

**SOQUEL CREEK WATER DISTRICT
REGULAR MEETING MINUTES
MAY 15, 2012**

1. Roll Call

President LaHue called the Regular Session to order at 7:00 p.m.

Board Members Present:

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

Staff Members Present:

Taj Dufour, Interim General Manager
Bob Bosso, District Counsel
Michael Wilson, Interim Engineering Manager
Ron Duncan, Conservation & Customer Service Field (CCSF) Manager
Michelle Boisen, Financial/Business Services Manager
Felipe Luevano, Operations & Maintenance Manager
Melanie Schumacher, Special Projects Engineer (arrived at 7:50 p.m.)
Denise Alexander, Executive Assistant/Board Clerk

Others Present:

Alex Handlers with Bartle Wells Associates
Bill Madison with Jones Hall, A Professional Law Corporation
Derrick Williams with HydroMetrics WRI (via teleconferencing at 7:28 p.m.)
Susie O'Hara, Desalination Staff - Energy Study, City of Santa Cruz
Tony Akel and Brad Kooiman with Akel Engineering Group, Inc.
Joe Monaco with Dudek
1 members of the public

2. APPROVAL OF MINUTES

April 17, 2012: The following change was made:

Closed Session Item 10.2 Approve Medical Leave of Absence for One Employee.
General Manager Laura Brown entered the meeting for this item at 8:11 p.m.

MOTION: President LaHue; Second: Director Daniels: To approve the April 17, 2012 minutes as modified. The motion passed by a unanimous vote.
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May 1, 2012

MOTION: Director Daniels; Second: Director Kriege: To approve the May 1, 2012 minutes as presented. The motion passed by a unanimous vote.

3. ORAL COMMUNICATIONS

Director Daniels stated he attended the ACWA conference last week. Information he found interesting were: 60% of California's electricity comes from natural gas, now at a 30-year low and the renewables are feeling the pressure. A significant rate change to the Feed-in tariff exchange is expected in September. A decision was allegedly made by the Public Utilities Commission to modify California's energy efficiency program to offer a one-time incentive of \$500-\$1000 per kilowatt to encourage a reduction in peak mid-day use. Southern California's San Onofre Nuclear Generating Station (SONGS) was shut down due to a leak and is expected to remain down throughout the summer; power shortage is a concern with no substitute energy source. Several water agencies are promoting Go-Gridless, an aggressive Inland Empire plan to completely go off grid by generating their own power. Exploring the possibility of partnering with some of those agencies to obtain offset credit would be worthwhile looking into. Director Daniels stated that Lon House, Ph.D., a member of the scwd2 Energy Technical Working group offered to help the District with that. ACWA has selected a new preferred power provider. Also discussed was offering a rebate that would reduce the amount of a customer's water bill over an extended period of time for installing an ultra-high efficiency 0.8 toilet. Director Daniels stated he spoke to Mike Rotkin with the Sustainable Water Coalition, who opined it would be advantageous for the City, if the District went first with putting the issue of desal to a people vote next year and the city to follow in 2014. Director Daniels stated that a copy of the materials he prepared for the public meetings he and President LaHue are conducting with representatives from various local groups regarding the proposed desalination project was given to Mike Rotkin. Finally, he was informed by Central Water District's General Manager, Ralph Bracamonte, that his agency had submitted a letter to the Water Research Foundation supporting the District's proposal to develop a Chromium Treatment Test Plan.

President LaHue recommended scheduling a workshop sometime in the future to discuss the process of presenting the question of a desalination plant to District customers for a vote.

Director Hoernschemeyer commented on an article he read that Procter & Gamble has developed and partnered with the Center for Disease Control to package and distribute a chemical to purify contaminated water in third world countries, e.g. Africa and South America.

President LaHue stated that the District's What's On Tap Newsletter would be ideal to not only inform customers about the voluntary 5% water curtailment but also to provide concise, visual information on what needs to be done to achieve basin recovery and that the criteria to determine how to respond to below average rainfall was based on the amount of rainfall over an extended period of time and not just one year. He was pleased to see the 5% water reduction signs popping up around town.

