Due</td>
<td></td>
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<tr>
<td>Finalize Contract</td>
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<tr>
<td>Begin Work</td>
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<tr>
<td>Energy Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prelim Sites Est</td>
<td></td>
<td></td>
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<tr>
<td>Work with Planning Dept.</td>
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<tr>
<td>Conceptual Site Plans Developed</td>
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<td>Work with Owners</td>
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<td>EIR</td>
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<td>Proposals Due</td>
<td></td>
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<tr>
<td>Finalize Contract</td>
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<tr>
<td>Begin Work</td>
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<td>Full Scale Design</td>
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<td>Proposals Due</td>
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<tr>
<td>Finalize Contract</td>
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</tr>
<tr>
<td>Begin Work</td>
<td></td>
<td></td>
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<tr>
<td>Property Acquisition</td>
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<tr>
<td>Construction</td>
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<tr>
<td>Operational Agreement</td>
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<tr>
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<td></td>
<td></td>
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<tr>
<td>Proposals Due</td>
<td></td>
<td></td>
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<tr>
<td>Finalize Contract</td>
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<tr>
<td>Work Begins</td>
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</tr>
<tr>
<td>Ongoing</td>
<td></td>
<td></td>
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</table>

Desal Program Schedule 120208.xls
12/5/2008
Conservation and Customer Service Field

<table>
<thead>
<tr>
<th>Rebates</th>
<th>YTD 2008/09</th>
<th>Budget for 2008/09</th>
<th>Total Rebates Approved</th>
<th>Est. Total Water Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toilet ($250)</td>
<td>54</td>
<td>164</td>
<td>350</td>
<td>3,752 (since 1997) 467 HET</td>
</tr>
<tr>
<td>High-Efficiency Clothes Washer ($100)</td>
<td>42</td>
<td>162</td>
<td>290</td>
<td>2,754 (since 1999)</td>
</tr>
<tr>
<td>Commercial Clothes Washer ($200)</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>42 (since 2002)</td>
</tr>
<tr>
<td>WBIC ($75 and $125)</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Cistern ($25/100 gal storage)</td>
<td>1</td>
<td>2</td>
<td>16</td>
<td>11 (43,365 gal)</td>
</tr>
<tr>
<td>Plant/Grass ($2 per sq. ft)</td>
<td>15</td>
<td>41 (37,270 ft²)</td>
<td>No limit</td>
<td>90 (78,152 ft²)</td>
</tr>
<tr>
<td>Irrigation Parts Credit ($5 per old sprinkler head replaced)</td>
<td>0</td>
<td>6</td>
<td>1,000 sprinkler heads</td>
<td>14 (307 heads)</td>
</tr>
<tr>
<td>Drip Conversion Credit</td>
<td>4</td>
<td>10 (8,590 ft²)</td>
<td>Na</td>
<td>19 (21,218 ft²)</td>
</tr>
</tbody>
</table>

This rebate report covers the period from November 25, 2008 to January 29, 2009

* Based on estimated savings of 30 gallons per toilet per day (replacing 1,000 toilets yields approx. 34 acre-ft/yr in savings for the first 3,752 rebates (126.1 afy). Then starting April 1, 2007, started rebating HETs only and thus estimated savings of 36 gallons per toilet per day (replacing 1,000 toilets yields 41 acre-ft per year).

** Based on estimated savings of 5,100 gallons per year for each machine replaced. (Replacing 1,000 washers yields approx. 16-acre ft/yr in savings.)

*** Annual savings of 21,000 gallons per washer. This 21,000 figure comes from the California Energy Commission as part of their rule making on commercial washers.

**** Weather-based Irrigation Controller (WBIC) water savings estimated at 20% average reduction in landscape water.

# Water savings not quantified.

## Based on estimated savings of 17 gallons per square foot per year.
## Water Use Efficiency Survey Program
### November 25, 2008 to January 29, 2009

<table>
<thead>
<tr>
<th>Water Survey Program</th>
<th>Dec-Jan Surveys</th>
<th>YTD: 08-09 7/1 – 11/25</th>
<th>Total Surveys (Since 5/24/03)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-family Residential</td>
<td>30</td>
<td>189</td>
<td>1,616</td>
</tr>
<tr>
<td>Multi-family (units)</td>
<td>0</td>
<td>36</td>
<td>491</td>
</tr>
<tr>
<td>Mobile Home</td>
<td>1</td>
<td>6</td>
<td>141</td>
</tr>
<tr>
<td>Duplex</td>
<td>0</td>
<td>4</td>
<td>na</td>
</tr>
<tr>
<td>Condo</td>
<td>9</td>
<td>72</td>
<td>464</td>
</tr>
<tr>
<td>Commercial/Industrial/Institutional</td>
<td>2</td>
<td>4</td>
<td>142</td>
</tr>
<tr>
<td>Landscape</td>
<td>0</td>
<td>12</td>
<td>148</td>
</tr>
</tbody>
</table>

