1. **ROLL CALL**

President LaHue called the meeting to order at 7:00 p.m. at the Capitola City Council Chambers.

President LaHue announced that this meeting will be televised on Community Television on Sunday night at 8:00 p.m. and on Monday morning at 8:00 a.m.

**Board Members Present:**
Dr. Thomas LaHue, President
Bruce Daniels, Vice President
Dr. Don Hoernschemeyer
Rick Meyer

Dr. Bruce Jaffe arrived at 7:10 p.m.

**Board Members Absent:**
None

**Staff Members Present:**
Kim Adamson, General Manager
Taj Dufour, Engineering Manager/Chief Engineer
Bob Bosso, District Counsel
Ron Duncan, Conservation & Customer Service Field (CCSF) Manager
Michelle Boisen, Financial/Business Services Manager
Christine Mead, Operations & Maintenance Manager
Shelley Flock, Staff Analyst
Melanie Schumacher, Special Projects Engineer
Karen Reese, Executive Assistant/Board Clerk

**Via Teleconference:**
Lisa McCann, Water rights liaison from the Regional water board
Peter Kiel, District’s water rights attorney

**Others Present:**
John Ricker, Water Resources Division Director, County of Santa Cruz
Jerome E. Paul, MSEE
Bill Smallman, P.E.
Seventy members of the public

2. **CONSENT AGENDA**

2.1 Approve minutes of October 15, 2013

*Action: Approved*

2.2 Conditional Will Serve Letters

2.2.1 Conditional Will Serve Letter for Robert Dodds and Debby Haines, 709 Escalona Dr., Capitola, APN 036-142-26
2.2.2 Conditional Will Serve Letter for Shawd DeWitt, ADU at 126 Cabrillo St., Capitola, APN 036-183-07

Action: Approved

2.3 Oakhill & Poplar Main Replacement, Bid Award, CWO 11-123

Action: Approved

2.5 Silver Oaks Subdivision Agreement, Phase II & III, Corte Cabrillo, Aptos, Accept Project as Complete, File Notice of Completion, APN 037-151-12 & 13

Action: Approved

2.6 Report of Expenditures over $25,000

No Action Taken – Informational Only

3. ORAL COMMUNICATIONS (items not on the Agenda)

Director Meyer reported that he met with Don Lane from Santa Cruz City Council. Mr. Lane is the new point person on water for the City. Director Meyer briefed Mr. Lane on the situation in the District and felt the meeting was productive. He confirmed that the city’s plan is to study alternatives. Director Meyer suggested that the District prepare a presentation be made to the Santa Cruz City Council that explains what the District’s timeline looks like. He feels that the Board should discuss and determine how long the District can wait before moving forward with a different supplemental supply option.

Director Meyer reported that, in preparation for his meeting with Mr. Lane, he reviewed the 2012 Update to the Integrated Resources Plan (IRP) and the Board had stated that, if the desalination plans come to a halt, that a key option to be explored would be a diversion of Soquel Creek. While he understands there are water rights issues with that idea, Director Meyer feels it is something that should be discussed since it is in the IRP.

Director Daniels noted that as of January 1, 2014 1.6 gallon toilets can no longer be sold. He’s not sure that all of the stores in the area are aware of this. He suggested that conservation staff contact the local suppliers of toilets so they can start having the lower flow toilets in stock.

Director Daniels reported that Resource Conservation District (RCD) has a map of various water information. Perhaps the District could ask that demonstration gardens, special irrigation, grey water use and other measures that might be of interest to the public be added. He feels this would be a good resource for the community and would like staff to get the word out about it.

Director Daniels noted that he received questions from Rick Longinotti and he responded to them. He suggested that they be posted online for the public to see. President LaHue asked that this be brought back as a future agenda item.

Director Daniels noted that, since a moratorium is being discussed, he would suggest that someone from Bolinas in Marin County talk to the Board. They initiated a
development moratorium in 1971 and were sued several times. They prevailed and they still have the moratorium in place.

Director Daniels has ideas about how water previously considered to be diverted from the Soquel Creek near the Seventh Day Adventist camp site could instead be done elsewhere in order to assure for better fish passage. President Lahue agreed that perhaps this can be brought back to a meeting for discussion after the other alternatives have been reviewed.

Director Daniels brought up the idea of the City using their own water to recharge the Live Oak area wells where there is active saltwater intrusion. He asked staff to work with the City and bring back a resolution for the Board to consider encouraging the City to recharge the basin through the Beltz Well. President LaHue asked that this be brought back as a future agenda item.

Director Daniels suggested changing the name of the District. Based on a survey, 30% of customers think their water comes from Soquel Creek. By changing the name of the District to something that does not include “Soquel Creek” it would be an opportunity to inform the public that their water comes from groundwater and the groundwater is threatened. If the public can understand the problem, then there might be more support for the solutions the Board is considering.

