

**SOQUEL CREEK WATER DISTRICT
MEETING MINUTES
November 4, 2014**

1. ROLL CALL

President LaHue called the meeting to order at 7:00 p.m. at the District Offices.

Board Members Present:

Dr. Thomas LaHue, President
Bruce Daniels, Vice President
Dr. Bruce Jaffe
Rick Meyer

Board Members Absent:

Dr. Don Hoernschemeyer

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
Michelle Boisen, Financial/Business Manager
Leslie Strohm, Supervising Accountant
Bob Bosso, District Counsel
Karen Reese, Executive Assistant/Board Clerk

Others Present:

Penelope Gibbs
Melanie Carrido, Covello Group
Gary Skrel, Covello Group
Jerry Paul
1 Member of the public

2. PUBLIC HEARING

2.1 Request for Variance from Established Rate Structure

Ms. Boisen reviewed the request by Penelope Gibbs requesting a variance in the way her water use is billed. The Board Packet includes the memo and correspondence regarding Ms. Gibbs' request and the Board members have reviewed the information provided.

President LaHue opened the public hearing.

Ms. Gibbs feels it is unfair to not consider the number of people in a household and the number of residences on a parcel when billing. She asked the Board for an adjustment to consider the second unit as increased consumption at a natural rate or possibly to be charged the same as commercial rates which are 75% higher than Tier 1. It was noted that at the time her second dwelling was built she was not required to have a separate meter. Ms. Gibbs clarified that in the letter sent to her by Ms. Boisen it indicated she wanted to

be billed only at the Tier 1 rate. This is incorrect. Her calculations were estimates to show the difference that she is paying due to having five to seven people on her property.

MOTION: Director Daniels; Second; Director Meyer: To close the public hearing. Motion passed unanimously.

Discussion:

President LaHue agreed it is difficult to find a system that is fair to everyone. Water budgets may be a fair way to go or adjusting the rate structure based on occupancy. Staff is reviewing these ideas prior to any rate increases in the future.

Director Meyer asked what constitutes multi-family. Ms. Boisen replied it is more than two units.

Director Daniels asked how many duplexes have separate meters. Mr. Dufour indicated that less than a dozen have converted in recent years.

Mr. Duncan noted that letters were sent to customers about five years ago indicating they could receive free meters for separate units. Customers still paid for installation and monthly service charge, but the meters were free.

Ms. Boisen stated that Ms. Gibbs' consumption is relatively low, staying under Tier 4. She has the option to have a separate meter installed, but in terms of cost, she would then be paying a monthly service fee on two meters which would offset the savings.

President LaHue thanked Ms. Gibbs for bringing her concerns before the Board.

MOTION: President LaHue; Second; Director Daniels: To deny the customer's request for a variance from the established rate structure. Motion passed unanimously.

MOTION: Director Jaffe; Second; President LaHue: In the next rate study consider changing the definition of multi-family from three units to two units. Motion passed unanimously.

Director Meyer asked staff if there was an incentive to separately meter a duplex and if there has been analysis of what would help more customers change to a 2nd meter. If it makes sense separate metering, should be encouraged.

Mr. Dufour noted that the water capacity fee and WDO offsets are waived for existing duplex and triplex units. The customer would pay the installation charge and the monthly service charge.

3. CONSENT AGENDA

Director Daniels requested Item 3.3 be removed from the Consent Agenda for discussion.

MOTION: Director Jaffe; Second; Director Daniels: To approve consent agenda Items 3.5, 3.6, 3.7, and 3.8. Motion passed unanimously.

3.1 Approve Minutes - None

3.2 Conditional Will Serve Letters - None

3.3 Award of Contract for On-Call Project Management, Construction Management, and Construction Contract Administration Services

Action: Removed from Consent; Discussed

Director Daniels asked about the status of CIP funds; when would they be exhausted with what has already been done and what is in progress. Ms. Boisen replied the 2011 CIP reimbursements are just ending. There are at least two years left. Director Daniels asked if some of that CIP could be reserved for the supplemental water supply. Ms. Boisen noted the District borrowed for capital projects. There may be some leeway to switch projects if something becomes infeasible.

