

**SOQUEL CREEK WATER DISTRICT
REGULAR MEETING MINUTES
December 16, 2008**

1. **Roll Call & Teleconferencing**

Teleconference Location: Director Bruce Jaffe, Handlery Union Square Hotel, 351 Geary Street, San Francisco, (415) 781-7800

President LaHue called the Regular Session to order at 7:03 p.m.

Board Members Present:

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

Staff Members Present:

Laura Brown, General Manager
Bob Bosso, District Counsel
Jeff Gailey, Engineering Manager/Chief Engineer
Michelle Boisen, Financial/Business Services Manager
Taj Dufour, Acting Operations & Maintenance Manager
Denise Alexander, Executive Assistant/Board Clerk

Staff Member Absent:

Gary Lamprecht, Operations & Maintenance Manager
Ron Duncan, Conservation & Customer Service Field (CCSF) Manager

Others Present:

Ryan Cornell with Moss. Levy & Hartzheim

2. **APPROVAL OF MINUTES**

December 2, 2008 – The minutes were approved as presented.

MOTION: Director Kriege; Second: Director Hoernschemeyer: To approve the minutes of December 2, 2008 as presented. The motion passed by a unanimous roll call vote.

3. **ORAL COMMUNICATIONS**

Director Kriege stated that the annual Employee Recognition Dinner was very nice and enjoyable. He and General Manager Laura Brown and CCSF Manager Ron Duncan attended the ACWA Conference luncheon in Long

Beach to receive ACWA's prestigious Theodore Roosevelt Award of Excellence in Environmental Protection for the District's Water Demand Offset Program and also to receive a check from the Regional Director of the Federal Bureau of Reclamation for the Weather-based Irrigation Controller grant. Compliments were extended to staff for doing such a great job. Ms. Brown stated that a press release and pictures of the Directors to be taken at the January 6, 2009 meeting for both of these awards will be prepared.

Director Daniels commented that he read a compelling article in the newspaper by Mr. Duncan on impervious surfaces and he would like to consider having this included in the District's Water Use Efficiency Requirements for New Development. Mr. Duncan will be giving a talk on water efficiency, titled "Water Demand Offset, a Bridge to the Future" at a conference being held in Newport Beach in April. Attendance would be worthwhile as some of the other talks appear to be interesting and relevant as well. Authorization to attend will be agendized. He recently spoke with a District customer who thought staff had told her she could expect to receive her free toilet in 3-6 months. She's still waiting and is upset. He received a message from Don Heichel that he forwarded to Ms. Brown regarding desalination.

4. PUBLIC HEARING

4.1 Adopt Water Capacity Charges for Existing Qualifying Development Served by Non-District Wells - Public Hearing & Adopt Resolution

Ms. Brown provided an overview of the staff report.

President LaHue opened the public hearing. No one was present who wished to speak on this item.

MOTION: Director Kriege; Second: Director Daniels: To close the public hearing. The motion passed by a unanimous roll-call vote.
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MOTION: Director Kriege; Second: Director Hoerenschemeyer: To adopt Resolution No. 08-48 Fixing Rates, Charges & Fees, Schedule J – Water Capacity Charges as presented. The motion passed by a unanimous roll-call vote.
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4.2 Rates & Charges Modification to Add 5/8-inch Restricted Meters - Public Hearing & Adopt Resolution

President LaHue opened the public hearing. No one was present who wished to speak on this item.

MOTION: Director Kriege; Second: Director Hoernschemeyer: To close the public hearing. The motion passed by a unanimous roll-call vote.

MOTION: Director Hoernschemeyer; Second: Director Daniels: To adopt **Resolution No. 08-44** Fixing Rates and Charges (Schedule A & B) as presented. The motion passed by a unanimous roll-call vote.