4. **PUBLIC HEARINGS**

None

6. **ADMINISTRATIVE BUSINESS**

- 6.1 Conditional Will Serve Letter for Lori Perpich and Alberto Munoz, 700 Escalona Dr., Capitola, APN 036-141-20

Interim Engineering Manager Mike Wilson provided an overview of the staff report. Clarification of the offset calculations were given. It was noted that the Water Demand Offset Form requires revision.

MOTION: Director Daniels; Second: Director Kriege: To authorize staff to issue the District's standard conditional Will Serve Letter for Lori Perpich and Alberto Munoz, Escalona Dr., Capitola, APN 036-141-20. The motion passed by a unanimous vote.

- 6.2 Conditional Will Serve Letter for Peter Tiemann, 205 Sacramento Ave., Capitola, APN 036-125-03, 15

MOTION: Director Daniels; Second: Director Jaffe: To authorize staff to issue the District's standard conditional Will Serve Letter for Peter Tiemann, 205 Sacramento Ave., Capitola, APN 036-125-03 & 15. The motion passed by a unanimous vote.

- 6.3 Adopt Resolution Authorizing the Issuance and Sale of Water Revenue Refunding Bonds, Series 2012 to Refund Outstanding Bonds and Directing Related Actions and Adopt Resolution Approving and Authorizing Execution of Corporate Resolution to open Accounts with First Republic Bank

Financial & Business Services Manager Michelle Boisen introduced the District's Financial Consultant Alex Handlers with Bartle Wells and the District's Bond Counsel Bill Madison with Jones Hall. Mr. Handlers provided a brief overview of the refunding process. Mr. Madison provided

an overview of the transactions involved and the legal documents being presented for Board approval. Questions were answered.

The Board thanked Mr. Handlers and Mr. Jones.

MOTION: Director Kriege; Second: Director Hoernschemeyer:
1. To adopt **Resolution No. 12-15** authorizing the issuance and sale of Soquel Creek Water District Water Revenue Refunding Bonds, Series 2012, in an aggregate principal amount not to exceed \$4,000,000 to refund outstanding bonds and directing related actions, and
2. To adopt Soquel Creek Water District Board of Directors **Resolution No. 12-16** approving and authorizing execution of corporate resolution to open accounts with First Republic Bank. The motion passed by a unanimous vote.

6.4 *This item was pulled from the agenda*

6.5 Unconditional Will Serve Application and Subdivision Agreement for Phase 2 & 3, Silver Oaks Subdivision, Corte Cabrillo, Aptos, APN 037-151-12 & 13

Mr. Wilson provided an overview of the staff report.

MOTION: President LaHue; Second: Director Hoernschemeyer: To authorize staff to issue an Unconditional Will Serve Letter for the subdivision indicating that the District will unconditionally serve Phase 2 and 3 of Silver Oaks of Aptos and to authorize the Board President to execute a standard subdivision agreement for Phase 2 and 3 of Silver Oaks of Aptos, CWO 12-011. The motion passed by a unanimous vote.

Item 6.7 was heard at this time.

6.6 Approve Scope of Work for Engineering Design Services for McGregor Drive Pump Station Project

Mr. Wilson provided a brief overview of the staff report.

MOTION: Director Daniels; Second: Director Jaffe: To approve the scope of work for Schaaf & Wheeler to perform design services for Aptos Pump Station for a not to exceed amount of \$140,766 and to authorize the Interim General Manager to sign a purchase order for Tasks 1 & 2 listed in the Schaaf & Wheeler's scope of work. The motion passed by a unanimous vote.

6.7 Approve Scope of Work for HydroMetrics WRI to Prepare Local Groundwater Assistance (LGA) Grant Application for the Department of Water Resources

Interim General Manager Taj Dufour provided a brief overview of the staff report.

