



**MEETING MINUTES
REGULAR MEETING – 6:00 PM
TUESDAY, JANUARY 17, 2023**

In response to COVID-19 (coronavirus), Soquel Creek Water District's January 17, 2023 Board Meeting was held remotely via Zoom.

Recorded Meetings: Recorded meetings are available on the District's website:
<https://www.soquelcreekwater.org/AgendaCenter>

0. CALL TO ORDER AND ROLL CALL

President Christensen called the meeting to order at 6:00 pm via Zoom.

Board Members Present:

Carla Christensen, President
Dr. Bruce Jaffe, Vice-President
Dr. Bruce Daniels, Director – *Absent*
Dr. Thomas LaHue, Director
Rachél Lather, Director

District Counsel

Joshua Nelson, District Counsel

Staff Members Present:

Ron Duncan, General Manager
Shelley Flock, Water Resources Manager
Taj Dufour, Engineering Manager
Leslie Strohm, Finance Manager
Nick Emmert, Operations and Maintenance Manager, Interim
Melanie Mow Schumacher, Special Projects-Communications Manager / Assistant General Manager
Rebecca Rubin, Public Outreach Coordinator
Emma Western, Executive Assistant/Board Clerk

Others Present:

1 member of the public
Jenny Gain, Brown and Caldwell
Heidi Luckenbach, City of Santa Cruz
Joe Serrano, Santa Cruz Local Agency Formation Commission (LAFCO)

1. CLOSED SESSION

- 1.1 Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section §54956.9(d)(1)
Steinbruner vs. California Coastal Commission, et al., San Francisco County Superior Court Case No. CPF-20517119; CA First District Court of Appeals Case Nos. A163079, A163199
Steinbruner v. Soquel Creek Water District, et al. Santa Cruz County Superior Court Case No. 21CV01517
Steinbruner v. Soquel Creek Water District, et al. Santa Cruz County Superior Court Case No. 21CV02699;
CA Sixth District Court of Appeals Case No. H050093

1.2 Conference With Labor Negotiators

Agency designated representative(s): Ron Duncan, Traci Hart, Melanie Mow Schumacher, Leslie Strohm
Employee Organization: Service Employees International Union (SEIU)

At 6:01 pm, President Christensen announced that the Board will meet in closed session to discuss Items 1.1 and 1.2.

CONVENE TO CLOSED SESSION – 6:02 pm

RETURN TO OPEN SESSION – 6:28 pm

President Christensen adjourned the closed session and returned to open session at 6:28 pm.

President Christensen reported that the Board will reconvene to closed session at the end of open session.

2. **PUBLIC HEARING** – *None*

3. **BOARD MEMBERS' OPPORTUNITY TO REMOVE ITEMS FROM CONSENT AGENDA**

Director LaHue requested that Item 4.9 be removed from the Consent Agenda for discussion.

President Christensen removed Consent Agenda Item 4.9.

4. **CONSENT AGENDA**

MOTION: Director LaHue; Second: Director Lather; To approve Consent Agenda Items 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, and 4.10. Motion passed by unanimous roll call vote. Director Daniels absent.
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4.1 Approval of Minutes

4.1.1 December 6, 2022 – Regular Meeting Minutes

Action: Approved

4.2 Extend Resolution 21-21 and Re-Authorize Virtual Public Meetings in Accordance with AB 361

Action: Approved

4.3 Board Planning Calendar

Action: Approved

4.4 Special Board Assignments Status Report

Action: Approved

4.5 Finance Status Report

Action: Approved

4.6 Production Reports

Action: Approved

4.7 Management Update

Action: Approved

- 4.8 Consider Approval of Resolution 23-01, Supporting Adoption of the 2019 Addendum to the Santa Cruz Integrated Regional Water Management (IRWM) Plan
Action: Approved
- 4.9 Approve Request for Proposals (RFP) for Pure Water Soquel Educational Center and Signage
Action: Removed from Consent; Discussed at the end of Administrative Business
- 4.10 Approve Transfer from Operating Contingency Reserves for Reconfiguration of the Office Lobby
Action: Approved

