

**SOQUEL CREEK WATER DISTRICT
REGULAR MEETING MINUTES
January 17, 2012**

1. Roll Call

President LaHue called the Regular Session to order at 7:02 p.m.

Board Members Present:

Dr. Thomas LaHue, President
Bruce Daniels, Vice President
Dr. Bruce Jaffe
Dr. Don Hoernschemeyer
Dan Kriege

Staff Members Present:

Laura Brown, General Manager
Bob Bosso, District Counsel
Taj Dufour, Engineering Manager/Chief Engineer
Ron Duncan, Conservation & Customer Service Field (CCSF) Manager
Michelle Boisen, Financial/Business Services Manager
Felipe Luevano, Operations & Maintenance Manager
Leslie Strohm, Supervising Accountant
Denise Alexander, Executive Assistant/Board Clerk

Others Present:

Mark Gonzales with Moss, Levy & Hartzeim
Cameron Tana with HydroMetrics WRI
1 member of the public

2. APPROVAL OF MINUTES

December 20, 2011 - Two minor corrections were noted.

MOTION: Director Kriege; Second: Director Hoernschemeyer: To approve the December 20, 2011 minutes as modified. The motion passed by a unanimous vote.
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3. ORAL COMMUNICATIONS

Director Daniels recalled that the District was contacted about obtaining samples of groundwater by an individual from UCSC and while attending the AGU conference in San Francisco recently, he obtained a copy of a poster being displayed about a study titled, *Why do these red tides happen?* The study hypothesizes that groundwater discharge into the ocean contains nutrients that influence red tide occurrences. Another series of experiments is

anticipated. A brief discussion ensued regarding water samples taken from the La Selva Beach area that contained nitrates.

President LaHue noted that the ACWA Newsletter identified an interesting statewide system of a Groundwater Elevation Monitoring Program that provides a better understanding of groundwater conditions in California that the public can access online. He inquired whether input to that system will be provided by the District when data is available. Mr. Dufour confirmed that the District is participating.

President LaHue felt it would be helpful to have something he can readily refer to on the cost of water produced per thousand gallons from different sources, e.g. wells, surface, desalination.

Director Daniels stated that he and Director Jaffe met with Rick Longinotti and Jan Bentley with Santa Cruz Desal Alternatives in December to talk about various issues that included a possible surface water transfer project between the City of Santa Cruz and the District. Some press comments he has been reading seem to indicate a lack of acknowledgement and support by the city of the District's offer to give back water. Drafting a proposal to present to the city specifying the number of gallons of water to be exchanged was suggested. A letter from the California Department of Fish and Game to the city mentions that a Water Demand Offset Program will have to be implemented to guarantee growth will not increase demand.

Director Daniels further stated that he and Director Jaffe will be meeting next week with various representatives from Ecology Action, Surfrider Foundation and Women's International League for Peace and Freedom regarding the proposed desalination project. The Sierra Club is not confirmed. He met with Mr. Duncan and the District's Staff Analyst Shelley Flock regarding conservation matters to prepare for that meeting.

General Manager Laura Brown announced that the District's tradition is to honor individuals at significant milestones in their affiliation with the District. A certificate of appreciation and a SqCWD lapel pin was presented to Director Hoernshemeyer for serving on the Board of Directors for the past five years. Director Hoernshemeyer stated it has been a pleasure working with staff and the other Directors.

4. **PUBLIC HEARING**

None

5. ADMINISTRATIVE BUSINESS

- 5.1 Conditional Will Serve Letter for Ben Shulman, 113 Manresa Ct., Aptos, APN 054-561-21

Director Daniels stated that Tier II would apply for parcels greater than 10,000 sq. ft. The parcel size for the proposed single-family dwelling and accessory dwelling unit is 10,019 sq. ft.

Engineering Manager Taj Dufour stated that the Conditional Will Serve Letter will reflect that correction.

MOTION: Director Kriege; Second: Director Daniels: To authorize staff to issue the District's standard conditional Tier II Will Serve Letter for Mr. Ben Shulman at 113 Manresa Ct., Aptos, APN 054-561-21. The motion passed by a unanimous vote.

- 5.2 Accept Financial Audit for Fiscal Year 2010-11

Financial and Business Services Manager Michelle Boisen introduced Marc Gonzales with Moss, Levy & Hartzheim, the District's independent auditor, who briefly presented the financials. Ms. Boisen credited the District's Supervising Accountant, Leslie Strohm for the District receiving an "unqualified opinion" which reflects that all accounting rules were followed appropriately and the financial reports are an accurate representation of the District's financial condition.