5. ADMINISTRATIVE BUSINESS

- 5.1 New Water Service Connection Application for Michael Kelley, 515 Burlingame Avenue, Capitola, APN 035-094-39

MOTION: Director Kriege; Second: Director Daniels: To authorize the District's standard water connection to be installed for Michael Kelley at 515 Burlingame Avenue in Capitola, APN 035-094-39. The motion passed by a unanimous roll-call vote.

- 5.2 Accept Financial Audit for Fiscal Year 2007-08

Michelle Boisen, Financial/Business Services Manager introduced Ryan Cornell of Moss, Levy & Hartzeim, the District's Independent Auditor, who provided an overview of the Financial Report. Mr. Cornell and staff responded to questions from the Board.

MOTION: Director Hoernschemeyer; Second: Director Kriege: To accept the Financial Report for the period ending June 30, 2008. The motion passed by a unanimous roll-call vote.

Director Kriege complimented accounting staff for continuing to maintain an excellent standard of performance.

- 5.3 Consideration of Water Demand Offset (WDO) Program Modifications

General Manager Laura Brown provided an overview of the staff report on behalf of the CCSF Manager Ron Duncan who was not present.

Main issues discussed were: Lack of available retrofits for future Conditional Will Serve applicants and the long waiting period for customers on the WDO free toilet list with possible options.

Director Jaffe stated he would like to look at the state of the basins. If they are declining, he would be more inclined to take a different action than if it's holding.

President LaHue commented that the proposed option to save the available retrofits for everyone currently holding a Conditional Will Serve letter and to have a different pool for all future Will Serve applicants to choose from may not be fair because whoever is ready to build should get the retrofits. Clarification should be given that available offset credits may not be available in the future.

Director Kriege expressed concern about the District getting into the business of doing toilet retrofits, specifically the high cost to fund that program. He supported sending a “strong” explanation letter to everyone requesting a Will Serve letter, when a two-year Conditional Will Serve letter renewal request comes up and to the top 100 retrofit candidates on the toilet list who have been waiting for a toilet. Developers should be encouraged to get their retrofits from the list. He supported the option of performing retrofits outside of the District to obtain offset credits. Ms. Brown stated that HydroMetrics is looking into that option.

Ms. Brown commented on recent legislation to update the uniform plumbing code regarding greywater that appears promising, a device to convert a 1.6 gpm toilet to dual flush and the idea of zeroscape that would possibly provide a new pool of retrofit candidates.

Director Daniels stated he was primarily concerned about the retrofit candidates who have been on the list for over a year. He suggested the possibility of deferring some of the District’s projects to fund doing those retrofits, since this would improve customer relations and the basin. Groundwater levels haven’t improved. We could do those retrofits now and hold the credits, encourage the developers to work off the remaining list approaching a year and when the list dwindles, decide at that time about selling the credits. He stated he could not support suspending the issuance of future Conditional Will Serve letters at this time because there are still many candidates left to retrofit. The Board concurred.

The Board directed staff to come back with a policy recommendation to offer that the District perform the toilet retrofits for anyone who has been on the list for over a year.

Director Jaffe stated that the candidates on the list should be notified if and when the new policy is adopted and to reiterate that a District rebate is available should they decide to replace their own toilet.

Director Daniels referred to the sentence proposed in the staff report to be added to the Conditional Will Serve letter that states, *“The District does not guarantee that there will be sufficient offset methods or credits*

available for your project”, that he felt could be expanded to include, “It is strictly your responsibility to find suitable offset methods or credits. Traditionally the District has made available a list of retrofit candidates, but we might not necessarily be able to continue to provide that in the future.”

Sending a notification letter with an explanation to everyone on the candidate list after the policy is adopted by the Board was agreed to by consensus. Director Kriege stated that all current holders of Will Serve letters should also be notified when the modifications to the Will Serve letter are made.

In response to an inquiry from Director Daniels, District Counsel Bob Bosso clarified it takes approximately two years for developers to get through the development approval process.

Ms. Brown stated that developers must first have had a public hearing before the land use agency for their project before they can start doing the retrofits. Director Daniels stated that the Will Serve letter should clarify that.