Director Jaffe asked if the rates being charged by the consultants are market rates. Mr. Dufour indicated that the fee schedules for the other firms were not opened as this was a qualification based selection. The Covello Group's rates are comparable, and the District will have an engineer managing the project. Individual task orders will be brought to the Board for approval to examine the scope of work.

President LaHue noted that customers have given positive feedback for projects managed by The Covello Group.

MOTION: Director Jaffe; Second; President LaHue: To authorize the Board President to sign standard District consultant agreement with The Covello Group to perform On-Call Project Management, Construction Management, and Construction Contract Administration Services. Motion passed unanimously.

3.4 Item pulled

3.5 Claim of Damage – Clark Weisman, 7960 Soquel Drive, Suite B., Aptos. Alleged Damage to Business Personal Property Due to Failed Distribution Pressure Regulator

Action: Approved

Denial of this claim of damage allows it to be forwarded to ACWA/JPIA for further action.

3.6 Claim of Damage – Diana Hayden, 541 Seacliff Drive, Aptos. Reimbursement for Cost of Installation of a Single Check Valve

Action: Approved

Denial of this claim of damage allows it to be forwarded to ACWA/JPIA for further action.

3.7 Raw Water Line between Bonita Well and San Andreas Well Project, CWO 11-140 – Accept Project as Complete, and File Notice of Completion
Action: Approved

3.8 On-Site Piping at San Andreas Well Project, CWO 11-140 – Accept Project as Complete and File Notice of Completion
Action: Approved

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

A member of the public commended the staff and the Board for adopting the framework for a long term conservation plan for the District. Listening to community concerns and including them in the draft is appreciated. The per person allotment is very fair and the education and gathering of community support has been wise. She urged the Board to not move too slowly with a conservation program, and to take advantage of the drought recognition as shown by the unprecedented conservation efforts made by the public. She thanked the Board for their service.

Director Daniels thanked the member of the public for being so aware of the situation.

Director Daniels reported that he attended the groundwater model scoping meeting on 10/28/14. Uses for the model were discussed including recharge projects and how to measure effectiveness. There was discussion of the extent of the model; how far offshore it should extend. The next meeting discussion will be held on what kind of model to use, the kind of data to input and calibrate the model.

Director Jaffe reported that, from contact during the campaign, he found most customers are aware of the water situation. He received many good ideas from customers and will share a list with the Board and staff. In terms of the CONSERVATIONplus program there seems to be a desire to remove penalties from the program. Suggestions included a higher tiered rate structure, and Director Jaffe would like to see this discussed at a future meeting.

Director Meyer reported he attended a meeting of the outreach oversight committee with MIG. He felt that the outreach plan is obsolete even though new projects have been undertaken – the groundwater model, the groundwater sustainability agency, recycling, new supplemental supply, rate examination – there are many moving parts but no framework to connect the mission of the District with the various components underway. He felt MIG could more easily reach out if there was a strategy that ties the projects together. Director Meyer felt a new Integrated Resource Plan (IRP) is needed and suggested holding a strategy workshop.

President LaHue suggested it be more of a strategic plan than an IRP to encompass all of the goals of the District.

5. **INFORMATION ITEMS** – None

6. **ADMINISTRATIVE BUSINESS**

6.1 Review & Consider Compensation for District Directors According to Ordinance No. 92-1

Director Daniels noted there have been complaints over the past few months about high paid directors.

MOTION: Director Daniels: To set Board compensation at zero, making this a voluntary position. There was no second to the motion. Motion died.

Discussion ensued. There was agreement that many hours are spent on District business and that the stipend is a way to offset time spent away from their families.

MOTION: Director Jaffe; Second; President LaHue: To keep the Board compensation at the current rate. Director Jaffe and President LaHue voted in favor of the motion. Director Daniels and Director Meyer voted against the motion.

Mr. Bosso noted that a tie vote does not constitute a decision. This item can be brought back for consideration again.