Kim Adamson noted that she has gone through a name change with her last district when they assumed operation of another utility. It brings good opportunities for outreach and community involvement and feels this is worth consideration. The Board agreed that the name is misleading.

4. INFORMATION ITEMS

4.1 John Ricker – Status Update Report on the Potential Santa Cruz Regional Water Exchange for Northern Santa Cruz County Area

Ms. Adamson noted that Mr. Ricker is still working the draft report and has come tonight to give an update but staff plans to have Mr. Ricker back on the agenda when the report has been completed and reviewed by the water exchange partners.

Ms. Adamson noted that Peter Kiel, the District’s water rights attorney and Lisa McCann, Central Coast Regional Water Board water rights liaison are participating via conference call and asked that they introduce themselves.

Mr. Ricker gave a Water Exchange Progress Report (Attached as Exhibit A). Mr. Ricker is on the steering committee for the Integrated Regional Water Management (IRWM) program. The IRWM has been looking at conjunctive use and water exchanges since Prop 50 grant funds were received. Prop 84 provided an additional $1 million dollar planning grant to update the IRWM.

The study looks at the possibility of taking water from the San Lorenzo River during the winter high flows and making that water available to the surrounding groundwater agencies. Several methods were evaluated including use of the Tait Street diversion that is currently the main source of supply for the City. The study included the effects on fish. The model is set up so when water is available
for transfer; it would first go to the Scotts Valley area and if there was excess water it would then go to SqCWD. This came out of the original work focusing on the Santa Margarita groundwater basin and was set up this way because water resources agencies favor using water within the same watershed.

Director Daniels asked if water can be transferred to SqCWD with the existing water rights.

Mr. Ricker replied that the District would have to apply for water rights.

Mr. Ricker discussed the challenges of treatment of the water. The treatment plant would need to be significantly upgraded to handle the flow and quality of the wintertime water. The costs per acre-foot (af) amortized over 20 years and adding in the annual operating costs range from about $3,900 per af to about $8,420 per af. This is just the cost of the water, not the cost to the customer.

Mr. Ricker discussed considerations both short term and long term water rights options as well as CEQA/fishery agency constraints. There are short term emergency options for transfers from the City. With emergency transfers you need to show a good faith effort to address the long term problem. It still remains to be determined how much water can be transferred back to Santa Cruz from the District during a drought period.

Director Daniels noted that the basin leaks water out to the ocean which keeps the seawater from coming onshore, so when Santa Cruz wants the water they transferred back it might not all be available.

Mr. Ricker discussed completing the project. He is working on finishing the review and writing up the report for circulation and is aiming for the end of the year. President LaHue asked Mr. Kiel, water rights attorney, to address the realities of short-term and long term water rights. Mr. Kiel noted he’s had mixed successes with water rights applications and it usually comes down to a couple of factors; whether you have the hydrologic modeling and the fisheries analysis for the project. If you are talking about new water rights permits that involve new facilities one of the biggest concerns for timing is compliance with CEQA. If you have to do a complete environmental impact report it starts adding years to the process as opposed to talking about months to a year or two. With new facilities and compliance with CEQA it’s a multi-year process. Short term transfers are possible and the time frame outlined in Mr. Ricker’s presentation is fairly accurate. Director Daniels asked if saltwater intrusion would be considered urgent. The basin has been in deficit since 1981.

Mr. Kiel noted that groundwater overdraft and related issues are relevant considerations for urgent need, but would provide one caution. The water code asks “does the water right holder have the urgent need to transfer the water”, and for some cases in the past the water board has said the water holder has plenty of water but if the recipient has an urgent need, does that mean the right holder has an urgent need. Some temporary urgent transfers die on that basis. With the state’s current conditions and the Governor’s proclamation of drought, encouraging agencies to facilitate water transfers has encouraged the water board to look less narrowly at the urgent need requirements and to consider...
regional needs. Mr. Kiel also said there have been examples of approved temporary transfers and temporary urgency transfers for which groundwater overdraft is the principal basis. Mr. Kiel is pretty confident that groundwater overdraft and seawater intrusion in this circumstance would be basis for urgent need.

Director Daniels asked about being able to repeatedly apply for urgent transfers. He related circumstances where an agency would apply for an urgent transfer the first year but after that you have to go through the process to acquire a long term right and cannot get approval for repeated urgent rights.

Mr. Kiel replied that is generally correct. The water code provisions for temporary urgency change require the entity petitioning for the change to demonstrate why it hasn’t pursued this through a non-urgency basis. If this is a chronic problem the water board might say you can’t declare this an emergency/urgent need if you’ve done nothing about it for years. You want to pursue the long term change concurrent with the short term temporary or the urgency changes.