Derrick Williams with HydroMetrics WRI (teleconferencing) stated that the application process is easier when the focus is on one issue/project to improve management of the basin rather than one project with multiple parts. LGA guidelines were briefly noted.

The following proposed projects identified by HydroMetrics to consider for the LGA grant application were discussed. Mr. Williams responded to questions from the Board.

1. Develop a Groundwater Model to provide more accurate predictions and estimates of uncertainty about future effects of District and neighboring agencies' plans on the basin, e.g. recovery rates at different pumping amounts and distributions.
2. Install replacement and/or new groundwater monitoring wells (SC-10, SC-11 and SC-18).
3. Revise the Groundwater Management Plan to include information e.g. groundwater mapping and protective groundwater elevations developed since 2007.
4. Measure flow profiles of production wells to determine subunit production.

In response to Director Jaffe's inquiry, it was decided that using onshore geophysical techniques and offshore measurements to detect seawater/freshwater interface and how quickly saltwater intrusion of the aquifer could occur, would not be a project to consider due to time constraints. An explanation was given why developing a groundwater model was listed as the No. 1 option.

In response to Director Kriege's inquiry, Mr. Williams stated that using the same information as the USGS with a similar approach, the Precipitation-Runoff Modeling System (PRMS) model can be used to determine how extreme climate change conditions could alter the estimated amount of recharge.

Director Daniels felt that the best project for the grant application would be the installation of new groundwater monitoring wells.

MOTION: President LaHue; Second: Director Daniels: 1) To approve a purchase order not to exceed \$15,000 for HydroMetrics WRI to prepare a LGA grant application on behalf of the District, 2) to authorize a transfer from Operating Contingency Reserves in the amount of \$15,000 to fund the LGA grant application effort; and 3) to approve project No. 2, installation only, of new groundwater monitoring wells as the project for the grant. The motion passed by a unanimous vote.

Mr. Williams stated that a resolution designating administrative authority for the LGA grant application will be agendized for Board adoption at the next meeting.

Item 6.13 was heard at this time.

6.8 Authorization for Restructure/Reclassification of Meter Reader and Customer Service Field Worker (CSFW) positions into CSFW I and II

CCSF Manager Ron Duncan provided a brief overview of the staff report.

MOTION: Director Daniels; Second: Director Hoernschemeyer: To approve the proposed restructuring of the Meter Reader and Customer Service Field Worker positions into the CSFW I and II classification and pay scale as noted; and authorize the change implementation contingent upon completion of the Union notification process in accordance with the Memorandum of Understanding with SEIU Local 521. The motion passed by a unanimous vote.

6.9 Approve Purchase of the Headquarters Replacement Standby Generator

Operations & Maintenance Manager Felipe Luevano stated that the apparent low bidder was Collicutt Energy Services Inc. of Sacramento at \$32,500.00.

MOTION: President LaHue; Second: Director Jaffe: Grant the Interim General Manager the authority to approve a purchase order in the amount of \$32,500.00 plus sales tax to Collicutt Energy Services, Inc. for the purchase of the Headquarters Replacement Standby Generator, CWO 11-104. The motion passed by a unanimous vote.

6.10 Approve Revisions to the District's Records Retention Schedule

Ms. Boisen stated that sections of the Records Retention Schedule adopted by the District in 2004 requires modification:

Personnel:

- Recruitment Files *including interview notes and score sheets*. Destroy 3 years after employment.
- Recruitment Files *including interview notes and score sheets pertaining to a charge of discrimination. Retain until the charge is resolved.*

Administration:

- Meeting Tapes **Recordings**. Erase **6 12 months** after approval of minutes.

MOTION: Director Kriege; Second: Director Daniels: To approve the revisions to the Records Retention Schedule for Recruitment Files and Meeting Tapes as recommended. The motion passed by a unanimous vote.