*na = not applicable*

<table>
<thead>
<tr>
<th>Toilets Identified by Flush Rate</th>
<th>Dec-Jan Toilets</th>
<th>YTD: 08-09 7/1-11/25</th>
<th>Total Toilets (Since 5/24/03)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0 gpf</td>
<td>42</td>
<td>251</td>
<td>2,995</td>
</tr>
<tr>
<td>3.5 gpf</td>
<td>13</td>
<td>148</td>
<td>1,702</td>
</tr>
<tr>
<td>1.6 gpf</td>
<td>40</td>
<td>256</td>
<td>1,338</td>
</tr>
<tr>
<td>1.2 gpf (HET)</td>
<td>0</td>
<td>4</td>
<td>12</td>
</tr>
</tbody>
</table>

### Water Demand Offset Program Facts (January 2009)

<table>
<thead>
<tr>
<th></th>
<th>Dec-Jan Toilets</th>
<th>YTD: 08-09 7/1-11/25</th>
<th>Total Toilets (Since 5/24/03)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retrofit Candidates on Database</td>
<td>774</td>
<td>49.32 acre ft/yr</td>
<td></td>
</tr>
<tr>
<td>Available Retrofit Credits on Database</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pending Development Projects</td>
<td>110</td>
<td>172.7 acre ft/yr</td>
<td></td>
</tr>
<tr>
<td>Total Offsets Required</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed Development Projects</td>
<td>105</td>
<td>95.3 acre ft/yr</td>
<td></td>
</tr>
<tr>
<td>Completed Offset Credits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Development Projects</td>
<td>215</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## WDO Waiting List Status

<table>
<thead>
<tr>
<th>Years on Database</th>
<th>Unassigned Candidates 1/29/2009</th>
<th>Number of Assigned Candidates 11/25/08-1/29/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 2.5</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>2 to 2.5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.5 to 2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>1 to 1.5</td>
<td>156</td>
<td>4</td>
</tr>
<tr>
<td>.5 to 1</td>
<td>430</td>
<td>0</td>
</tr>
<tr>
<td>within 0.5 years</td>
<td>183</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>774</td>
<td>17</td>
</tr>
</tbody>
</table>

## Toilet Offset Availability Facts (01/29/2009)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total amount of water available to save from replacing 85% of the toilets in the District with ULFTs</td>
<td>395 acre ft/yr</td>
</tr>
<tr>
<td>Amount of offset from WDO toilets completed (95.3 x 0.84) and need to be completed (172.7 x 0.84) based on Will Serves issued. (Note: the 0.84 factor removes the portion of WDO water saved from showerhead and faucet aerator replacements)</td>
<td>225 acre ft/yr</td>
</tr>
<tr>
<td>Approximate amount of offset from toilet rebates (145), natural replacement pre WDO (56), natural replacement during WDO (15), and retrofit on resale (23)</td>
<td>239 acre ft/yr</td>
</tr>
<tr>
<td>Total toilet offset savings from all sources (i.e. rebates, natural replacement, retrofit on resale, past and current Will Serves) (225 + 239)</td>
<td>464 acre ft/yr</td>
</tr>
<tr>
<td>Percent WDO offset saturation based on past and current Will Serves and 85% toilet offset penetration (464 / 395)</td>
<td>118%</td>
</tr>
</tbody>
</table>
Projects and Public Outreach

Advertisements
1. **Newspaper Ads** – ads for “Garden friendly” rebates continue to run in the Aptos/Capitola/Soquel Times and the Mid County Post to help promote turf and sprinkler head retrofits along with rain catchment and weather-based irrigation timer rebates. This ad is being replaced in the month of Feb. with the creative “Love Saving Water” ad.
2. **Grocery Cart Ad** – the “trial” ad on grocery carts at the Safeway on 41st continue to run for another few months (6 month contract).

Articles/Press Release
1. **“Go Green” Articles** – staff continues to write a column that focuses on water conservation and is published biweekly on Saturdays in the Santa Cruz Sentinel (see attached).
2. **Awards Press Release** – a press release about the District being recognized for the ACWA Theodore Roosevelt Award and the Bureau of Reclamation grant is being provided to the local papers.

Presentations
1. **High School Tour** – staff gave a water presentation/tour to a class from the Natural Bridges High School. At their request, the presentation focused on water conservation and “green” jobs in the water industry.
2. **Planning and Conservation League (PCL) Forum** – staff will be making a presentation on the WDO program at the PCL’s Annual Environmental Legislative Symposium in Sacramento on Saturday, Feb. 7.
3. **Capitola Mall Business Showcase** – on Thursday Feb. 17 from 4:00 to 7:30 staff will booth at this annual event at the Capitola Mall. The event has a “green” theme this year. Board members are invited to participate - please let Denise know if you want to help so she can coordinate the times. Staff will also give two presentations at the event regarding water conservation.