Director Daniels referred to Mr. Ricker’s comment that the fisheries agencies and water board looks upon transfers within the same watershed much more favorably and asked Mr. Kiel if this would influence the District’s ability to get a water right.

Mr. Kiel noted if this refers to short term changes all of the temporary transfer options require the water board consider facts on fish and wildlife and other water users. If there would be significant impact, the resource agencies will probably oppose it. Sometimes there is less concern about moving water from the same watershed because return flows from that use will go back to the same watershed.

Director Daniels asked about the water board approving applications if there have been protests from fisheries.

Mr. Kiel replied that it’s not common for the water board to dismiss protests from California Department of Fish and Wildlife or National Marine Fisheries. If a district cannot put together a long term proposal with minimal impact on fish, the project has a low chance of succeeding. Mr. Kiel feels it may be easier to develop a new water rights project that utilizes the resource agencies recommended criteria for avoiding impacts as opposed to doing a comprehensive Habitat Conservation Plan (HCP) for a modified water right. HCP deals with a suite of issues beyond a water right project.

Director Daniels asked if the District would have to become involved with the City’s HCP.

Mr. Kiel said that the District shouldn’t assume they would be dragged into the City’s HCP or would have to do their own.

President LaHue commented that it sounds like the District would have to be sure that the fisheries agencies were on board before applying for water rights.
Mr. Kiel responded that it was possible to apply first and negotiate later but he doesn’t think it’s reasonable to assume the project will make significant progress.

Director Hoernschemeyer had a question for Mr. Ricker about the cost of water of $3,900 per AF to $8,420 per AF.

Mr. Ricker noted that his numbers were based on estimated for the upgrades to the different components to the project. The range is due to varying flow levels. Treating more water is less expensive per acre foot than treating lower flows.

Director Meyer asked if the District follows the strategy of applying for both an urgency permit and a long term permit would the water board look favorably on extending the urgency permit until they could rule upon the permanent permit.

Mr. Kiel replied potentially. The short term and urgency changes should stand alone and be evaluated alone but if the District is also pursuing long term rights he thinks that would be a sign to the water board that this is a very urgent need and there is dedication to follow through with it.

Ms. McCann was asked to weigh in on what Mr. Kiel had said. She said in her conversations with state board staff she felt Mr. Ricker and Mr. Kiel have outlined facts accurately.

Director Jaffe asked what percentage of applications are granted.

Mr. Kiel stated he can’t draw conclusions from pending applications. Director Hoernschemeyer would like staff to bring back to the next meeting estimated cost of water per acre-foot from the proposed desal plant.

Ms. Adamson asked Mr. Ricker if the cost per acre foot included both capital and operations. Mr. Ricker replied it did.

Director Meyer noted Mr. Ricker’s analysis has been limited to the use of Tait Street diversion and not Felton, North Coast streams or Zayante Creek. He asked how much more water and what the cost per AF would be if some of these other options were explored.

Mr. Ricker replied that the streams in the North Coast are heavily impacted by the HCP which would rule those out; there is no surplus there. Felton is an interesting one because it does has a pending water rights action so it’s more complicated. But it has the infrastructure and the ability to pump over 20 cfs. Zayante would be a whole new infrastructure. All the water from Zayante ends up in Felton and then at Tait. Taking the water out low in the watershed minimizes the impacts on fish and allows more to be taken. It would be more complex to get a water right higher up in the watershed and take a lot longer.

Director Daniels asked if Mr. Ricker was aware of when the City might be willing and able to proceed with a transfer agreement.

Mr. Ricker noted the City has been actively working with the County on the project and they are very supportive of moving this along, however they do not want to jeopardize their current water rights.

Mr. Ricker was thanked for his presentation.
4.2 Jerry Paul – Research and Innovation: Water Source Alternatives

Mr. Paul gave a presentation on his research of Santa Cruz County water sources that he has conducted over the last two years. During that time he has come up with six alternatives including the Lochquifer plan. His Lochquifer plan would deliver 6,300 afy of water. Mr. Paul noted that less than 1/16th of surface water is diverted leaving a large amount to flow into the ocean. He also noted that Loch Lomond is kept full most of the time leaving little room for water storage. His Lochquifer plan would divert up to 6,300 afy of additional river water during each winter storm season and send it to the Loch which would dispense it all year to the participating well based water districts. The districts could then rest their wells and allow nature to recharge the aquifers. In his plan, the capital cost would be around $50M but that does not include interties. This would require a new treatment plan between Felton and Scotts Valley. Mr. Paul stated that purchasing Phase I of his plan by the District would give them a head start. If just one of these ideas is a winner, there would be a big return on investment for the District. Director Daniels stated that the Lochquifer program would work only if City of Santa Cruz participates, that he’s aware Mr. Paul has talked with Mr. Kocher and others in the past and asked Mr. Paul if the City is ready to step up.