6.11 Adopt Resolution Appointing Taj A. Dufour to the Position of Interim General Manager

MOTION: President LaHue; Second: Director Daniels: Adopt the **Resolution No. 12-14** Appointing Taj Dufour to the Position of Interim General Manager. The motion passed by a unanimous vote.

6.12 Approve Summer 2012 Meeting Schedule

Director Daniels requested Staff bring the summer meeting schedule to the Board earlier in the year to accommodate travel plans.

MOTION: Director Kriege; Second: Director Hoernschemeyer: To adopt a summer meeting schedule of meetings on Tuesday July 17 and Tuesday August 14, 2012, and cancel the regular meetings of July 3, August 7 and August 21, 2012. The motion passed by a unanimous vote.

6.13 Presentation on **scwd**² Desalination Project Intertie Analysis and Discussion on Critical and Optional Components of the Recommended Infrastructure Improvement Plan

Susie O'Hara, Desalination Staff - Energy Study, City of Santa Cruz introduced Tony Akel with Akel Engineering Group, Inc. who provides hydraulic water modeling services for the proposed desalination project and Joe Monaco with Dudek, the project's permitting advisor. Both will be presenting information to the **scwd**² Task Force meeting tomorrow night and direction from the task force will be given to complete the intertie work and record the findings in a report due late summer.

Ms. O'Hara asked the Board to consider the District's preference for receiving the full 2.5 MGD of supplemental supply year round or for cost considerations, if the District would be willing to take less water during high demand months and the full 2.5 MGD during low demand months.

Mr. Akel provided an intertie analysis presentation to develop feasible infrastructure improvements to deliver supplemental supply from the west side of Santa Cruz to Service Area 1 of the District for the proposed desalination project, attached as **Exhibit A**. Mr. Akel and Ms. O'Hara responded to questions from the Board throughout the presentation.

Ms. O'Hara stated that the purpose of the presentation is to provide direction to the scwd² task force representatives to have Mr. Akel pursue one of the following:

- To continue on the current path of 1.25 MGD or possibly up to 1.6 or 1.7 MGD (further analysis pending) year round and 2.5 MGD only during minimum months with construction of Segments 1 and 2.
- To provide 2.50 MGD year round, and if so, to look at construction of Segment 3 if interested in understanding the operational, hydraulic and cost considerations of receiving 2.5 MGD year round.

Discussion ensued.

MOTION: Director Kriege; Second: Director Hoernschemeyer: To finalize the modeling work based on providing 1.25 MGD or up to 1.6 MGD year round and 2.5 MGD during minimum months using Segments 1 and 2 only. The motion passed by a unanimous vote.

The Board thanked Mr. Akel and Ms. O'Hara.

Joe Monaco with Dudek, explained the status of their involvement and contract. He responded to questions from the Board.

Item 6.6 was heard at this time.

7. INFORMATION ITEMS

7.1 URS Literature for Cultural and Paleontological and Biological Monitoring Worker Education

Director Jaffe thanked Mr. Wilson for providing the literature.

Information only. No action taken.

8. STATUS REPORTS

8.1 Engineering (oral report) - Mr. Wilson reported on the following:

The initial study and Mitigated Negative Declaration for the McGregor Drive Pump Station project was released. The Public Hearing will be agendized on June 5 and considered for approval on June 19, 2012. The Quail Run Tank Notice of Intent to Adopt a Mitigated Negative Declaration is expected to be released on May 29, 2012, the Public Hearing agendized on June 19, 2012 and considered for approval on July 17, 2012. O'Neil Ranch Well bid award will be agendized on June 5 with construction to begin towards the end of June. 60% Design plans were received and reviewed for the Soquel and Oak Hill Drive Main Replacement project. Polo Grounds Well and Treatment Plant: the project is substantially complete and ready for permitting as of May 8; Operations staff are scheduled for on-site training at the plant on May 22; final completion date is July 6. Change Order No. 7 included, 1) a well pump discharge dismantling coupling device = \$1,033.00, 2) additional field gate valve installation = \$1,241.00, 3) overflow pipe drain modifications = \$1,159.00, 4) modifications to the well casing = \$1,923.00, 5) field modifications to the meter box = \$478.00, 6) drilling vents in the blocking to improve air circulation in the control building = \$446.00, 7) drainage inlet and detention modifications = \$492.00, 8) re-compacting/filter fabric of roadway area due to inadequate subgrade = \$7,460.00, 9) modifications to the well pump VFD cable = \$2,237.00, and 10) additional irrigation line repairs = \$187.00. A \$592.00 credit was given for deleted hose bibs. Total for Change Order No. 7 = \$16,069.00. Change Order No. 8 included an addition of ten days due to PG&E delays.

