

**SOQUEL CREEK WATER DISTRICT
MEETING MINUTES
February 17, 2015**

1. ROLL CALL

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

Board Members Present:

Dr. Bruce Daniels, President
Dr. Thomas LaHue, Vice President
Dr. Bruce Jaffe
Carla Christensen

Board Member Absent:

Rick Meyer

Staff Members Present:

Kim Adamson, General Manager
Taj Dufour, Engineering Manager/Chief Engineer
Ron Duncan, Conservation & Customer Service Field (CCSF) Manager
Christine Mead, Operations and Maintenance Manager
Traci Hart, Human Resources Manager
Leslie Strohm, Supervising Accountant
Michelle Boisen, Financial/Business Manager
Melanie Schumacher, Special Projects/Community Dialogue Manager
Carla James, Water Quality Program Coordinator
Bob Bosso, District Counsel
Karen Reese, Executive Assistant/Board Clerk

Others Present:

Todd Reynolds, Kennedy/Jenks via conference call
Sunny Wang, Black & Veatch
Dave Carlson, Black & Veatch
Melanie Carrido, Covello Group
Stephanie Harlan, City of Capitola Council member
Rachel Lather, Santa Cruz County Sanitation District
2 Members of the public

2. PUBLIC HEARING – None

3. CONSENT AGENDA

Director LaHue requested Item 3.3 and 3.4 be pulled for discussion.
Director Christensen requested Item 3.5 be pulled for discussion.

MOTION: Director Jaffe; Second; President Daniels: To approve Consent Agenda items 3.1 and 3.2. Motion passed unanimously.
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3.1 Approval of Minutes – January 6, 2015
Action: Approved

3.2 Report of Expenditures over \$25,000

Action: Approved

3.3 January Warrants and November/December and December/January Credit Card Analysis

Action: Removed from Consent; Discussed; Approved

Director LaHue questioned the checks listed to Specialty Construction and the O'Neill Ranch well project. Mr. Dufour indicated one is a retention check that goes into an escrow account until the project is accepted as complete.

President Daniels asked about the payment to the Rotary Club of Aptos. He stated Rotary clubs don't allow memberships by organizations. It means the District is not a member of the rotary club but it is a personal membership. Mr. Bosso indicated this is an approved expenditure. Membership is a benefit to the District. Ms. Adamson noted she was granted membership based on her position with the District, i.e., public administrator classification. President Daniels questioned where the line is drawn. He's a member of the aquarium and the Sierra Club, should the District pay for that? Mr. Bosso noted that Director memberships have never been paid.

MOTION: Director LaHue; Second; Director Jaffe: To approve the January Warrants. Motion passed unanimously.

3.4 Approve Scopes of Work for McGregor Dr. Pump Station and Aptos Pump Station Construction Management Services

Action: Removed from Consent; Discussed; Approved

Mr. Dufour and Ms. Carrido, The Covello Group, answered questions regarding why both a construction manager and a resident engineer were needed. One oversees the projects and the other is there for the day to day operations.

MOTION: Director LaHue; Second; President Daniels: To approve the scope of work for The Covello Group to perform Construction Management Services for the McGregor Pump Station Project for a not to exceed amount of \$56,100, CWO 08-004 **and** to approve the scope of work for The Covello Group to perform Construction Management Services for the Aptos Pump Station Project for a not to exceed amount of \$61,040, CWO 09-103 **and** to authorize the Board President to execute standard District consulting agreements with The Covello Group and authorize the General Manager to sign purchase orders. Motion passed unanimously.

3.5 Surplus Sale Authorization

Action: Removed from Consent; Discussed; Approved

Ms. Mead answered questions about how the price for the equipment was set using half of the Kelley Blue Book value (if available). Some equipment is too old to be listed.

MOTION: Director Christensen; Second; Director LaHue: To award the bids to the highest bidders listed on the summary sheet for the surplus equipment **and** to reject the bid for the Generator Truck and direct staff to re-advertise and call for bids at a future date to be determined by Staff. Motion passed unanimously.