Projects
1. **Dual-flush retrofit device** – staff is working to evaluate a device that converts 1.6 gpf toilets to dual-flush toilets.
2. **Cabrillo College** – staff is evaluating a proposal submitted by Cabrillo staff to offset the projected water use in their new facility.
3. **Radio read meters** – continue to be installed as projected.
Income Report Summary

- Storage and Transmission Fees to date: $293,900*, FY budget: $180,000.
- November cash receipts: $882,761. Fiscal year cash receipts: $6,132,848
- November water consumption billings: $757,975 (2.29% over budget). Fiscal year water consumption billings: $4,607,795 (3.69% under budget).

Water Consumption Report Summary

- Billed water consumption in November: 2.05% increase from prior year (5.73% over budget).
- Current YTD water use: 0.37% under budget.
- November Top Tier water use, after adjustments: 11,073 Ccf, an increase of 33.94% from prior year.
- November Top Tier customers affected, after adjustments: 568, an increase of 13.14% from prior year.

Investment and Fund Report Summary

- Weighted average yield, Surplus Revenue, Debt Service Reserve and LAIF funds, 2.28%, a decrease of 28 basis point from October 2008.
- Interest received on investments: $20,971

*Storage & Transmission Fees over $25,000 include:
  - $189,000 from Corte Cabrillo subdivision
Financial Highlights - Month of December 2008
Total Cash Receipts: $1,115,776

Operating Receipts
- water billings: $1,095,823
- storage & transmission fees - see water capacity fees
- water capacity fees: $0
- other operating receipts: $18,682

Non-Operating Receipts
- rent from District property: $1,128
- misc/refunds: $143
- sales of surplus property: $0

Water consumption billings: $508,332
11.42% under budget

Financial Highlights - Fiscal Yr to December 2008
Total Cash Receipts: $7,248,624

Operating Receipts
- water billings: $6,748,089
- storage & transmission fees: $293,900
- water capacity fees: $0
- other operating receipts: $135,446

Non-Operating Receipts
- rent from District property: $5,844
- misc/refunds: $55,294 ($36k PG&E settlement)
- sales of surplus property: $10,051

Water consumption billings: $5,123,260
4.38% under budget
With-Drawals

<table>
<thead>
<tr>
<th>Date</th>
<th>Deposits</th>
<th>Balance</th>
</tr>
</thead>
</table>

**WATER REVENUE**

Beginning Balance 12/01/08 $1,427,424

Cash Receipts 1,115,689

Transfer to Maintenance & Operations Account $657,900

Transfer to Payroll Account $202,855

Other $40,737 *

Transfer to Surplus Revenue $1,000,000

* Ending Balance 12/31/08 $641,621

* Includes Water Revenue funds deposited in error to Water Capacity Account (to reverse in Jan)

**WATER CAPACITY**

Beginning Balance 12/01/08 $0

Transfer from Water Revenue $100

Cash Receipts $31,267

* Ending Balance 12/31/08 $31,367 *

* Water Revenue funds deposited in error to Water Capacity Account (to reverse in Jan)

**MAINTENANCE & OPERATIONS**

Beginning Balance 12/01/08 ($1,315)