6.2 Update on Back-Up Water Supply Efforts related to Surface Water Transfers, Loch Lomond Water Banking, and Groundwater Replenishment

Ms. Adamson reviewed the memo outlining staff's work with Black and Veatch on a proposal for providing technical advisory services for feasibility studies related to recycled water projects. This would provide the District the technical background for ongoing peer review. Staff is asking the Board for input as to what should be included in the scope of work for the proposal.

The citizen's advisory group for the City of Santa Cruz is looking at the Loch Lomond project, and staff is monitoring information that comes from their task force meetings.

The water transfer report should be finalized soon by Mr. Ricker, County of Santa Cruz.

District staff took a tour of the City's facilities, water treatment plant, pump stations and diversions.

Ms. Adamson directed the Board members to the memo and the phases of the feasibility studies and asked if there is anything else the Board would like to add for scope of work. Discussion was held on the items listed in the memo.

San Lorenzo Surface Water Transfer:

Director Jaffe would like to see this proceed as quickly as possible. Does the District need to wait for Mr. Ricker's report to start getting emergency water rights? Ms. Adamson replied that it is not dependent on the report, but is being held up by

an agreement the City wants the District to sign in order for the District to apply for water rights and the City not vehemently oppose them. The agreement as it stands is too broad and basically says that none of the rights the District obtains on the San Lorenzo River can have any negative affect on the city. This could affect the ability of the District to obtain water rights from someone else for unrelated projects. At this point the attorneys are in discussion.

Director Jaffe suggested scheduling a meeting between the elected officials to discuss.

Director Meyer suggested that any plan that uses our aquifers for storage of water in which the City might want that water back could be incentive for them not to oppose a water rights application by the District. Mr. Bosso noted the City would not give up their rights to oppose any new water rights on the San Lorenzo because they have the priority rights - the District would like an agreement from the City that, even though they are in opposition, they would not actively oppose.

Director Daniels asked for a report from the District's water rights attorney about our status and likelihood of obtaining a water right as well as a timetable for when that might occur. Ms. Adamson said that a closed session agenda item would be presented at a future meeting.

Loch Lomond Groundwater Banking "Lochquifer Plan"

Jerry Paul discussed his work with the Water Supply Advisory Committee of Santa Cruz (WSAC). He described that a Ranney collector is an underground silo next to a river and uses water that has been filtered through the river bed. Mr. Paul cited a memo that noted Ranney collectors cleaned the water so well it was no longer considered river water, but groundwater. In his opinion this could possibly change water rights issues. Mr. Paul thanked the Board for engaging consultants in tasks to explore other options. With regard to recharge/water transfers, if the water that is recharged into the aquifer remains Santa Cruz property, it still protects the aquifer against salt water intrusion. If it's considered groundwater, the new groundwater sustainability agency might be a way to transfer and manage it.

Director Daniels noted Santa Cruz's water right does not allow them to store water here. The original domain of the City of Santa Cruz is the only place it can be used, and water can't be stored for more than 30 days.

Mid-County Groundwater Replenishment and Santa Cruz Regional Groundwater Replenishment and Santa Cruz Regional Groundwater Replenishment

Director Jaffe commented on both items noted above. The District spent years and millions of dollars working on collaborative project that likely is not going to happen. He thinks there should be a Phase 1A to determine if recycled water is something that will get enough public support to move forward. He does not want to spend rate payer money on a project that may be technically sound but not have public support.

Director Daniels noted the District has stated that supplemental supply options will be put in front of the public. Desal is still a viable alternative even though the Board has decided not to spend money on it at this time. He feels information is needed on what needs to be known in order to put options in front of the voters. If it is not feasible it shouldn't go before the voters.

President LaHue commented that having the flexibility to change to direct potable reuse should be a part of Phase 1, Item 2 of the memo. Public outreach seems too far down in the process.

Director Meyer noted that water recycling has been done in the US and their experiences are well documented. Initial public acceptance was slow; after some years of public education the acceptance goes up. A premature vote, in his opinion, would kill a viable project too early. Educating the public about recycled water should begin sooner rather than later.

MOTION: Director Jaffe; Second; Meyer: To agendize at the earliest opportunity a discussion of the public acceptance of projects that are being proposed. Motion was passed unanimously.

Black and Veatch would assist the District to select an engineering firm to do the feasibility studies that the Board directed staff to move forward with.