Mr. Paul responded that if Mr. Kocher had absolute confidence that they would get the water back from the District in drought years he probably would have engaged. Director Daniels noted that Mr. Ricker’s report dealt with the lower watershed areas to lessen the impact on fish. Mr. Paul’s Felton diversion plan would be much more difficult and time consuming to get water rights and Director Daniels would like to know Mr. Paul’s feelings on this.

President LaHue noted they were talking higher volumes as well.

Mr. Paul replied there is 95,000 afy average (78,000 afy median of) in the river. It won’t be there every year, but if you have the aquifers for long term drought protection then you can use the Loch to take as much water out of the river as possible.

Director Daniels stated it doesn’t make sense to talk about how much total water is in the streams unless you subtract out the water needed for fish flows. There is considerably less than Mr. Paul stated above.

Mr. Paul states that fish will be taken care of in his plans, that fish will get water out of the aquifers as a matter of course because when the aquifers fill up they bleed into the river.

President LaHue questioned the reality of how fisheries agencies would respond to taking a significant volume of water from Felton Diversion, and also if there would be any water quality problems related to getting that water treated and putting into Loch Lomond.

Mr. Ricker responded that to address the fisheries concerns you would have to demonstrate you are maintaining adequate downstream flows. With water quality issues, you would not want to take the peak flows. It’s not easy to treat
because it has high nutrients, high organic load, and high sediment load and if you are pumping that up to the Loch you are going to have water quality problems in the summer with algae blooms. Besides turbidity there are issues with the bacterial and nutrient flows.

Director Daniels requested that Mr. Ricker not look back at data, but look ahead. Storms are getting bigger and the storm season is getting shorter, closer together and erosion and sedimentation is going up increasing turbidity.

Mr. Ricker responded that watershed management has actually improved; the total sediment load in the river had declined significantly from the 70's and 80's.

President LaHue asked Mr. Kiel about water rights on Loch Lomond. Is that a separate right and would that be more difficult or do the same issues apply.

Mr. Kiel replied it is complicated getting a 2nd right in an existing facility. He feels it’s legally feasible but he doesn’t understand it enough to determine if there are problems with it. Mr. Paul noted the Lochquifer Alternative can be run as a matter of degree, so that if it’s found that 6,000 AF is not available at Felton, the Lochquifer can be designed for lower levels. Regardless of what kinds of bad things are in the river the technology exists to clean it in pre-treatment. He also noted that the Lochquifer Alternative can be regarded as temporary. Once the aquifers are filled you don’t may not need it anymore.

Director Hoernschemeyer noted on the issue of cleaning up water, he had experience as a research chemist in treating water working for Calgon Corporation and stated that any kind of water can be cleaned on a large scale.

4.3 Bill Smallman - Creating a Great Alternative to Desal

Bill Smallman gave a presentation on his alternative to desal. His plan mainly involves infrastructure improvement projects and focuses on water sources other than desal, and sources not usually collected by water districts such as water from the Santa Cruz sewage treatment plant to recycle. This would involve building a treatment plant and distribution system. The second idea is a storm surface water collection which is different than normal surface water collection. This would also require building treatment, storage and distribution facilities. Mr. Smallman feels another solution is conservation including rainwater catchment, grey water recycle, black water recycle, septic tank pumping to treatment plants. He feels it is going to take both conservation and infrastructure improvement to solve this problem. Key points of his plan involve environmental improvements, assistance to the economy by increasing recreational opportunities in Santa Cruz County. Models used for his plan include the Santa Clara Valley Water District/City of San Jose advanced recycle plant with a cost of $57 million and Orange County’s indirect potable reuse system. Mr. Smallman’s plan uses the railroad corridor so the cost of his project could be combined with the cost of the bike path project thus saving money. He is also attempting to get a list of private well owners to explain the situation to them. They would have to agree to have water that is chemically drinkable but politically and legally not potable. He’s been told that most of the private well owners use their water for irrigation, not for drinking. Their option would be
having their wells contaminated with salt water or having water from his plan protect them. He believes he can attain 100% approval from private well owners. Mr. Smallman’s plan involves SqCWD moving wells approximately 1 mile inland that would allow two month detention time. Another part of his plan is to divert heavy storm flow from the San Lorenzo River. He stated this type of plan could also be done on the Soquel Creek using Olive Springs quarry as storage. During heavy storm flow on the San Lorenzo River, water would be pumped to 2 abandoned sand quarries – the Olympia and Hansen – for treatment, storage and distribution. He feels that climate change bodes well for his method, collecting a lot of water in a short amount of time with little damage to fish. His plan would work with the Lochquifer plan as it’s close to Loch Lomond. A treatment plan would need to be expanded since water from new quarries would go into the groundwater basin and would need to be treated. The quarries could become reservoirs that can be for recreational use helping to offset the costs of construction. Director Meyer noted that the District has no jurisdiction over private well owners and asked what Mr. Smallman would do about those private wells that cannot be moved inland.