4. **ORAL COMMUNICATIONS** (items not on the Agenda)

A longtime customer expressed concern about receiving notification of water shut off because he installed water catchment tanks. He was told that he needed a backflow device. If he doesn't install this, his water will be shut off. He wants to know how many cross connections there are and how many contaminations have occurred. He noted that the Metropolitan Water District of Southern California which serves 19 million people doesn't require backflow preventer. He feels the District's policy is overly restrictive and doesn't promote water conservation.

Discussion was held on rainwater catchment systems. Mr. Dufour noted that staff had set a limit of 250 gallons as the cutoff for installing a backflow device.

The Board requested the issue of backflow devices and the yearly inspection requirement is agendized for a future meeting. Until that discussion is held, no action will be taken on the customer's account. Discussion of rebates on conservation efforts should also be agendized for discussion.

Director Christensen wanted to know if there was any new information about the Lighthouse property. Ms. Adamson has no additional information from the County since they notified they District they were going to approve the well permit. Negotiations had been ongoing with the owners for some time.

Director Jaffe requested that staff provide a report on how the interactions are going with the City of Capitola and the County of Santa Cruz in terms of water issues.

Director Jaffe reported that he was recently in Corvallis, where drought is not an issue, and there was signage in the hotel asking guests to conserve water. He liked the phrase "Use water wisely, it's a way of life".

Director Jaffe noted that the conference phone connection was bad. The Board agreed to offer to pay for a conference phone for the Capitola chambers.

President Daniels talked about the rainfall that has come over the past couple of storms. As of now it's at 19 2/3 inches. This is still below average. A paper released recently reported that there is an 80% chance at the end of this century there would be at least a 35 year drought. He would like the see climate change addressed in the updated IRP.

5. **INFORMATION ITEMS**

5.1 Work Plan Status Report

Director LaHue asked about the Conservation Plus item and analyzing the different water budget options to include an annualized budget.

Director Christensen asked how the website is kept up to date. Ms. Schumacher replied that the standard protocol for updating the site is that departments do their own edits.

President Daniels would like the top 1% of high use customers contacted by staff about conservation efforts. He would like to see that in the Work Plan.

5.2 Production Graphs

Director Jaffe noted use is going down. Trout Gulch Mutual is also seeing their use going down over 20%.

5.3 Income and Investment Report

Ms. Boisen pointed out that when making comparisons to the budget, it is to the revised budget that was adopted by the Board on 1/20/15. The consumption comparison between January of 2015 and January 2014 is overstated due to the change to monthly billing. President Daniels noted the multi-family top tier consumption has gone from 408 to 678, but the number of customers has come down from 30 to 6. He would like to see those six customers contacted about their usage.

5.4 2014 Annual System Status Report

Ms. Mead was thanked for putting together a very comprehensive report. In the future, an executive summary of the important parts would be helpful. A map would also be useful.

Discussion of production capacity was held. Ms. Mead noted there is more than an adequate supply of water in the storage tanks to meet demand.

5.5 Board Calendar

Ms. Adamson will add the two items requested by the Board tonight to the next calendar.

6. ADMINISTRATIVE BUSINESS

6.1 Conditional Will Serve Letters – None

6.2 Unconditional Will Serve Letters – None

6.3 Ordinance 15-01 SECOND READING/ADOPTION Repealing and Replacing Ordinance No. 89-1 and No. 92-1 Establishing Compensation of Directors According to Chapter Two, California State Water Code

Ms. Adamson noted this is the 2nd reading and adoption of the Ordinance regarding Director's compensation. A public hearing and 1st reading were held in accordance with policy.

MOTION: Director LaHue; Second; Director Christensen: To Adopt Ordinance 15-01 repealing and replacing Ordinance 89-1 and Ordinance 92-1. Motion passed unanimously.
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6.4 Accept Peer Review Assessment of Back-Up Water Supply Options Evaluation by Black & Veatch Corporation

Ms. Schumacher noted that Mr. Reynolds (from Kennedy/Jenks Consultants) was available on the phone to answer questions from the Board. In addition Mr. Wang and Mr. Carlson (from Black and Veatch) are present tonight. Accepting the peer

review is the next step in the back up water supply option process. After a 13 month period where single topic meetings were held, the Board selected six options to look at more closely and directed staff to conduct a peer review by having a 3rd party engineering firm look at the work done by Kennedy/Jenks. Black & Veatch was hired to conduct an independent peer review of the reasonableness of the project definitions/assumptions and associated cost estimates for the six back-up options listed below. Their report is included in the Board Packet.