Transfer from Water Revenue $657,900

Warrants Processed $632,367

* Ending Balance 12/31/08 $24,218

**PAYROLL**

Beginning Balance 12/01/08 $579

Transfer from Water Revenue $202,855

Payroll $202,757

Other $40

* Ending Balance 12/31/08 $636
### Soquel Creek Water District

**Projected Statement of Cash Flows**

**Six Months Ended 06/30/09**

<table>
<thead>
<tr>
<th></th>
<th>Jan-09</th>
<th>Feb-09</th>
<th>Mar-09</th>
<th>Apr-09</th>
<th>May-09</th>
<th>Jun-09</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Est. Beginning Cash Balance</strong></td>
<td>$7,019,700</td>
<td>$6,071,767</td>
<td>$5,009,933</td>
<td>$3,319,941</td>
<td>$2,249,707</td>
<td>$1,321,274</td>
<td>$7,019,700</td>
</tr>
<tr>
<td><strong>Projected Source From:</strong></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>Water Sales</td>
<td>$568,100</td>
<td>$454,200</td>
<td>$455,100</td>
<td>$445,800</td>
<td>$587,600</td>
<td>$699,100</td>
<td>$3,209,900</td>
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<td>Service Charges</td>
<td>239,675</td>
<td>239,675</td>
<td>239,675</td>
<td>239,675</td>
<td>239,675</td>
<td>239,675</td>
<td>1,438,050</td>
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<tr>
<td>S &amp; T/Water Capacity &amp; Installation Fees</td>
<td>24,200</td>
<td>24,200</td>
<td>24,200</td>
<td>24,200</td>
<td>24,200</td>
<td>24,200</td>
<td>145,200</td>
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<td>Rental income</td>
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<td>1,300</td>
<td>7,800</td>
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<td>10,000</td>
<td>10,000</td>
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<td>Miscellaneous</td>
<td>400</td>
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<td>400</td>
<td>400</td>
<td>400</td>
<td>2,400</td>
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<tr>
<td><strong>Estimated Total Cash Receipts</strong></td>
<td>$843,675</td>
<td>$729,775</td>
<td>$730,675</td>
<td>$721,375</td>
<td>$863,175</td>
<td>$974,675</td>
<td>$4,863,350</td>
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<td><strong>Projected Use For:</strong></td>
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<tr>
<td>Payments for salaries &amp; benefits</td>
<td>$323,900</td>
<td>$323,900</td>
<td>$323,900</td>
<td>$323,900</td>
<td>$323,900</td>
<td>$323,900</td>
<td>$1,943,400</td>
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<tr>
<td>Purchase of services &amp; supplies</td>
<td>199,308</td>
<td>199,308</td>
<td>199,308</td>
<td>199,308</td>
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<td>1,195,850</td>
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<tr>
<td>Capital Outlay</td>
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<td>89,900</td>
<td>89,900</td>
<td>89,900</td>
<td>539,400</td>
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<tr>
<td>Purchase of property &amp; investments</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Payments to contractors for construction</td>
<td>1,178,000</td>
<td>1,178,000</td>
<td>1,178,000</td>
<td>1,178,000</td>
<td>1,178,000</td>
<td>1,178,000</td>
<td>7,068,000</td>
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<td>Interest payments</td>
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<td>114,060</td>
<td>556,300</td>
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<tr>
<td>Repayment of debt</td>
<td>515,000</td>
<td>515,000</td>
<td>515,000</td>
<td>515,000</td>
<td>515,000</td>
<td>515,000</td>
<td>3,090,000</td>
</tr>
<tr>
<td>Other</td>
<td>500</td>
<td>500</td>
<td>500</td>
<td>500</td>
<td>500</td>
<td>500</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Estimated Total Cash Disbursements</strong></td>
<td>$1,791,608</td>
<td>$1,791,608</td>
<td>$2,420,668</td>
<td>$1,791,608</td>
<td>$1,791,608</td>
<td>$1,791,608</td>
<td>$11,378,710</td>
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<tr>
<td><strong>Excess/(Deficit)</strong></td>
<td>($947,933)</td>
<td>($1,061,833)</td>
<td>($1,689,993)</td>
<td>($1,070,233)</td>
<td>($928,433)</td>
<td>($816,933)</td>
<td>($6,515,360)</td>
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<tr>
<td><strong>Ending Cash Balance</strong></td>
<td>$6,071,767</td>
<td>$5,009,933</td>
<td>$3,319,941</td>
<td>$2,249,707</td>
<td>$1,321,274</td>
<td>$504,340</td>
<td>$504,340</td>
</tr>
</tbody>
</table>

It has been verified that this Income & Investment Status Report is in conformity with Soquel Creek Water District's Investment Policy which was approved by the Board of Directors on July 15, 2008. The cash flow projections provide sufficient liquidity to meet estimated future expenditures for a period of six months.
The weighted average yield on the District's investments is 1.75%. This is 159 basis points above the interest rate on federal funds (.16%) and 149 basis points above the interest rate on 6 month treasury bills (0.26%).
<table>
<thead>
<tr>
<th>Date</th>
<th>Item #</th>
<th>Description</th>
<th>Amount</th>
<th>Total Expenditures</th>
<th>Target OCR</th>
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<td>July 15, 2008</td>
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<td>Four Yard Dump Truck</td>
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<td>Premium Efficiency Motor for Bonita Well</td>
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<td>September 16, 2008</td>
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<td>MicroPurge Bladder Pumps for Monitoring Wells (Qty 7)</td>
<td>$121.40</td>
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<td>November 4, 2008</td>
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<td>Seacliff Area Main Replacement Ph I, Change Order 1</td>
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<td>December 16, 2008</td>
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<td>Emergency Main Repairs @ Maplethorpe Creek Cross</td>
<td>$1,267.24</td>
<td>$33,106.02</td>
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<td>December 16, 2008</td>
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<td>Emergency Paving on Soquel Drive</td>
<td>$28,208.30</td>
<td>$61,314.32</td>
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SOQUEL CREEK WATER DISTRICT
WATER CONSUMPTION REPORT

Budgeted Water Use (Cumulative)
Fiscal Year 2008-2009

Adjusted Top Tier Consumption
Month of December

Regular Services 14,056
Fire Services 1,246
Total Services as of Dec 2008 15,302

Regular Services 13,958
Fire Services 1,157
Total Services as of Dec 2007 15,115

Water Use
Month of December 2000 - 2009
7.68% under budget

Water Use
Fiscal Year to December 2000 - 2009
1.23% under budget

Top Tier Units
Top Tier Customers

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ACTIVITIES RELATED TO WORK PLAN ITEMS

ADMINISTRATION

Conjunctive Use Supplemental Water Supply Project
a) Regional Desalination Project with the City of Santa Cruz

1) Integration with SqCWD System: Staff has begun identifying issues such as water quality compatibility that will require technical evaluation and system design issues, i.e., we are looking at the corrosion potential of various blends of the desalinated water and City's other water sources and how to mitigate any negative effects. The City has also been evaluating their distribution and transmission system – The City may be able to serve the District from their Delaveaga tanks. Hydraulic modeling will be required to determine how best to serve the District and what improvements (distribution, transmission, storage) would be required.