Mr. Smallman feels that the best approach is to talk with well owners and create a groundwater replenishment district to smooth out some of these issues.

Director Daniels clarified that a replenishment district has no authority over well owners. They can collect money from the water that is pumped and use that money to undertake replenishment activities.

Mr. Smallman stated that he thinks special districts can be granted some legal authority over well owners. If a large number of well owners were against this plan it could potentially pose a problem.

Director Daniels gave an example of the Pajaro Valley Water Management Agency that was created by State legislative action and they have the same right as a replenishment district in the sense that they can go out to various pumpers in their area and collect money based on how much water they are using. But they have no control over how much can be pumped.

President LaHue noted that in January the Board will be talking specifically about recycling and encouraged anyone interested in that topic and issues surrounding it to come to the January meeting.

President LaHue thanked of the presenters for taking the time and caring enough to develop these ideas and share them with the Board and the community.

Public comments about the presentations were now heard.

Cherie Bobbe asked Mr. Kiel about what the water board would consider being too long without having tried to address a problem. Since it has been known for almost 3 decades that the basin is overdrafted, she asked how the water board would perceive what’s been done so far. Mr. Kiel replied he is not comfortable speculating for the water board, but noted the water board staff and appointed water board members do understand that issues can take many years to
investigate. He doesn’t think that would be fatal to an application for a temporary urgency transfer.

Rick Longinotti commented that Santa Cruz has water rights to the north coast streams that pre-date 1914, and it’s his understanding that Santa Cruz can change the place of use of that water without applying to the State, and he wondered if Mr. Kiel recommends that as an avenue to be explored in terms of expediting water transfer.

Mr. Kiel replied that the holder can change the point of diversion, place of use and other aspects of pre 1914 water rights. But this opens those rights up to challenge by other parties. He stated that the City’s water rights attorney would understandably be reluctant to change a long standing right in a way that could bring legal scrutiny. He wouldn’t recommend it if they were his client.

Mr. Longinotti asked for clarification as to what type of threat this might bring to the City’s water rights if they decided to change the place of use.

Mr. Kiel responded as a general matter there are a number of potential challenges that can be brought to an old water right. One of the benefits of a modern water right is it is defined and tracked by state agencies. Pre 1914 rights are not. They are only as good as the documentation you have for that right. A change brings increased attention to an old water right and if the right is not documented well it could be lost.

Mr. Longinotti asked Mr. Ricker about the condition in his work plan that the participating agencies not increase their water demand. The SqCWD has a water demand offset (WDO) that works to limit increased demand due to development in the District but the City of Santa Cruz projects that their water use will increase by 2030. With those districts that don’t currently have a water neutral development program, would they be required to institute one in order to participate in water transfers?

Mr. Ricker stated that static demand was not a condition of participation in water transfers; it was one of the assumptions they used. Director Daniels pointed out a misconception that the WDO prevents impacts from new development. It only delays the impact. Mr. Paul had questions for Mr. Kiel. Can the District buy water from the owner of a well that is not in the District? Can another District serve as a transport agent and not own the water? Would this trigger water rights issues? Are there any limits on who the well owner might be?

Mr. Kiel replied that generally any district can acquire additional water supplies to meet the needs of the customers. There are provisions in the water code for conveyance of water through other water district facilities. There would be no surface water rights regulations if you are transferring percolating ground water. Mr. Kiel is not aware of any restriction on the seller of the water. Mr. Kiel noted that the water board can approve a water right permit with terms and conditions if there is a rational basis and if it’s enforceable.
Col. Michael Maxwell commented that he felt the presentation by both Mr. Paul and Mr. Smallman were excellent and he urged the Board to choose one of these solutions. Dan Kriege commented that he feels the Board would be served well to hire someone to look at these projects. Mr. Kriege thinks that most of the people are enthusiastic about these ideas but the bottom line is they are complex and you just don’t easily clean and move water. Adele Gardner is really alarmed by the problems discussed. She is concerned that $7.5 million was spent exploring desalination and from what she’s read, it seems like it would be the most viable option. Her biggest concern is that the process of investigating it is being stopped before being complete. Ms. Gardner encouraged the Board to finish the EIR with Santa Cruz.