1. Mid-County Desalination
2. Deep Water Desalination
3. Mid-County Groundwater Replenishment
4. Santa Cruz Regional Groundwater Replenishment
5. San Lorenzo River Surface Water Transfer with Existing Infrastructure
6. San Lorenzo River Surface Water Transfer with Infrastructure Upgrades at Graham Hill Treatment Plant

Lengthy discussion was held regarding each of the options.

Mr. Wang reviewed the report which was included in the Board Packet and answered questions from the Board. Overall there were no fatal flaws found but there are things to be addressed in each of the options and additional studies would be needed. Parts of studies that were previously done for desal, for example, may be able to be used to reduce overall costs.

Public Comments:

Jerry Paul urged the Board to look at the research by Jude Todd regarding toxicity of recycled water. He stated that only 1/16th of available surface water is being used, but there are water rights issues. There is too little water in summer but a lot of water in winter. He suggested the Board add projects to study utilizing spill-over from Loch Lomond (Email attached as Item 8.1 under Written Communications).

Rachel Lather, Sanitation Engineer with the Santa Cruz County Sanitation District, discussed the pre-treatment program that the sanitation district has. Ms. Lather stated that their source-control is very good; they have one of the better programs in the State. She doesn't think that pre-treatment would be an issue for a recycled water option. She also stated that they get about 3-5 million gallons per day in the dry season with an average of 15 million gallons per day in winter and that metering and flow monitoring takes place at the entrance of the Lode Street pump station.

Stephanie Harlan, City of Capitola council member and chair-person of the Santa Cruz County Sanitation District spoke about how the sanitation district was formed by a number of smaller districts. Ms. Harlan looks forward to working with the District on a recycled water project.

Mr. Paul had questions about injection wells and detention time. Previously this option was not considered viable as detention times were long. Has this changed?

Ms. Adamson replied that the State regulations changed in 2014 regarding retention times making this option possible for a feasibility study.

It was noted that the peer review report does not take into account climate change.

The Board gave direction to staff to ask Black & Veatch to update the report based on tonight's discussion and bring it back for further review by the Board before the report is accepted.

6.5 Approve Request for Qualifications (RFQ) to Perform Groundwater Replenishment Feasibility Study and Authorize General Manager to Appoint a Review and Selection Committee to Evaluate and Rank

Ms. Schumacher noted that the grant application seeking \$75,000.00 to use toward the feasibility studies has been submitted to Sacramento. She then outlined the scope of work from Black & Veatch to develop the feasibility study for the District. The first task is to develop the RFQ to solicit interest in doing the feasibility study which includes tasks to both inform the District's decision making process and also to satisfy the grant requirements (such as looking at recycled water for irrigation as well as for injection; however the focus would be more on potable re-use). It was noted that the Draft RFQ is not the final scope of work; rather, an outline of suggested work items is provided and intended to provide the consultant with idea of what the project entails so they can determine if they are qualified. Sunny Wang (Black & Veatch) was available to answer questions.

President Daniels stated he would like to see the RFQ be rewritten to be clear that our consultant will not be studying the City of Santa Cruz's groundwater replenishment options.

Ms. Adamson noted that the Board directed staff to move forward with feasibility studies as soon as possible. The grant from the State is for \$75,000.00; the District would need to match that amount. At this point the cost of a feasibility study is not known.

Director Jaffe stated he is concerned about the public acceptance of recycled water and moving forward with studies on a project that may not be feasible due to public input. He wants to be sure that education for the public is a large part of the process.

Director LaHue feels that the District needs to get to the point where they have something feasible before it's presented to the public. Some of the options may have significant issues/flaws so moving forward with studies should proceed enough to see if a recycled water option is feasible or not.

President Daniels noted that there are multiple layers of approval in feasibility.

Director Christensen wants to know how the Board came to the decision to do an RFQ for recycled water.

Ms. Schumacher outlined the process the Board used to reach the decision to move forward with a feasibility study of recycled water at their August 26th workshop.

President Daniels stated that by doing studies on recycling it looks like the Board has already made the decision to move forward with recycling rather than continuing to study other supplemental supply options.