2) Energy Consumption: Proposals for an Energy Minimization and Greenhouse Gas Reduction Study are being reviewed. Seven proposals were received. The review committee consists of two members from the City, two from the District and two from Kennedy/Jenks. They will meet on December 17 to either select a firm or select several firms to interview. Two firms, CH2M Hill and URS, were interviewed for the contract: Energy Minimization and Greenhouse Gas Reduction Study on Tuesday, January 27. The review committee included two from SCWD staff, one from SqCWD staff and one from K/J.

3) Permitting: Staff has recently met with DPH, Regional Board and the Sanctuary and is also working with Army Corp, Sanctuary, Coastal, and Fish & Game on permitting for the intake studies. All regulators at this point are aware of our project at some level, and for some that is a fairly detailed level. There are still some formal meetings to set up to do our presentation. Technical Working Groups will be developed for the upcoming entrainment study and possibly the Green House Gas evaluation. For all studies, regulators are being informed and staff is engaging them to hear their concerns and address them. Staff had a quarterly meeting with DPH in December. DPH remains pleased with the program, the technology being tested, and results of the pilot study and watershed sanitary survey. DPH was tasked with defining compliance with their boron goal in terms of what it is, where, when and how it will be measured as this will likely affect the RO configuration, post treatment and mixing. Staff held a Technical Working Group meeting with local regulators (Sanctuary, National Marine Fisheries, Regional Board, Coastal Commission) as well as two technical experts to discuss the Entrainment Study work plan. Two additional meetings will be held during the 13-month
study period. Staff met with USGS to discuss data already available as well as any projects they have that will collect additional data to support our subsurface geophysical study. This meeting was extremely useful and a lot of good data was obtained.

4) **Pilot Plant**: Findings from the initial testing have been distributed to the Board. On Dec 8 staff met with DPH as we have each quarter of the pilot study to keep them apprised of our progress, hurdles, etc. We had good discussions on boron and emerging contaminants. We met with the Regional Board on Dec 9 to discuss the toxicity study and resolved that a study specific to the brine is not required by the board. We had a Technical Review Committee meeting in January to discuss the final three months of testing at the pilot plant. The plant is currently scheduled to shut down in April, although the schedule is flexible if we need additional time to complete a particular study. The issue of doing or not doing the toxicity study is still unresolved. While Regional Board staff does not think it necessary, there is concern that the board may not agree. In addition, there is concern that the public and or CEQA process may go more smoothly with a toxicity study in hand.

5) **Studies and Reports**: We will be updating our Dilution Study originally conducted by Brown & Caldwell in 2002 & 2004. The update is needed since the city's WWTF has modified their discharge permit. The scope/budget went to the TF on January 21. **December 17**. The entrainment study and subsurface survey are underway. Sampling for the entrainment study should begin in February **January**. The subsurface study is postponed pending permit acquisition; hopefully this will begin late spring 2009. Staff is working on a scope/budget for Kennedy/Jenks as Technical Advisor. Their current contract expires in March 2009. Staff has made good contact with USGS and is meeting with them in January 2009 to discuss current and upcoming research they are doing in the Bay that may augment and/or replace the scope of work for the subsurface survey.

6) **Public Outreach**: The public open house on November 8 was a success. Monthly tours continue. **Bill Kocher, Laura Brown, Heidi Luckenbach and Brent Haddad** discussed integrated water planning on Community TV's Eco-Review Show on January 27. We are moving forward with taste testing both informally and formally. The informal will consist of water coolers at the pilot plant and the lobbies of the District and City. People will really just be sampling "desal water." Formal testing will also be conducted to compare with existing sources and rate them by taste, odor, etc. **Tasting at the various locations should start the week of February 2.** **The new website was launched on January 5th.**
7) **Operational Plan and Agreement:** Brent Haddad and the Program Managers have developed initial recommendations in multiple areas for the Task Force’s consideration.

8) **Affordable Desalination Collaboration:** The membership is now listed as scwd² with a link to the program’s website. The joint annual membership contribution is $15,000 to be shared between the City and SqCWD.

9) The City has a new associate civil engineer in the water department who is managing the entrainment study and the subsurface survey. They also have a temporary employee on board to assist with the permit writing and grant administration for the same.

10) **Grants:** In December 2008, the State Water Resources Control Board, as directed by the Department of Finance, suspended, among other things, payment on General Obligation Bond Grants. This affects Proposition 50 funding and as a result, all invoices will be put on hold and no new commitments (grant agreements) will be formalized. The letter is specific to SWRCB grants only and is silent on DWR grants and there has been no official notification from DWR on its grants. However, while we continue to report on both our Pilot Study and Intake Study grants, reimbursement is not expected from either until the State’s budget situation is resolved.