Conservation and Engineering staff met with Hamilton Swift to discuss the proposed Safeway Shopping Center project in Aptos.

- 8.2 Operations & Maintenance – Mr. Luevano provided an overview of the status report and an update on the Bonita Well was given. Mr. Luevano stated his staff did an outstanding job responding to the main leaks. Flushing will be suspended after completing the Capitola Jewel Box area.
- 8.3 Income and Investment Report for April – nothing further was discussed.
- 8.4 District Counsel – Mr. Bob Bosso stated he attended the ACWA conference and he reported on the following:
- Personnel Benefits - the Irving Ranch Water District became aggressive transferring the employees share back to the employees

to have the employees cost share a portion of the employers contribution.

- Water Transfers - some agencies practicing basic conservation e.g. lining a ditch, transfer the water saved to sell to somebody else. Interestingly, you can save water by pumping water in lieu of surface water to sell but you can't take surface water and put it into the ground if its already from a groundwater basin.
- Legal Affairs Committee - a new boutique law firm is filing class action lawsuits against public entities on the basis they had adopted an improper rate. Adopting an Ordinance Regarding Claims Against the District is recommended to protect the District.

8.5 Interim General Manager – Mr. Dufour stated he attended the following meetings/sessions at the ACWA conference.

- Water Quality Committee meeting: A Trichloropropane (TCP) MCL is coming and Hexavalent Chromium (Cr 6) was discussed. Chad Seidel with Jacobs Engineering Group gave a talk on Cr 6. Assembly Bill 938 requires that the Tier 1 Boil Water Alert notice be bi-lingual.
- Communicating/Public Outreach Session: Topics discussed were how to obtain customer approval/support to perform system and infrastructure improvements. Ventura County Water has a bill calculator on their website that provides a useful tool for customers to use.
- CalDesal session: CalDesal is sponsoring AB 2595 and AB298. A brief description was given.

Mr. Dufour further reported on the following:

The Basin Advisory Group (BAG) meeting held on May 4, 2012 went well. The Basin Implementation Group (BIG) will meet on May 22 at 7:00 p.m. in the District Board room.

The District received a request from the City of Davis asking for a letter of support and a monetary contribution. The City is applying for a State Water Resources Control Board Clean-up and Abatement Grant to conduct a demonstration of sustainable treatment process for removal of Cr 6 using a biological reactor.

8.6 Work Plan & Special Assignments – Nothing further was discussed.

9. WRITTEN COMMUNICATIONS AND CORRESPONDENCE

None

10. REPORT OF PAYMENT OF THE BILLS

10.1 April Warrants and Mar./April Credit Card Analysis

MOTION: Director Kriege; Second: Director Daniels: To accept the April Warrants and Mar./Apr. 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 9:27 p.m.

11. CLOSED SESSION

11.1 Polo Grounds Lease Agreement

President LaHue reconvened to Open Session at 9:37 p.m.

President LaHue reported that the Board had provided direction with respect to the Polo Grounds Lease Agreement.

12. ADJOURNMENT - There being no further business, President LaHue adjourned the meeting at 9:38 p.m. to the next regularly scheduled meeting on June 5, 2012.

SUBMITTED BY:

APPROVED BY:

Denise Alexander, Board Clerk

Dr. Thomas LaHue, President