Mr. Gonzales responded to questions from the Board noting appreciation for Ms. Boisen and Ms. Strohm for making their job a lot easier with good organization and record keeping. A brief discussion ensued.

MOTION: Director Daniels; Second: President LaHue: To accept the Financial Audit Report for the period ending June 30, 2011. The motion passed by a unanimous vote.

- 5.3 Accept Report from HydroMetrics WRI Titled Revised Protective Groundwater Elevations and Outflows for Aromas Red Sands and Updated Water Balance for Soquel-Aptos Groundwater Basin – Continued from November 6, 2011

President LaHue requested that the presentation focus primarily on significant changes and conclusions.

The District's hydrogeological consultant, Cameron Tana with HydroMetrics WRI provided a presentation, attached as **Exhibit A**.

Mr. Tana responded to questions from the Board.

Director Hoernschemeyer requested having the figures on protective elevation levels for the Purisima emailed to the Directors.

Discussion ensued and Mr. Tana made the following comments:

- The sustainable yield after recovery most likely will change if District groundwater levels rise and the Pajaro Valley levels remain the same.
- The numbers reflect outflow to the ocean only when recovery is achieved and is not current outflow.
- Non-SqCWD Consumptive Use excluding Cabrillo College for the Aromas will be rounded down from 754 to 750 afy.
- Aromas Water Budget – Flow to Pajaro Valley based on contour maps = 200 afy (best estimate based on current numbers). HydroMetrics was asked to recalculate what the outflow to Pajaro would be at future protective levels.

Rick Longinotti with Santa Cruz Desal Alternatives stated he attended the Board workshop on Groundwater Management Goals for the Portion of the Aromas Red Sands Aquifer Underlying Soquel Creek Water District's Service Area given by HydroMetrics WRI in August. He recalled seeing a slide based on a 1964 USGS study that showed a 1,215 acre-feet, on average, outflow to the Pajaro Valley. He requested clarification as to why the numbers being presented tonight are different. Mr. Tana explained it is a different way to look at the water balance. The results/assumptions used in that USGS water model are not consistently used in the same way the current water balance was set up.

President LaHue recommended agendaizing a discussion on how to manage pumping to achieve protective elevations based on recent information.

Mr. Duncan stated he serves on the Pajaro Valley Management Agency's (PVWMA) Ad Hoc Basin Management Committee. He suggested having a representative from PVWMA speak to the Board to provide an update on the status of their basin management plan.

Mr. Tana stated that if a new gradient is assumed, a new flow to Pajaro can be made based on a predicted rise to protective elevations at the coast.

By consensus, action to accept the report was deferred until that information can be incorporated.

MOTION: President LaHue; Second: Director Kriege: To agendize a discussion after the HydroMetrics report is complete on how the numbers can be used to set a goal for future pumping. The motion passed by a unanimous vote.

5.4 Approve 1-inch Fire/Domestic Combination Service Standard Detail and Adopt 1-inch Restricted Meter Water Capacity, Service Connection and Meter Charge

Engineering Manager Taj Dufour provided an overview of the new design and proposed associated fees. He responded to questions from the Board.

A portion of an existing 2-inch domestic fire/domestic combination service and the proposed 1-inch fire/domestic combination service were displayed. Both Aptos/La Selva and Central Fire Districts have approved the new 1-inch device and all new development and regulated re-models will be required to install the new 1-inch device starting 2012.

MOTION: Director Daniels; Second: Director Hoernschemeyer: To approve the proposed Standard Plan S-27 for the 1-inch Fire and Domestic Combined Service and adopt **Resolution No. 12-01** Fixing, Rates, Charges & Fees, Schedule I-Service Installation & Meter Drop-In and Schedule J-Water Capacity Charges as presented. The motion passed by a unanimous vote.

Ms. Brown commended staff members Taj Dufour, Jarrod Swett, Michael Wilson, Reggie Almond and Kevin Cole who worked collaboratively with Jim Dias, Division Chief/Fire Marshal with the Aptos/La Selva Fire Protection District to find a long sought-after solution to produce an alternative to the 2" combo fire/domestic service. A lot of issues/obstacles first needed to be resolved. It was an extraordinary innovative effort and may result in a prototype for others to use. Assigning water rates to the device and figuring out the quantity use for this new meter will be complicated. A public hearing is required prior to adopting the new rates.