5. **ORAL AND WRITTEN COMMUNICATIONS** (*items not on the Agenda*)

Written communications addressed to the Board are available on the District's website:
<https://www.soquelcreekwater.org/AgendaCenter>

Vice-President Jaffe requested that a presentation on recent rainfall data be agendaized. He briefly discussed the rainfall/recharge relationship, adding that a presentation on this topic is timely following the January 2023 heavy storms and rainfall. President Christensen agreed, stating that this discussion will be valuable for outreach on the rainfall/recharge relationship as well as stormwater capture.

6. **REPORTS**

6.1 District Counsel – Oral Report

General Counsel Nelson stated that he will present the required Ethics Training to the Board on February 7, 2023, prior to the start of the regular Board Meeting from 5:00 – 7:00 pm.

Mr. Duncan noted that representatives from other local water agencies may attend the Ethics Training as well.

7. **ADMINISTRATIVE BUSINESS**

7.1 Conditional and Unconditional Will Serve Letters – *None*

7.2 Consider Annexation or Extraterritorial Service Agreement for Renaissance High School

Mr. Dufour stated that this item is presented for the Board to consider annexation or extraterritorial service agreement (ESA) for Renaissance High School. He explained that the Board requested this discussion as a follow up to their approved conditional will serve letter, which was authorized at the December 20, 2022 Board Meeting.

Mr. Dufour stated that Mr. Joe Serrano, Executive Officer of the Santa Cruz Local Agency Formation Commission (LAFCO), is attending and available to answer questions.

Board discussion ensued, and staff and Mr. Serrano responded to a variety of questions. Board comments/concerns included:

- Timeline of annexation versus ESA
- Expectation of future annexation following approval of ESA
- Future change in water demand at Renaissance High School (especially if there is a sale and/or land use change)

Mr. Serrano shared, "LAFCO Process – Change of Organization Alternatives," which is available online: <https://www.soquelcreekwater.org/AgendaCenter>

Mr. Serrano emphasized that while LAFCO encourages the District to consider annexation in the future, annexation is not a requirement following an ESA. Additionally, there are no deadlines for annexation consideration following ESA approval.

President Christensen expressed support for approval of an ESA at this time (rather than annexation), emphasizing that she believes that this is a prudent approach. Directors agreed.

Vice-President Jaffe suggested adding language to the ESA in order to protect the District's water supply if there is an increase in water demand in the future (e.g., ownership/zoning changes that may potentially increase water use). There was consensus among the Board to direct staff to draft language to include in the ESA providing the District the right to reevaluate the ESA if there is a change in ownership/zoning that may impact future water use.

MOTION: Vice-President Jaffe; Second: President Christensen; To authorize a LAFCO application for extraterritorial service subject to conditions covered under Government Code 56133 for the Renaissance High School at 11 Spring Valley Rd, La Selva Beach, APN 046-021-08 (Pajaro Valley Unified School District); and direct staff to draft language to include in the extraterritorial service agreement (ESA) providing the District the right to reevaluate the ESA if there is a change in ownership/zoning that may impact future water use. Motion passed by unanimous roll call vote. Director Daniels absent.

7.3 Progress Report on the Performance of the Advanced Metering Infrastructure (AMI) Leak Detection, Provide Direction if Desired

Ms. Flock reviewed Item 7.3, which provides an update on the Advanced Metering Infrastructure (AMI) leak detection capabilities and estimated water savings for the 2022 calendar year. Ms. Flock thanked Ms. Abbey for preparing the report.

Ms. Flock reviewed the report and discussed how AMI is an effective water savings tool. She highlighted that 2022 water production was the lowest single year production since 1971.