MOTION: Director Daniels; Second: Director Hoernschemyer: To come back to the Board with the following:

- Modifications to the Conditional Will Serve letter as stated regarding the availability of offset credits and to include the requirement that planning agency approval must be obtained prior to performing the retrofits
- a policy to offer to have the District perform toilet retrofits for anyone who has been on the list for over a year and to hold those credits in abeyance with the possibility that the District may or may not sell them

The motion passed by a unanimous roll-call vote.

5.4 Approve Renewal of the Consultant Agreement with HydroMetrics LLC to Provide Ongoing and Varied Hydrogeological Consulting Services

MOTION: Director Kriege; Second: Director Daniels: To approve the standard District agreement for Consultant Contract Services with HydroMetrics LLC to Provide Ongoing and Varied Hydrogeological Consulting Services through December 2011 for an amount not to exceed \$24,000 for the balance of the current fiscal year, CWO 09-142. The motion passed by a unanimous roll-call vote.

- 5.5 Approve Approach to Revised Annual State of the Basin Report Water Year 2007 and Authorize Consultant Agreement for Preparation of Annual State of the Basin Report 2008

Ms. Brown provided a brief overview of the recommended changes to the 2007 report and the scope of services and budget to prepare the 2008 report. Discussion ensued.

Recommendations provided by the Board for future basin reports were: that the report be smaller and presented earlier in the year; appendices could be provided on electronic disc; provide only important information; include only graphs in the hard copy that pertain to what is important; establish a water level baseline and include in the 2008 report to produce multiple year comparisons every 1, 5 and 10 years thereafter; and to provide a verbal presentation of the important findings each year in January before compiling the data in a report.

Director Daniels stated he did not require a printed copy of the report and a CD would be preferred.

MOTION: President LaHue; Second: Director Kriege: To prepare the Annual State of the Basin Report for Water Year 2008 as stated and to approve the standard District agreement for Consultant Contract Services with HydroMetrics LLC for Preparing the 2008 Water Year report based on the Scope of Work and Budget, not to exceed \$28,870, CWO 09-143. The motion passed by a unanimous roll-call vote.

- 5.6 Approve Purchase of Motor Starter Electrical Equipment for Bonita Well

MOTION: Director Daniels; Second: Director Hoernschemeyer: To approve the purchase of one (1) 150 horsepower Square D Schneider Electric Autotransformer starter for a total cost not to exceed \$10,220.00, excluding tax and shipping, from Royal Wholesale Electric of Capitola, CWO 09-109. The motion passed by a unanimous roll-call vote.

Items 5.7, 5.8 and 5.9 were heard simultaneously.

- 5.7 Ratify the General Manager's Actions to Perform Emergency Repairs to 12" PVC Main at Maplethorpe Lane Creek Crossing

Acting Operations & Maintenance Manager Taj Dufour responded to questions from the Board.

MOTION: Director Kriege; Second: Director Hoernschemeyer: To ratify the General Manager's actions to declare an emergency and waive normal bidding procedures for work associated with the repair on Maplethorpe Lane Creek Crossing; to authorize the transfer of funds from Operating Contingency Reserves in the amount of \$1,267.24 and to authorize payment of \$31,016.74 from the budget for emergency main repairs/replacements at the Maplethorpe Lane Creek Crossing to Pacific Underground Construction. The motion passed by a unanimous roll-call vote.

- 5.8 Ratify the General Manager's Actions to Perform Emergency Well Repairs to Aptos Creek Well

MOTION: Director Kriege; Second: Director Hoernschemeyer: To ratify the General Manager's actions to declare an emergency and waive normal bidding procedures for work associated with the repair to Aptos Creek Well and to authorize payment of \$66,443.41 from the budget for emergency well repairs to Maggiora Bros. Drilling, Inc., for the emergency well repair to Aptos Creek Well. The motion passed by a unanimous roll-call vote.