Director Christensen feels that the scope of work should include peer review of the safety of recycled water in the early phase.

Ms. Adamson noted that the scope of work being presented tonight is for the feasibility studies only. She addressed President Daniels' comment that it looked like the Board had made a decision to go with recycled water and responded that the Board had made a decision and directed staff to conduct a feasibility study as soon as possible.

Director LaHue asked that as the work plan is developed, it include when the entire customer base will provide input.

Mr. Wang acknowledged the concerns stated. All the answers will not be gained in one study or one public vote. If the board calls for a vote, the Board should have all of the information available to answer questions the public has. The feasibility study is the first step in answering some of the questions that will arise.

Ms. Adamson indicated that if the Board would like to add feasibility studies for mid-county desalination it can be agendized for a future meeting.

Director LaHue noted that the Board voted to proceed with a feasibility study of recycled water. It doesn't mean they can't go back and vote to study mid-county desal as well.

Ms. Adamson noted that the information gathered throughout the process will be used to inform both the Board and the public.

MOTION: Director LaHue; Second; Director Christensen: To authorize release of the Request for Qualifications (with suggested changes in the language) for professional engineering qualifications to perform a groundwater replenishment feasibility study. Director LaHue, Director Christensen, and Director Jaffe voted in favor of the motion. President Daniels voted against the motion. Motion passed.

MOTION: President Daniels; Second; Director LaHue: To appoint Director Jaffe to participate in the review and selection committee. Motion passed unanimously.

MOTION: Director LaHue; Second; President Daniels: To authorize the General Manager to appoint a Review and Selection Committee **and** authorize the review and selection committee to evaluate and rank consultants based on qualifications and return to the Board for final selection and contract approvals in May. Motion passed unanimously.

6.6 Approvals – Request for Proposals (RFP) for the Preparation of a Water Rate and a Water Capacity Charge Study

Ms. Boisen stated that this scope will include a water rate study and a water capacity study and staff is asking that the consultant provide the District with their rate model so the staff will have a model to use for projections in the future. A few minor changes in language were suggested to incorporate annualized water budget rates based on household population.

MOTION: Director LaHue; Second; Director Jaffe: To approve the RFP for the Preparation of a Water Rate and a Water Capacity Charge Study (with suggested changes in the language) and direct Staff to issue Notices inviting proposals on March 2, 2015. Motion passed unanimously.

6.7 Strategic Planning Process

Ms. Adamson noted that since it is time to update the IRP, that staff and the outreach committee suggests moving forward with a more inclusive overall District vision to achieve sustainable water management. MIG and Management Partners, Inc. will help the staff in facilitating a strategic planning process. This will include public outreach and dialogue as well as interviews with Board members to assist the facilitator to use the workshop time more efficiently. A strategic planning workshop will be scheduled.

6.8 Election for Special District Representatives on the Local Agency Formation Commission (LAFCO) – Direction to Voting Delegate

Brief discussion was held.

MOTION: President Daniels; Second; Director Jaffe: To vote for Tom LaHue as the LAFCO Special Districts delegate. Director Jaffe, Director Christensen and President Daniels voted in favor of the motion. Director LaHue abstained.

6.9 Discussion Regarding Memberships with Various Associations and Organizations

As requested at the last meeting, this item was brought back for additional discussion. Ms. Adamson stated it is important for the District to build relationships within the community. The Board reviewed the list and felt that belonging to the Chamber of Commerce in both Aptos and Capitola is not beneficial to the District. In addition, paying for rotary club memberships was questioned.

MOTION: President Daniels; Second; Director Christensen: That the District no longer pays for membership fees for the Capitola Chamber of Commerce, the Aptos Chamber of Commerce, and the Aptos Rotary Club and Santa Cruz Rotary Club., Director Christensen and President Daniels voted in favor of the motion. Director LaHue and Director Jaffe voted against the motion. Motion failed.

MOTION: Director Jaffe: To support members of the District staff or directors who are attending meetings and any fees associated with that but not to have a District membership. There was no second to that motion.

MOTION: President Daniels; Second; Director Christensen: To not renew memberships with the Capitola Chamber of Commerce and the Aptos Chamber of Commerce. Director Christensen, Director Jaffe and President Daniels voted in favor of the motion. Director Lahue voted against the motion. Motion passed.