In response to a question posed by Director Lather, Ms. Flock recognized a typo in the memo – "Figure 3: 2022 Consumption by Month, as Classified by WaterSmart software," on page 158, should actually be Figure 4. Director Lather suggested increasing the readability of the figures in the report.

Director LaHue highlighted that the water savings estimates are close to the original estimate of 172 AF of expected water savings for the project. He expressed that AMI is working well.

President Christensen shared a leak experience from a District customer. In response to a question posed by President Christensen, Ms. Flock provided more information regarding the District's leak notification process.

President Christensen expressed support for the AMI software, emphasizing that it is an effective tool to conserve water.

Vice-President Jaffe requested that a discussion regarding the development of a WaterSmart App be agendaized. He stated that he believes that there may be an opportunity to utilize college-level students to develop the App and/or data compilation. Vice-President Jaffe recognized that participation in WaterSmart is key to the overall success of the AMI Project. Staff agreed.

Directors thanked Ms. Abbey for preparing the report and Ms. Flock for presenting.

7.4 Consider Approval of Professional Services to Conduct the Santa Cruz Mid-County Regional Water Optimization Study

Ms. Flock stated that this item is presented for the Board to consider approval of an agreement with Brown and Caldwell to conduct the Santa Cruz Mid-County Regional Water Optimization Study. This study is part of Component 4, Development of Groundwater Sustainability Plan (GSP) Project and Management, and will examine programs and activities identified in the GSP to understand how they can be optimized to best meet the region's water needs.

Ms. Flock reviewed the purpose of the study, background of the grant, project tasks, procurement and selection process, and Brown and Caldwell's scope of work and budget. The presentation is available online: <https://www.soquelcreekwater.org/AgendaCenter>

Ms. Flock highlighted that the Water Optimization Study is fully grant funded through the California DWR Sustainable Groundwater Management Grant Program.

Ms. Flock stated that staff is working closely with the City of Santa Cruz on this project, and Ms. Heidi Luckenbach is attending and available to answer any questions.

Board discussion ensued. Ms. Flock and Ms. Luckenbach responded to a variety of questions, which focused on the following:

- Equitable and fair division of tasks/activities between the District and the City
- Hydraulic modeling and groundwater modeling for the region
- Grant funding for the project

Vice-President Jaffe expressed the need to think regionally to solve water issues.

MOTION: Director Lather; Second: Director LaHue; To authorize the Board President to execute the District's professional services agreement with Brown and Caldwell, approve the Scope of Work as presented by Brown and Caldwell, and authorize the General Manager to sign a purchase order in the amount not to exceed \$974,893. Motion passed by unanimous roll call vote. Director Daniels absent.

7.5 Discussion and Request Board Direction on Initiating a 2023 Water Rate Study

Ms. Strohm explained that the item is presented to receive Board input on five primary decision points related to the proposed 2023 Water Rate Study, which will include a 10-Year Finance Plan, Emergency Water Rates, and a Water Capacity Fee Study as additional study components.

Prior to the start of the discussion, Ms. Strohm highlighted the following:

- The process and timeline for the proposed 2023 Water Rate Study
- The Santa Cruz Integrated Regional Water Management (IRWM) Water and Sewer Affordability Assessment, which shows that less than 5% of customers in the District's service area currently experience affordability issues
- The inverse relationship between water use and cost of water

Board discussion ensued on Decision Points #1-5, summarized below.

Decision Point #1: rank the policy criteria for the 2023 rate study based on importance. The policy criteria are financial sustainability, social equitability, environmental sustainability, administrative manageability, and legal defensibility.

Board discussion ensued. Directors recognized the importance of each policy criteria; however, there was consensus that the three of top concern are: financial sustainability, social equitability, and legal defensibility.

Decision Point #2: provide staff direction on which type of rate structure to pursue in the next rate study.

Board discussion ensued on different rate structures. Staff and General Counsel responded to a variety of questions.