- 5.9 Ratify the General Manager's Actions to Perform Emergency Paving on Soquel Drive

MOTION: Director Kriege; Second: Director Hoernschemeyer: To ratify the General Manager's actions to declare an emergency and waive normal bidding procedures for work associated with the paving repair on Soquel Drive; to authorize the transfer of funds from Operating Contingency Reserves in the amount of \$28,208.30 and to authorize payment of \$28,208.30 from the budget for main repairs/replacements to Granite Construction Company for the emergency paving repairs on Soquel Drive. The motion passed by a unanimous roll-call vote.

- 5.10 Appointment of Soquel Creek Water District's Representatives to the scwd² Desalination Task Force

MOTION: President LaHue; Second: Director Hoernschemeyer: To reappoint Directors Kriege and Daniels to represent the District on the scwd² Desalination Task Force and appoint Director Jaffe as the alternate. The motion passed by a unanimous roll-call vote.

5.11 Desalination Task Force and Energy Issues – oral report

Director Kriege stated that the December 17 meeting was canceled due to a lack of quorum. He opined that things seem to be coalescing. Dr. Haddad has come up with some good suggestions and as a result, he expects to see progress on working out details for a conceptual agreement that will be reported to the Board.

Director Daniels apprised the Board that a new task force member for the city is needed to replace Ed Porter. A request for the entire Board to receive the minutes from future task force meetings will be made at the next meeting.

6. **INFORMATION ITEMS**

None

7. **STATUS REPORTS**

7.1 Engineering – Engineering Manager Jeff Gailey stated that a pre-construction meeting with Crosno Construction for the Larkin Valley Tank Recoat Project is scheduled for tomorrow morning. Bay Area Consultant Services, who will be performing the inspection, will be at the meeting as well. Also, they just completed a one-year anniversary inspection of a specialized coating put on the Pringle Tank and only a few minor spots were found. A pre-construction meeting for the Seaciff Area Main Replacements Phase II project was held on December 8 and the contractor will be starting the job on December 22.

7.2 Operations & Maintenance – Mr. Dufour provided a brief overview of the status report and responded to questions from the Board.

Director Daniels commented that the information on the rainfall provided with the production graphs is too much and only the two numbers at the bottom right side of the report are needed.

Director Hoernschemeyer asked about how the information that shows a strong correlation between the weather index and production could be used to forecast future trends. A brief discussion ensued.

7.3 Income & Investment Report for November – Ms. Boisen commented on the interest received on investments of \$20,971 on page one of the report and an explanation of the Water Revenue ending balance of \$1,427,424 on the Operating Fund Report was given.

President LaHue stated he liked the new format of the report.

- 7.4 District Counsel – Bob Bosso commented he was able to download and is currently compiling all the information from the Legal Affairs Committee given at the ACWA Conference he was unable to attend.
- 7.5 General Manager – Ms. Brown stated that several Scotts Valley Water District Board members would like to attend the Ethics Training scheduled to be given at the District on January 6 by Mr. Bosso. An invitation will be extended. Ms. Brown stated staff has been attempting to pull together some of the projects that have been on the work plan list for awhile. The TCP Forum will be held from 7:00 – 9:00 p.m. on January 13 at the Seascope Golf Club. A brief discussion ensued.
- 7.6 Work Plan & Special Assignments – Nothing further was discussed.

8. **WRITTEN COMMUNICATIONS AND CORRESPONDENCE**

None

9. **REPORT OF PAYMENT OF THE BILLS**

- 9.1 November Warrants and Oct./Nov. Credit Card Report

MOTION: Director Kriege; Second: Director Jaffe: To accept the November Warrants and Oct./Nov. Credit Card Report as paid. The motion passed by a unanimous roll-call vote.

10. **ADJOURNMENT** - There being no further business, President LaHue adjourned the meeting at 9:07 p.m. to the next regularly scheduled meeting on January 20, 2009.

SUBMITTED BY:

APPROVED BY:

Denise Alexander, Board Clerk

Dr. Thomas LaHue, President