7. **STATUS REPORTS**

7.1 Conservation Customer Service Field – Written

Mr. Duncan reviewed the attached “dashboard” that is in development.

7.2 Engineering – Oral

No report

7.3 Operations & Maintenance – Written

Ms. Mead reported that the Main Street Well pump installation completion is scheduled for next week.

7.4 Finance – Oral

Ms. Boisen reported staff is starting work on the budget and a budget workshop will be scheduled for May. Staff is reaching out to Standard and Poor’s for guidance on debt service ratios and reserve levels.

7.5 Human Resources – Oral

Ms. Hart reported the following:

- A temporary public outreach specialist position was posted.
- The annual OSHA 300 log showed only one reportable injury last year. Staff was thanked for working safely.
- A district-wide organizational review is underway.

7.6 Special Projects/Community Dialogue – Oral

Ms. Schumacher followed up on the Board’s questions about the phone survey that were posed at the February 3 board meeting.

Survey Sample demographics:

- The sample was and will be drawn from a list of registered voters rather than a list of all residents in the district. Many if not most California public agencies use a survey of voters for studies of this kind.
- Age: In general, voters tend to be older and more affluent than the general population. Our previous respondents are in alignment with this and were a bit older than the general population might be. Among our respondents last time, one in three were seniors. Among all voters currently, 30% are seniors.
- Mobile phones and time of day. Last year’s survey was conducted by reaching respondents on land lines and mobile phones; 28% of our completed

interviews were with respondents on mobile phones last year. The survey conducted last year was typically done during 5:00 pm to 9:00 pm on weeknights (Monday to Thursday) as well as Saturday afternoons and Sunday afternoon and evening. Calls were generally not done during the day on weekdays.

Testing of Key Messages and awareness v. ‘push polling’:

- There were two questions in the 2014 survey that followed this pattern. In one question we asked about reusing “waste water,” and then we followed up to ensure that respondents knew that waste water came “from the sewer system.” That information did not seem to change many minds, and in fact there was a slight increase in positive reaction to this.
- The second example had to do with a moratorium on development. Here we did see that while two in three initially agree that more development is adding to the water crisis, we also found that 66% supported allowing more development only if it results in a net decline in water use.
- In both cases, we provided factual information about very important public policy issues facing the Board to see how voters reacted to it. This is a standard methodology. We often test "positive" messages and "negative" messages to gauge reactions

Background information on the science and methodology of public opinion surveys:

- Pew Research Center on this question: <http://www.people-press.org/2012/05/15/assessing-the-representativeness-of-public-opinion-surveys/>
AAPOR (American Association of Public Opinion Researchers) website
<http://www.aapor.org/AAPORKentico/Education-Resources/For-Media.aspx>

7.7 District Counsel – Oral

Mr. Bosso reported the following:

- No decision has been made yet on the San Juan Capistrano case.
- With regard to the Michael Boyd case, the district court of appeals has not yet determined if it’s going to be sent back down to the appellate department.

7.8 General Manager – Oral

Ms. Adamson reported the following:

- A meeting with a delegation from Department of Water Resources is scheduled for tomorrow regarding roll out of the Groundwater Sustainability Act. Included in that meeting will be the City of Santa Cruz, County of Santa Cruz, PVWMA, Scotts Valley Water District, and Central Water District. The basin boundary issues will be discussed.

8. WRITTEN COMMUNICATIONS AND CORRESPONDENCE

8.1 Email from Jerry Paul re: Water Source Alternatives

President Daniels adjourned the meeting to Closed Session at 10:14 p.m.

9. CLOSED SESSION

- 9.1 Conference with Real Property Negotiators (Government Code Section 54956.8)
Property: APN 030-241-22
Agency Negotiator: Kim Adamson, General Manager
Negotiating Parties: Soquel Creek Water District and Hamid Ezzatyar

The meeting was reconvened to Open Session at 10:19 p.m. President Daniels reported that no direction was given.

10. ADJOURNMENT

President Daniels adjourned the meeting at 10:20 p.m. to the next scheduled Regular Meeting on Tuesday, March 3, 2015.

SUBMITTED BY:

APPROVED BY:

Karen Reese, Board Clerk

Bruce Daniels, President