MOTION: Director Jaffe; Second; President LaHue: To ask Black and Veatch to come back with a phased proposal with the first phase being the technical information that is necessary for the Board and the public to understand the feasibility of the project. Motion was passed unanimously.

Director Meyer asked if there would be enough staffing for the study of the possible options to allow them to move forward as quickly as possible. His concern is that these projects can take 8-10 years and wells may be ruined in that time period.

Ms. Adamson noted she's hearing contradicting information; slow down and educate and move forward and get it done fast.

Director Meyer clarified that he wants the issues to be prioritized to those top in the public's mind.

Staff was directed to Agendize an item with Black and Veatch to be present to speak to the Board about their proposal.

Director Daniels noted Item 10 (page 107 of 118) in the proposal about implementation of a pilot study. His understanding is this is not a regulatory requirement for recycling. He would urge caution on spending money on something that is not needed.

Ms. Adamson noted that regulatory agencies have allowed the use of someone else's pilot information in the past.

6.3 Attendance at the Association of California Water Agencies (ACWA) Fall Conference, December 2-5, 2014 in San Diego

Minimal discussion was held. Director Jaffe felt it important to keep the staff connected with other agencies and these conferences provide ongoing education. He feels it's a good educational opportunity for Board members as well.

MOTION: Director Jaffe; Second; President LaHue: To authorize attendance at the ACWA Fall Conference, December 2-5. Motion was passed unanimously.
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6.4 Approve Scope of Work for Professional Planning and Oversight Services for the Madeline Well II Physical Rehabilitation and Pumping Equipment Replacement Project, CWO 15-129

Last month the Board directed staff to bring back alternatives to a full rehabilitation of the well. Ms. Mead outlined the options in the memo. Even though Madeline well is not one of the higher producing wells, it is important for asset redundancy. If another well was taken offline in that service area and Madeline well wasn't available, it would be difficult to meet peak daily demand. HydroMetrics was consulted and agreed that it is important for meeting demand, but also stated it is not important in the District's long term plan as long as Austrian Way and Granite Way wells are installed. A limited physical rehab would be approximately \$100,000 and save about \$60,000.

Director Daniels asked about the cost of oversight of the project and how worthwhile it is.

Ms. Mead noted that HydroMetrics has a field person onsite directing the driller and where to do the physical rehabilitation.

Ms. Adamson noted that it's not a good idea to have contractors working unsupervised. It's for the protection of the District's funds.

Director Meyer asked when Austrian Way and Granite Way are projected to come online.

Mr. Dufour reported that Granite Way well is dependent on the Aptos Village plan, but it's a quick project as there is no treatment plan associated with it. It could be completed in six to eight months once the project begins. Austrian Way would be five years at the earliest. Madeline is needed for the next five years at least.

MOTION: President LaHue; Second; Director Meyer: To approve an allocation from OCR in an amount not to exceed \$24,000 to fund the Madeline Well II physical rehabilitation planning and oversight work, CWO 15-129. Motion was passed unanimously.

7. **STATUS REPORTS**

Ms. Adamson reported that staff met with Noll & Tam regarding the capital facilities update plan. Layouts will be brought to the Board at the next meeting.

Staff had recently taken a tour of the Santa Clara recycled water plant. The tour was very informative and encouraged the Board to schedule a special meeting for the Board to attend the presentation and tour. Consensus of the Board is that they would be interested in this. With regard to the public seeing how a recycling plant works, Santa Clara is set up well for tours. Instead of building a pilot plant, the District could rent buses to take interested members to see this plant.

Five staff members will be attending the ACWA conference in San Diego the first week in December and touring recycling plants in that area.

8. **WRITTEN COMMUNICATIONS AND CORRESPONDENCE**

8.1 Email from Don Heichel

9. **CLOSED SESSION** – None

10. **ADJOURNMENT**

President LaHue adjourned the meeting at 8:31 p.m. to the next scheduled Regular Meeting on Tuesday, November 18, 2014.

SUBMITTED BY:

APPROVED BY:

Karen Reese, Board Clerk

Thomas R. LaHue, President