President LaHue asked the Board for direction on the proposals presented tonight. He agreed with Mr. Kriege that once the Board has heard all of the alternatives, having some consulting help to analyze the ones that are chosen to move forward would be worthwhile. But he feels the ideas on recycling and mandatory rationing need to be heard before moving forward with analysis.

Director Daniels noted that in this year’s budget, $50,000 was set aside for a water rights application and he now sees that this was vastly under budgeted. Having to do an EIR, fisheries analysis, hydrology analysis and everything involved in getting a water rights application sent to the state will cost much more. Director Daniels noted that all of the ideas being brought forth will cost millions to investigate. He thinks that the Board needs to carefully pick and choose which ideas to move forward. Choosing an idea that pulls water from lower in the watershed is a better idea than removing water upstream.

Director Hoernschemeier agreed with Director Daniels and stated that the Board needs to consider folding in the estimated cost of a CEQA analysis and other reasonable costs that are likely to occur with any of these plans. It’s going to be an expensive process and the estimates are needed as soon as possible.

President LaHue asked if staff can investigate meeting with the fisheries agencies because they seem key to any of these ideas since their approval will be a key piece for any water right.

Ms. Adamson noted that it’s important to be in communication with fisheries agencies if the Board starts down this path. Ms. Adamson shared that staff were in Sacramento at a Collaborative Leadership of Watershed Management conference and it was about how to bring everyone together because all the water problems are regional problems. There were large water management districts and cooperative efforts represented. Everyone said the biggest challenge is the regulators come to regulate rather than collaborate.

Director Meyer stated that he thinks a principal that could help the Board in deciding how to choose projects to continue to explore would be to identify the ones that require the City as a partner. It wouldn’t make sense to proceed with one of these ideas if the City isn’t interested in exploring it with us.

Director Daniels doesn’t disagree about approaching the fisheries agencies, but noted they can change their minds at any time during a project.
President LaHue noted that during the long and detailed discussion of using Soquel Creek, the fisheries agencies requirements changed during the process. Director Daniels commented that even after you get your water right the criteria can change.

5. ADMINISTRATIVE BUSINESS

5.1 Unconditional Will Serve Letter, Jeff Holbein, on 4340 Gladys Ave., Capitola APN 033-113-15

MOTION: Director Daniels; Second: Director Meyer: To authorize the District’s unconditional Will Serve Letter indicating that the District will unconditionally serve the ADU at 4340 Gladys Ave., Capitola APN 033-113-15. Motion passed by unanimous vote.

5.2 Unconditional Will Serve Letter, Mike Kelley, 3030 Haas Drive, APN 039-251-11

MOTION: Director Hoernschemeyer; Second: President LaHue: To authorize the District’s unconditional Will Serve Letter indicating that the District will unconditionally serve 3030 Haas Drive, APN 039-251-11. Motion passed by unanimous vote.

5.3 Unconditional Will Serve Letter, Mark Murphy, (Tom Branagan), 4980 Capitola Rd. APN 034-041-71

MOTION: Director Hoernschemeyer; Second: Director Daniels: To authorize the District’s unconditional Will Serve Letter indicating that the District will unconditionally serve 4980 Capitola Rd., APN 034-041-71. Motion passed by unanimous vote.

5.4 Unconditional Will Serve Letter, Bob Freitas, 180 Driftwood Court, APN 054-051-15

MOTION: President LaHue; Second: Director Daniels: To authorize the District’s unconditional Will Serve Letter indicating that the District will unconditionally serve 180 Driftwood Court, APN 054-051-15. Motion passed by unanimous vote.

5.5 Unconditional Will Serve Letter, Audrey Naylor, 676 Clubhouse Drive, APN 053-021-04

MOTION: Director Hoernschemeyer; Second: Director Jaffe: To authorize the District’s unconditional Will Serve Letter indicating that the District will unconditionally serve 676 Clubhouse Drive, APN 053-021-04. Motion passed by unanimous vote.
5.6 Consideration of Consultant Services Proposal from Jerry Paul for Evaluation of Water Source Alternatives

Director Meyer commented that Mr. Paul’s proposal requires the City as a partner so rather than voting at this time, he asked staff to talk with the City to see if they are willing to collaborate with the District in considering this option.

Director Daniels commented that he has concerns about the structure of this proposal. The usual method of hiring consultants is that a request for proposal is sent out, consultants are interviewed, and rates are negotiated. Mr. Paul’s proposal is a sole source proposal and entering into this agreement would not be following the District’s process for hiring a consultant.

President LaHue feels that it’s too early to choose a consultant; not all of the ideas have been explored at this time. He would like the process to be as follows; RFP going out and then having some to choose from. He would not vote for any action tonight.