5.5 Monitoring Well Destruction, Replacements and New Installations at Various Locations, Bid Award

Bid results were distributed, attached as **Exhibit B**. Mr. Dufour stated that Bradley & Sons Inc. are the lowest qualified bidder; however, a miscalculation was discovered that increased the total bid amount from \$379,157.50 to \$393,107.50. After making the adjustment, Bradley & Sons, Inc. remain the lowest bid. A brief discussion ensued.

MOTION: Director Daniels; Second: President LaHue: To adopt **Resolution 12-02** for award of contract at a not to exceed amount of \$393,107.50 to Bradley & Sons, Inc., the lowest responsible bidder for the Monitoring Well Destruction, Replacements and New Installations at Various Locations Project, CWO 10-006. The motion passed by a unanimous vote.

5.6 Polo Grounds Well and Treatment Plant, Approve Change Order No. 5

Mr. Dufour stated that Change Order No. 5 is before the Board because the additional well rehabilitation work was not part of the original specifications.

MOTION: Director Jaffe; Second: Director Kriege: To approve Change Order No. 5 for a contract addition not to exceed \$21,644 for Mechanical Rehabilitation of the Polo Grounds Well, CWO 06-39. The motion passed by a unanimous vote.

5.7 Approve Purchase of Aromas Red Sands Aquifer Monitoring Wells Sampling Equipment and Water Level Loggers

MOTION: Director Kriege; Second: Director Daniels: To authorize the General Manager to approve a purchase order issued to QED Environmental Systems Inc., for the purchase of low-flow sampling equipment in the amount of \$23,863.60 and to authorize the General Manager to approve a purchase order issued to Schlumberger Water Service for the purchase of level loggers in the amount of \$12,881.50, CWO 11-131. The motion passed by a unanimous vote.

5.8 Authorize Purchase of a Variable Frequency Drive Controller for the Tannery Well Motor and Appropriate Funds from the Operating Contingency Reserve

Operating & Maintenance Manager Felipe Luevano clarified that there is a reduction in electricity use with a variable frequency motor.

MOTION: Director Jaffe; Second: Director Hoernschemeyer: To authorize the purchase of the VFD/Controller for the Tannery Well Motor and a transfer in the amount of \$8,029.56 from Operating Contingency Reserves. The motion passed by a unanimous vote.

5.9 Notification Regarding 1,2,3 Trichloropropane Detection in Country Club Well and Distribution System

Mr. Luevano stated that a draft MCL is currently pending.

A brief discussion ensued to suspend further TCP monitoring for the Country Club Well and distribution system until an MCL is announced.

MOTION: President LaHue; Second: Director Hoernschemeyer: 1) to direct staff to proceed with notifying the Santa Cruz County Board of Supervisors, 2) to direct staff to include the TCP information in the upcoming Consumer Confidence Report for 2011; and 3) to suspend further voluntary testing until an MCL is announced. The motion passed by a unanimous vote.

5.10 Approve Scope of Work for Engineering Design Services for Aptos Pump Station Project

Mr. Dufour provided an overview of the staff report. He responded to questions from the Board.

MOTION: Director Kriege; Second: Director Daniels: To approve the scope of work for Schaaf & Wheeler to perform design services for Aptos Pump Station for a not to exceed amount of \$133,400 and to authorize the Board President to execute the standard District consulting agreement with Schaff & Wheeler and authorize the General Manager to sign a purchase order for Tasks 1, 2 & 3 as stated in the scope of work. The motion passed by a unanimous vote.

5.11 Selection of District Auditor – FY 2011/12 – 2013/14

MOTION: President LaHue; Second: Director Hoernschemeyer: To award the audit for Fiscal Years 2011/12 through 2013/14, with an option to extend the agreement for two additional fiscal years, to the firm of Charles Z. Fedak & Company for a fee not to exceed \$56,250, including preparation of the State Controllers' Report but not including any single audit that may be required in the future. The motion passed by a unanimous vote.

5.12 Desalination Task Force and Energy Issues

Director Kriege stated that the scwd² task force did not meet in December and the next meeting is tomorrow on January 18. Approval to extend the contract with Kennedy Jenks consultants for independent technical advisory services for the scwd² desalination program is agendized.

Director Daniels requested that the current commitment by Directors to serve as a District representative on the scwd² task force be revisited due to the anticipated duration. Ms. Brown suggested that District representation on standing committees, including the Basin Implementation Group could be agendized for discussion. The Board concurred.

Director Jaffe further stated it would be prudent to agendize a discussion on the future potential status of the desalination project and evaluation of other options. Discussion ensued.