2. **Groundwater Management**
   a) **Soquel Aptos Groundwater Management Alliance – Cooperative Agreements** for Localized Groundwater Management will be negotiated with the City of Santa Cruz and Central Water District. A conceptual agreement for the City of Santa Cruz is being reviewed by the City. The 2007 Annual Review and Report on the Soquel Aptos Groundwater Basin has been distributed and the hydrologist will be at the January 20 meeting to discuss it. District representatives met with City and County representatives on January 23 to learn more about the City’s concerns about joint pumping of the Purisima A aquifer. Another meeting is scheduled for February 20 to pursue a cooperative groundwater management agreement with Santa Cruz.

   b) **Protective/Target Groundwater Levels – HydroMetrics will proceed with estimating the outflow using a range of values; calculating from the offshore gradient what the onshore flow might be; evaluating the rate of seawater intrusion in the Aromas and at what depths, comparing that depth to the depths of the District’s productions wells, providing a timescale and information about upconing and what preventative measures can be taken; and preparing a letter report refining the quantification of sustainable yield.** (1/20/09)
3. Opportunities for Satellite Reclamation Plants (SRP) and Enhanced Recharge
   a) Local Water Reclamation – An administrative draft of the Water Recycling Facilities Planning Study was released to the State Water Resources Control Board January 9, 2009, as scheduled. The City of Santa Cruz Public Works Sanitation Division, the County of Santa Cruz Sanitation District, and Staff are also reviewing the draft. A tentative mid-course meeting was planned for February 11 to review the draft with the State, however the recent funding freeze for Proposition 50 projects may alter the schedule. The Seacliff Golf Course is still the preferred project and the Polo Grounds Park as a viable option, as last reported.
   b) Enhanced Recharge – HydroMetrics to work with Dr. Andy Fisher and County Environmental Health to develop a proposal consistent with the $50,000 08/09 budget appropriation. County water resources staff will be soliciting proposals from qualified contractors to conduct Component 6 - Enhance and Protect Groundwater Recharge, of the Prop 50 Integrated Regional Water Management Plan (IRWMP) grant. The District will be represented on a technical advisory committee (TAC) to provide feedback to County staff and the contractor(s) during the course of the project.

4. Integrated Regional Water Management Plan (IRWMP) Grant
   a) The Northern Santa Cruz County Partners were awarded a $12.5 million grant for the projects listed in the implementation grant application. The first “matching funds” submittal has been prepared. All grant funds are frozen due to the State budget situation.
   b) The projects and funding amounts under this grant for which SqCWD is the lead are:
      1) Polo Grounds Well, Treatment Plant, Pipelines and Conservation
         $2,065,295 – County Parks has proposed reinstating retrofitting one playing field to synthetic turf using the grant allocation. This would reduce grant funding available for other project components by approximately $1 million. A second meeting with County staff to discuss the terms of agreement for this project is scheduled for December 15. Two meetings have been held with County staff; we are waiting for information from the County in order to proceed with resolving the distribution of grant funds.
      2) Regional Desalination – Intake Study $611,000
      3) Dedicated Monitoring Well at Polo Grounds Park $150,000 The District will proceed with this project as soon as possible.

5. Enhanced Public Outreach/Education Plan
   a) Following approval of the Long-term Financing Plan, initiate selection of a consultant to develop a community education and outreach program (3/04/08)
b) Approach editors of local periodic newspapers about having a regular SqCWD column. Staff has prepared multiple stories for the Santa Cruz Sentinel about conservation with positive feedback.

c) A comprehensive outreach plan is being developed in conjunction with the City of Santa Cruz for both agencies’ proposed water supply portfolios.

CONSERVATION AND CUSTOMER SERVICE FIELD

1. Water Demand Offset Program
   Staff continues to evaluate WDO program options including modifications to decrease the toilet waiting list time, increase retrofit opportunities, and address the program reaching capacity. Staff is preparing materials for Board consideration based on direction received on December 16, 2008. A proposal from HydroMetrics LLC to evaluate expanding the program outside the District’s service area but within the basin is on the February 3 Board agenda.

CUSTOMER SERVICE AND ACCOUNTING

1. AudioTel Remittance Software
   Purchase of software was postponed due to large installation fee we would incur through Wells Fargo for this service; currently exploring other electronic deposit options. Sent email to ProfitStars (AudioTel) to see if they will release us from the contract because the cost to implement through Wells Fargo is higher than anticipated.

2. Audit
   a) Auditor to explain “economic resources measurement focus” reporting of government-wide financial statements as stated on pg. 21. “Economic resources measurement focus” is an elaborate euphemism for accrual basis accounting. This will be clarified for the Board during the audit report at the 12/16/08 meeting.
   b) Provide simplified explanation of Annual Pension Cost and actuarial valuation on pg. 26. Will be addressed in the 07/08 audit report to be presented at 12/16/08 Board meeting.

3. Rate and Fee Adjustments
   a) Rate Schedule:
      1) Following completion of the Long Term Financing Plan, Staff to evaluate pros/cons of a multi-year rate schedule and changing the effective date from March 1. (3/04/08) Multi-year rate schedule dependent on 10-year financial plan to be presented by Bartle Wells at the February 10, 2009 workshop.
   b) Low-Income Assistance Programs (3/04/08):
      1) Evaluate changing to a monthly billing cycle under two scenarios: a) near-term using bill estimating; or b) when enough AMR’s are installed to
make monthly reads manageable. The most feasible option is to wait until enough AMRs are installed to enable staff to perform monthly reads. We will work with Ron to develop a timeline. Waiting for enough AMR’s to be installed so meter readers have enough time to read remaining routes monthly. Ron will notify us as this threshold approaches.

c) Service Set Up and Change Charge – Investigate adding such a charge to recover staff costs (5/20/08 Budget Workshop).