Mr. Paul noted that perhaps he failed to be clear in speaking earlier. He has two proposals in front of the Board. One is Phase I for 950 hours of work already done and is ready to put to the Board’s benefit within a week. Phase II is a general consulting contract that would go on starting at some future date pursuant to a separate vote of the Board at some other meeting. The item for vote tonight is does the Board want the results of Mr. Paul’s research that includes 6 other proposals and additional strategies.

Director Hoernschemeyer stated that it seems the Board could consider Phase I tonight as proposed.

MOTION: Director Hoernschemeyer; to approve allocation from OCR in an amount not to exceed $20,000 and authorize the District Manager to execute the District’s standard Consultant Agreement with Paul Enterprises for the work described as Phase I of the proposal. Motion died due to lack of a second.

Director Jaffe felt that Mr. Paul may have ideas that would be valuable to the Board but moving forward sight unseen is not the usual process. He would recommend that a more formal process of opening up the process to others. It may be that Mr. Paul is the only one that submits qualifications. One version of one plan has been outlined but he feels that is not enough information from which to make a decision. Director Jaffe directed staff to explore ways to get consultants involved with this idea. He also agreed with President LaHue that it may be premature to decide without hearing other options available.

Director Meyer noted that he values what he’s read so far of Mr. Paul’s idea and commended him on the time and effort put into this proposal.

Director Daniels commented that he understands Mr. Paul’s concerns about sharing his ideas without a contract, but pointed out that this is done all the time in other industries with a non-disclosure agreement. He suggested a committee
comprised of staff and board members could be put together to review the proposal.

Ms. Adamson noted Phase I is really the purchase of a product, not hiring a consultant. The process for purchasing a product of this value involves obtaining three quotes. If there are no other comparable products it’s acceptable to sole-source. Ms. Adamson suggested a subcommittee of the Board be put together with members of staff and under the protection of a non-disclosure agreement, look at what the product is to decide if the District wants to purchase it. Ms. Adamson noted there is value to exploring this proposal even if nothing is found that can be used, since it would show that the Board is responsive to community input, particularly about alternatives to desal.

Mr. Paul expressed concern if the City is involved they would have the same concerns the Board has in as much as they don’t know what they are buying. One of the reasons he gave the talk tonight was to give the Board some idea of what they are buying. He also expressed concern that, even if there is a non-disclosure agreement, once he gives his ideas to the District they could hire some other consultant to write up. He feels the Board should decide what price is his ideas are worth to them.

Mr. Bosso noted that a well draft non-disclosure agreement would not permit the District to turn around and take Mr. Paul’s ideas and give them to another consultant.

Ms. Adamson pointed out that if the District purchased the product, they could change consultants at any time. Mr. Paul needs to be aware that if his product is purchased, the District may have consultants already working on parts of the proposal and those would go forward with their current contracts in place.

President LaHue directed staff to set up a time to discuss a possible non-disclosure agreement with Mr. Paul and set up a small subcommittee to discuss it.

6. **STATUS REPORTS** - None

7. **WRITTEN COMMUNICATIONS AND CORRESPONDENCE** - None

8. **ADJOURNMENT**

There being no further business, President LaHue adjourned the meeting at 10:15 p.m. to the next scheduled meeting on November 19, 2013.

SUBMITTED BY: 

APPROVED BY: 

____________________________  __________________________
Karen Reese, Board Clerk       Thomas R. LaHue, President
Water Exchange Progress Report

Soquel Creek Water District

November 5, 2013
• Brief Background
• Approach
• Preliminary Findings
• Steps for Completion of Study
• Implementation Steps
Background

- Integrated Regional Water Management (IRWM)
- Prop 50 project – focus on Scotts Valley area
  - Report to Soquel Board in May 2011
- Prop 84 project – Includes Soquel
  - Report to Soquel Board in February, 2013
- Working Group: County, City, SLVWD, SVWD, SqCWD
- Work in Progress, some highlights
- IRWM Plan update – March 2014
- Grant application – August 2014
Methodology for Yield Assessment

• Confluence Model models City’s whole system and how water transfers would fit within the overall City operation
• Flow calculations establish flow records and estimated flows that would exist with and without City diversions and transfers; historical flow record
• Fish Habitat Effects Analysis: utilizes flows with and without diversions to estimate effects from water transfers on habitat downstream
• Assumptions: Divert water Nov-April from Tait; Meet “Tier 3” flow targets throughout the system
• Water goes to Scotts Valley area first, excess to Soquel
Operational Scenarios

• Current Infrastructure/Water Rights/Soquel Service Area 1
• New Interties to Scotts Valley and Soquel
• New Water Rights
• Upgraded diversion and treatment capacity
• Treatment of higher turbidities
Confluence Model Results