Ms. Brown stated that she, Melanie Schumacher and Bill Kocher, City of Santa Cruz Water Director, individually met with three Capitola City Council members to provide updated information on the status of the desalination project prior to release of the EIR. A meeting with the remaining city council members will be scheduled. She and Mr. Kocher also met with the Capitola City Manager, Public Works and Planning Directors today. It was agreed that a formal presentation will be given to the city council shortly after the EIR is released. Additionally she met with Bill Reichmuth who will begin exploring federal and state funding opportunities including from the Army Corps of Engineers who are often looking for projects that are either affecting navigational streams/waterways, provide watershed protection or support streams they already have projects on, e.g. San Lorenzo River.

6. INFORMATION ITEMS

- 6.1 Small Claims Report – December
No action taken.
- 6.2 Recap of 2011 District Highlights
No action taken.

7. STATUS REPORTS

7.1 Engineering – Mr. Dufour reported on the following:

Polo Grounds Well and Treatment Plant project is coming above ground. The block building walls are up. The electrical motor control center is next and setting the trusses will follow. The new State Grant Administrator toured the site today. Change Orders No's. 3 and 4 are being executed administratively. Change Order No. 3 involves the relocation of the backup generator; the design engineer miscalculated the size of the sound enclosure and as a result, the doors were too close to the fence and difficult to open. Additionally, an additive put into the concrete for waterproofing the backwash basin (concrete tank) was not specified and is required. Total added cost for Change Order No. 3 is \$17,669.00. Items for Change Order No. 4 include a butterfly valve, installation of filter fabric, 12-18 inches of aggregate base to correct mushy soil under the backwash tank, irrigation point of connection elevation adjustments and piping etc., totaling \$13,000.

The Private Well Monitoring program for the Polo Grounds Well is now complete except for one well.

7.2 Operations & Maintenance – Mr. Luevano provided a follow-up on a request made by the Board that bollard poles be installed to protect the fire hydrant located at the corner of a driveway at the Seascape Resort. A photograph justifying why that can't be done was distributed. Engineering has documentation supporting why the hydrant should be relocated back into a landscaped area and will proceed with that project. Information on the tattle-tale device that protects against excessive water loss when a hydrant is hit was provided.

7.3 Income & Investment Report for December – The dry weather was briefly discussed. Director Daniels stated we are currently 44% of normal for the season with a rainfall total of less than eight inches. Of interest - the adjusted top tier consumption on page 8 of the Water Consumption Report shows that the number of customers in the top tier is almost the same as last year but water usage is 3x's greater.

7.4 District Counsel - Mr. Bosso stated he had nothing to report.

7.5 General Manager – Ms. Brown reported on the following:

The City of Capitola approved the Purchase Option for the McGregor Dr. Pump Station property. Martin Feeney P.G., C.Hg., Consulting Hydrogeologist has joined HydroMetrics WRI. Kim White with the

Sentinel was contacted by a District customer regarding the District's AMR's, met with Mr. Duncan and an article is expected.

Ms. Brown stated that the Board has requested discussions on several topics, the value of water, reevaluating water supply, planning goals and options and alternative rate structures to be considered in the next rate setting model. These topics lend themselves to a dedicated workshop or retreat format in lieu of a regular Board meeting. She will develop suggested approaches for Board consideration.

8. WRITTEN COMMUNICATIONS AND CORRESPONDENCE

Letter from a District customer expressing concern about the service charge and inquiring about the possibility of a low-income senior rate included in the packet. Ms. Boisen is preparing a response.

9. REPORT OF PAYMENT OF THE BILLS

9.1 December Warrants and Nov./Dec. Credit Card Analysis

MOTION: Director Kriege; Second: Director Hoernschemeyer: To accept the December Warrants and Nov./Dec. Credit Card Analysis as paid. The motion passed by a unanimous vote.
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President LaHue recessed the Open Session to convene the Closed Session at 9:42 p.m.

10. CLOSED SESSION

10.1 Quail Run Tank Site Potential Litigation with APN 040-232-18, 210 Hawks Peak Rd.

10.2 Potential Litigation with APN 037-061-04, 3420 Cunnison Lane, Soquel

10.3 General Manager's Performance Review

President LaHue reconvened to Open Session at 10:06 p.m. and reported that direction was given to staff on items 10.1 and 10.2 and that item 10.3 was continued due to the late hour.

11. ADJOURNMENT - There being no further business, President LaHue adjourned the meeting at 10:07 p.m. to the next regularly scheduled meeting on February 7, 2012.

SUBMITTED BY:

Denise Alexander, Board Clerk

APPROVED BY:

Dr. Thomas LaHue, President