4. Budget
   a) Prepare a 2-year CIP budget and estimated Operating budget covering the 2008/09 and 2009/10 fiscal years (12/18/07 & 3/04/08) Staff will develop multi-year budget after completion/acceptance of the 10-year finance plan.
   b) Consider increasing the threshold for capitalizing assets from $1,000 to $5,000 per unit to be included with the budget discussion Deferred to next fiscal year. (3/04/08)
   c) Re-structure the budget to show cost centers that represent the District’s services or “values”, e.g. conservation, water production, water delivery, fire protection, customer service, groundwater management, desalination evaluation, etc. Staff to group the existing functional expense categories into a spread sheet of larger categories that shows how the functional expense categories were allocated and provide two or three options, including to the extent possible within existing functional expense categories, the suggested approach provided by President Daniels.(11/18/08)

5. Long Term Financing Plan
   a) Bartle Wells is scheduled to present the report at the Board workshop on February 10, 2009.

ENGINEERING

Wells and Treatment Plants

1. Well Master Plan EIR
   a) The Board approved the revised scope of work and budget prepared by ESA.
   b) O’Neill Property – The Planning Dept. has provided a letter confirming that the well and treatment plant are exempt from setback requirements; this will facilitate accommodating the Redevelopment Agency’s (RDA) interest in preserving the western portion of the parcel for commercial development. Discussions have commenced with County Staff regarding acquiring this well site if it is selected as one of the preferred alternatives in the EIR.
   c) Well Impact Analyses – Complete
   d) Aptos Village Well Site – Several acceptable well sites were identified; however there has not been final agreement with Barry Swenson Builders on the preferred site.
f) Put the updated project description and schedule on the website (12/18/07)
The revised project description is under review.

Water Main Replacement & Tank Projects

1. Seacliff Area Main Replacements, Phase II
   a.) Pipe boring installation completed under railroad tracks, work continues on State Park Drive. 275 lineal feet of 16-inch pipe in the ground.

2. Larkin Valley Tank Painting and Interior Recoating
   a.) Painting Contractor scheduled to begin on 2/2/2009.

SPECIAL ASSIGNMENTS

ADMINISTRATION

A. County Development Impacts
   1. Recommend that this be deferred until after the November election when there will be at least one new supervisor with jurisdiction in a portion of the District’s service area, and then updated to reflect current issues. Draft a letter to the County Board of Supervisors proposing County action on the following:
      a) proactively support development of supplemental water supply projects being pursued by local water agencies;
      b) collaborate with the District and other interested agencies to mitigate impairments to groundwater recharge such as Arana Gulch erosion and other areas that could enhance recharge in the Soquel-Aptos basin;
      c) consider a requirement that major construction re-models be subject to the same water use efficiency requirements as new construction. (5/03/05)

B. Pajaro Valley Water Management Agency – The Pajaro Sunny Mesa lawsuit was dismissed by the court.

C. Energy Work Plan – The Board approved the work plan on November 6, 2007.
   1) Staff worked with the company EnerNoc to perform the peak loading analysis and it was determined the District was performing at an efficient level and that it was not eligible for the program.
   2) Request for Proposals (RFP) for solar power installation at the District headquarters. Tabled.
   3) Request for Qualifications (RFQ) for an energy consultant. Tabled in light of study being done in conjunction with desalination evaluation.

D. Climate Change Impacts & Responses – The water agencies are planning two additional forums as follows: Forum 2: Planning for Climate Change Impacts on Local Water Supplies (Date TBD); Forum 3: Tracking and Reducing the Water Agency Carbon Footprint (Date TBD) This effort seems to have lost momentum, at least temporarily.
E. **Election Certification Date** – The County Elections Officer clarified that certification of election must be completed 28 days from day of election. She said typically they have been able to certify the election in 21 days but this past election required the full 28 days. Since the first meeting in December is 28 days from the first Tuesday of November at 7:00 p.m., there are no anticipated issues with swearing in Board members at the first December meeting.

**CONSERVATION AND CUSTOMER SERVICE FIELD**

A. **Unaccounted Water Use** – Evaluate unaccounted-for water use and develop recommendations for reducing this amount, e.g. modifications to the flushing program, proactively locating leaks in the distribution system. The recalibrated production amounts are being used to recalculate unaccounted-for water use.

B. **Seascape Greens** – The HOA leadership was approached about the possibility of reclaimed water from a Seascape SRP project and responded favorably, but no official position yet.