Annual Transfers to Soquel Creek (mg)

- Current
- GHWTP Imp
- Unl Tait

Percent > Y-Value

0% 20% 40% 60% 80% 100%
Treatment Challenges

- Turbidity, Sediment, Organic Load, Bacteria
- San Lorenzo water worse than North Coast
- For increased flow, need to replace/upgrade:
  - Pretreatment Filtration
  - Disinfection/Oxidation Process
  - Solids handling
- Improvements at Tait needed for increased sanding
Infrastructure Upgrades and Costs (Additive)

- Intertie to SLVWD/SVWD (1-2 mgd) $ 5.8 M
- Intertie to Soquel (1.5-3.5 mgd) $ 18.5 M
- Tait Diversion Works upgrades (7.8 mgd) $ 2.8 M
- Tait Expansion (to 14 mgd) $ 5.9 M
- Treatment Plant Upgrades (to 16 mgd) $ 57.7 M
- Diversion of Increased Turbidity Water $ 1.1 M

- Operating Costs: $147 – 715 K/yr

Pump Stations, additional wells to deliver water back to Santa Cruz - ??
<table>
<thead>
<tr>
<th>Scenario:</th>
<th>SqCWD Yield (af/y)</th>
<th>Total Potential Yield</th>
<th>Capital Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>0  Existing Connection to SA1</td>
<td>??</td>
<td>??</td>
<td>??</td>
</tr>
<tr>
<td>1  New interties (Existing Rights)</td>
<td>120</td>
<td>445</td>
<td>$ 27 M</td>
</tr>
<tr>
<td>2  Increase GHWTP Capacity from 10 mgd to 16 mgd</td>
<td>292</td>
<td>623</td>
<td>$ 78 M</td>
</tr>
<tr>
<td>3  Increase GHWTP Capacity and Tait Capacity from 7.8 to 14 mgd</td>
<td>1,022</td>
<td>1,495</td>
<td>$ 91 M</td>
</tr>
<tr>
<td>4  Increase GHWTP Capacity and Turbidity Treatment from 15 to 200 NTU (7.8 mgd)</td>
<td>417</td>
<td>798</td>
<td>$ 86 M</td>
</tr>
<tr>
<td>5  Increase GHWTP Capacity, Increase Tait Capacity, Increase Turbidity Treatment</td>
<td>1,178</td>
<td>1,712</td>
<td>$ 92 M</td>
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</tbody>
</table>
Water Rights Considerations

- Current limits
  - Volume limits
  - Place of use limits
  - Need for new rights
- Long Term Options
- Short Term Options
- CEQA/Fishery Constraints
- Protection of current rights
<table>
<thead>
<tr>
<th>Option</th>
<th>Water Code Section</th>
<th>Applicant</th>
<th>Duration of Permit</th>
<th>Amount of Water</th>
<th>Timing to Process Appli.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary Urgency Change</td>
<td>1435</td>
<td>City</td>
<td>180 days, renewable</td>
<td>Within current right</td>
<td>&lt;90 days</td>
</tr>
<tr>
<td>Temporary Transfer</td>
<td>1725</td>
<td>City</td>
<td>1 year, may be extended</td>
<td>Within current right</td>
<td>&lt;60 days No CEQA</td>
</tr>
<tr>
<td>Temporary Urgency Permit</td>
<td>1425</td>
<td>Other Party</td>
<td>180 days, renewable</td>
<td>Excess Unappropriated water</td>
<td>Expedited</td>
</tr>
<tr>
<td>Petition to Change Place of Use</td>
<td>1701</td>
<td>City</td>
<td>Permanent</td>
<td>Within current right, amends right</td>
<td>More than 1 yr</td>
</tr>
<tr>
<td>Application for New Water Right</td>
<td>1202, 1205-1207, 1250 et seq.</td>
<td>Any party</td>
<td>Permanent</td>
<td>New available water</td>
<td>2-5 yr + 10-20 yr</td>
</tr>
</tbody>
</table>
How much water can come back to Santa Cruz?

- Rate to meet peak demand: Wells and Pumping Capacity
- Annual volume: Basin capacity?
- Safeguards to maintain groundwater levels, prevent seawater intrusion
- Policies and agreements
Completion of Project

- Complete estimates of current intertie capability, yield potential
- Estimate potential to send water back to Santa Cruz
- Consult further with Fishery Agencies
- Complete draft summary report
- Circulate report for review and comment
Potential Implementation Steps

- Develop Agreement among water agencies
- Determine best strategy for short term and long term water rights applications
- CEQA
- Initiate designs for infrastructure upgrades
- Financing Plan for next steps
- Possible further assessment of possible subsequent phases: direct recharge