Given the input received on decision point #1 – which identified the Board’s priority objectives of financial sustainability, social equitability, and legal defensibility – Directors agreed that uniform and inclining should be the focus of the rate consultant and study. There was consensus that flat, declining, seasonal, and budget rates will not be focused on at this point as they do not achieve the identified policy objectives.

Vice-President Jaffe requested that staff present examples of agencies that have switched from tiered rates to uniform rates at a future meeting.

Decision Point #3: provide staff direction on whether to include a Water Rates Advisory Committee in rate structure selection, or to have the WRAC focus on attributes associated with a rate structure selected by the Board. The Board may also want to direct the WRAC to consider how to help customers for whom affordability may be a concern, regardless of what rate structure is selected.

Board discussion ensued, and there was consensus for the Water Rates Advisory Committee (WRAC) to focus on attributes associated with a rate structure selected by the Board (not in the rate structure selection itself since there is a clear focus identified in Decision Point #2).

Decision Point #4: provide staff direction on how much administrative oversight the Board would like on committee applications, meeting schedules, and the interview process.

The Board is comfortable with staff managing the administrative oversight of the WRAC; however, if the two designated Directors would like more involvement in the process, then that is supported too.

The Board directed staff to return at a subsequent Board Meeting with a motion to designate two Directors to serve on the WRAC (since not all Directors are currently present).

Decision Point #5: provide staff direction on whether to bring a draft RFQ to a subsequent Board meeting or to proceed with solicitation of a rate consultant under the authority of the General Manager and the Finance and Business Services Manager.

The Board authorized staff to move forward with solicitation of a rate consultant under the authority of the General Manager and the Finance and Business Services Manager.

4. CONSENT AGENDA – ITEMS REMOVED FOR DISCUSSION

- 4.9 Approve Request for Proposals (RFP) for Pure Water Soquel Educational Center and Signage

Director LaHue expressed interest in serving on the Review and Selection Committee. He stated that given his experience as a teacher he would like to be involved in the development of the Pure Water Soquel Educational Center. Directors agreed.

There was consensus to approve the release of the attached RFP for Pure Water Soquel Educational Center and Signage and authorize up to two Board Members to participate on a Review and Selection Committee. Directors acknowledged that since Director Daniels is absent, they will not select Board Members at this time. The Board requested that any Directors interested in serving on the Review and Selection Committee reach out to staff.

MOTION: Director Lather; Second: Director Jaffe; To authorize release of the attached RFP for Pure Water Soquel Educational Center and Signage. Motion passed by unanimous roll call vote. Director Daniels absent.

MOTION: Director Lather; Second: Director Jaffe; To authorize up to two Board Members to participate on a Review and Selection Committee. Motion passed by unanimous roll call vote. Director Daniels absent.

7. **ADMINISTRATIVE BUSINESS**

7.6 2022 Year in Review Slideshow (Presentation Only) – *Discussed Out of Order*

Ms. Rubin shared the District’s, “Year in Review Slideshow,” which is available online: <https://vimeo.com/792062779>

Directors expressed appreciation for the presentation and acknowledged the huge amount of work the District accomplished in 2022.

Director Lather suggested a slightly longer presentation – to provide the viewer more time on each slide.

INFORMATION ITEM ONLY.

1. **CLOSED SESSION**

At 9:05 pm, President Christensen announced that the Board will return to closed session to discuss Items 1.1 and 1.2.

CONVENE TO CLOSED SESSION – 9:05 pm

RETURN TO OPEN SESSION – 9:21 pm

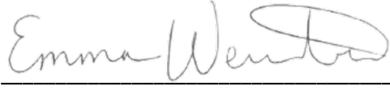
President Christensen adjourned the closed session and returned to open session at 9:21 pm.

President Christensen reported that the Board discussed Items 1.1 and 1.2 in closed session. No reportable action was taken.

8. **ADJOURNMENT**

President Christensen adjourned the meeting at 9:22 pm.

SUBMITTED:



Emma Western, Board Clerk

APPROVED:



Carla Christensen, President