C. **Drip Irrigation** – Modify water use efficiency requirements to include drip irrigation (11/06/07)

D. **Rispin Hotel and Spa Project** – City of Capitola Planning Staff is reviewing the revised plans and will advise Staff when they are ready to use for re-calculating the WDO. The City’s special legal counsel has made initial contact with District Counsel regarding legal prerogatives for operating the on-site well. A letter was sent to the Capitola City Manager reiterating WDO program policies as they apply to this project.

E. **Retrofit Upon Resale** – Discussions with the City of Santa Cruz Water Department and the County are underway regarding requiring HETs for retrofits. Initiated discussions with the County regarding expanding the retrofit-on-resale compliance monitoring throughout the District’s service area – not just within the City of Capitola. The City of Capitola is ready to move forward, but the County still needs to make more progress. (4/03/07)

F. **Financial Incentives for Commercial and Multi-Family Residential Customers** – Develop proposals to encourage different customer categories to reduce consumption. (12/04/07)

G. **Automated Meter Reading (AMR)** – New contractor is now installing AMRs.

H. **Landscape Rebate** – Review rebate for water-wise landscaping Program revisions are being identified. (2/05/08)

I. **Pervious Pavement** – Prepare proposal for including pervious surfaces in the District’s Water Use Efficiency Requirements for New Development (12/16/08)

**CUSTOMER SERVICE AND ACCOUNTING**

A. **Leak Adjustment Policy** – The tier adjustment policy was changed to allow for a tier adjustment once in five years in addition to requiring a water audit by the Conservation Specialist. Implemented water audit requirement on August 6, all tier adjustments not already under consideration at that time have been forwarded to Conservation Specialist for scheduling an appointment. Staff would like to complete a trial period before returning to the Board with an
evaluation of customer reaction to the water survey requirement. Currently in trial period phase.

B. Policy Regarding Rate Category for Two Units Served by a Single Meter
Complete investigation, develop recommendation, and present to the Board for affirmation or change. Learned that any proposed change is subject to Proposition 218 noticing.

ENGINEERING
A. Engineering Services Rates – Review and report on rates charged for Engineering and Inspection services. Engineering has completed a survey of charges by other local agencies. To be scheduled at a later date.

B. Application Processing Fees – Review all current processing fees and consider fees for “will serve letters” and renewals based on the staff time required.
(1/16/07) Scotts Valley Water is also looking at this and will share research info with District Staff. Recommended fees will be presented to the Board along with the revised engineering services rates. To be scheduled at a later date.

C. Bulk Water Stations – Investigation completed, automation is too expensive at approximately $30,000 per bulk water station. New developments: PG&E can supply 110v power to Main Street site for about $4,300. Jolin Measurement Ltd. Called back and said he could install automated bulk water station cheaper underground in the existing vault. Consultant to propose new price, project is on again.

D. Backflow Prevention for Potential Cross Connection to Surface Sources
Identify properties that could likely have use of supplemental surface sources for irrigation and inspect for backflow prevention requirements (3/18/08) Initial problem has been resolved. Field Staff is alert to any other potential surface source cross-connections and will investigate as identified.

E. Cast Iron Main on Soquel Dr. – Include information and discussion about this issue in the February 10, 2009 workshop. (12/16/08)

OPERATIONS & MAINTENANCE
A. Water Service During Emergencies – The updated Emergency Response Plan (ERP) was used during the September 22 emergency. Staff completed a debriefing and will be making some minor adjustments to the plan and taking other actions to improve preparedness for future emergencies based on this experience. Staff reviewed the ERP and conducted a tabletop exercise on 1/28.

B. Annual Water Quality Report
Provide information to the Board about causes and mitigation measures possible for nitrates and THM’s. (4/03/07) Staff is gathering data. Aeration/mixing pilot testing is scheduled for winter 2008 by Operations Staff at Fairway Tank.

C. Hexavalent Chromium – HydroMetrics has completed field testing and is preparing the report of the evaluation to determine if wells can be modified to reduce chromium 6 levels. HydroMetrics is waiting for a response regarding a target concentration for chromium 6 and acceptable flow rates before finalizing
recommendations and preparing the report. *Field data and preliminary findings will be presented on 2/17.*

D. **Flow Meter Calibration/Replacement** – Project underway. Production wells already completed include: Main St., Rosedale, Tannery II, Aptos Creek, T-Hopkins and Estates.

E. **Bulk Sodium Hypochlorite Tank** – *Tank on order.*

F. **Water Quality Management On Line** – Staff training pending return of Water Quality Technician from Jury Duty. Expected training is in February.

G. **Vista Del Mar Tank Pump Station** – Investigate option of a temporary system and provide cost/benefit analysis against a permanent system (Budget workshop.)

H. **Include normal seasonal precipitation comparison with monthly production reports. (December 2, 2008).** To be included in 12/16/08 O&M Status Report.

H. **Chlorine Residual** – Prepare an information item for the Board about the standard chlorine residual, range and monitoring. (1/20/09) Will be presented as part of the O&M status report on 2/17.

I. **Rainfall Data** – Correlate data from District’s gauges with Santa Cruz data to evaluate ongoing need to maintain District gauges. (1/20/09) Will be presented as part of the O&M status report on 2/17.