SOQUEL CREEK WATER DISTRICT BOARD OF DIRECTORS
AGENDA
TUESDAY, NOVEMBER 3, 2020, 6:00 PM

Remote Teleconference Zoom Meeting

In response to the COVID-19 (coronavirus) pandemic, Soquel Creek Water District’s November 3, 2020 Board Meeting will be held remotely via Zoom.

Members of the public are encouraged to join the meeting remotely through the meeting link or phone number:
- Meeting Link: [https://us02web.zoom.us/j/82848590246](https://us02web.zoom.us/j/82848590246)
- Phone Number: +1 669 900 6833 / Webinar ID: 828 4859 0246

If you are participating via meeting link (i.e. web platform), and experience technological difficulties, then please re-join the meeting via phone number.

**Request to Speak Form for Remotely Conducted Board Meetings**
To facilitate effective and efficient remote Board Meetings, people wishing to address the Board during a Board Meeting on an item not listed on the agenda (Oral Communications – Item 5.0), or any item listed on the agenda, will need to submit a Request to Speak Form to the Board Clerk via email (emmao@soquelcreekwater.org). Request to Speak forms must be submitted by 3 pm, on the day of the Board Meeting.

**MISSION**
We are a public agency dedicated to providing a safe, high quality, reliable, and sustainable water supply to meet our community’s present and future needs in an environmentally sensitive and economically responsible manner.

**BOARD MEETING PROCEDURES**
The Board President serves as the chairperson to guide Board Meetings following agenda order listed below:
1. Call to Order and Roll Call
2. Public Hearing
3. Announcement by Board Members of Items Removed from Consent
4. Consent Agenda
5. Oral and Written Communications
6. Reports
7. Administrative Business
8. Closed Session

Note that the agenda order is subject to change.

**MEETING INFORMATION AND ACCESSIBILITY**
Agenda Packets are available on the District’s website: [https://www.soquelcreekwater.org/who-we-are/board-meetings-stand...](https://www.soquelcreekwater.org/who-we-are/board-meetings-stand...).
1. **CALL TO ORDER AND ROLL CALL**

2. **PUBLIC HEARING** – None

3. **ANNOUNCEMENT BY BOARD MEMBERS OF ITEMS REMOVED FROM CONSENT AGENDA**

   **CONSENT AGENDA PROCEDURE**
   Consent Agenda items include routine business that do not call for discussion. One vote is taken for all Consent Agenda items. Only a Board Member may request that the Board President remove items from Consent to Regular agenda for discussion. A public member may request that a Board Member pull an item from the Consent Agenda prior to the start of the meeting. It is requested that public members provide an explanation with requests to remove Consent Agenda Items – this helps the Board determine if an item should remain on consent or be pulled for discussion. Any Consent Agenda items that are removed for discussion will be considered at the end of Administrative Business. For Consent Agenda items not removed for discussion, public members may provide comment for up to two (2) minutes, or the length of time established by the Board President, at the beginning of the Consent Agenda.

4. **CONSENT AGENDA (Pg. 4)**
   4.1 Approval of Minutes
      4.1.1 October 20, 2020 – Regular Meeting Minutes
   4.2 Board Planning Calendar
   4.3 Special Board Assignments Status Report
   4.4 Finance and Administrative Services Committee Meeting Summary

5. **ORAL AND WRITTEN COMMUNICATIONS (Pg. 17)**
   Oral Communications provides the opportunity for public members to speak on any item of interest (for items not on the Agenda), within the jurisdiction of the District. Public members may provide comment for up to three (3) minutes, or the length of time established by the Board President. Individuals may speak only once during Oral Communications.

   **REGULAR AGENDA PROCEDURE**
   Regular agenda items are considered one by one. Public members may address the Board on a specific agenda item during the District’s consideration of it. Public members may provide comment for up to two (2) minutes per item, or the length of time established by the Board President. Individuals may speak only once per item.

6. **REPORTS**
   6.1 Informational COVID-19 District Update – Oral Report

7. **ADMINISTRATIVE BUSINESS (Pg. 18)**
   7.1 Conditional and Unconditional Will Serves – None
   7.2 Board Feedback and Direction Regarding Customer Support and Rates Discussion

   **CLOSED SESSION PROCEDURE**
   The Board may conduct a Closed Session on particular agendas as necessary. Closed Sessions are not open to the public. Matters discussed during Closed Session include existing and pending litigation, personnel matters and real property negotiations. Actions taken by the Board during Closed Session will be announced during open session following the adjournment of the closed session.

8. **CLOSED SESSION**
   8.1 Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section §54956.9(d)(1)
   Steinbruner vs. Soquel Creek Water District et al., Santa Cruz County Superior Court Case No. 19 CV00181; CA Sixth District Court of Appeals Case No. 19AP00031

   **Page 2 of 20**
Steinbruner v. California Coastal Commission, et al., San Francisco County Superior Court Case No. CPF-20517119.

8.2 Conference With Labor Negotiators: In anticipation of the 2021 expiration of the following groups’ memorandum of understanding.
Agency designated representatives: Ron Duncan, Traci Hart
Employee organizations: SEIU Local #521, Mid-Management Employee Group, and Management Employee Group

9. **ADJOURNMENT**
Consent Agenda items include routine business that do not call for discussion. One vote is taken for all Consent Agenda items. Only a Board Member may request that the Board President remove items from Consent to Regular agenda for discussion. A public member may request that a Board Member pull an item from the Consent Agenda prior to the start of the meeting. It is requested that public members provide an explanation with requests to remove Consent Agenda Items – this helps the Board determine if an item should remain on consent or be pulled for discussion. Any Consent Agenda items that are removed for discussion will be considered at the end of Administrative Business. For Consent Agenda items not removed for discussion, public members may provide comment for up to two (2) minutes, or the length of time established by the Board President, at the beginning of the Consent Agenda.

4. CONSENT AGENDA
   4.1 Approval of Minutes
      4.1.1 October 20, 2020 – Regular Meeting Minutes
   4.2 Board Planning Calendar
   4.3 Special Board Assignments Status Report
   4.4 Finance and Administrative Services Committee Meeting Summary
In response to COVID-19 (coronavirus), Soquel Creek Water District’s October 20, 2020 Board Meeting was held remotely via Zoom teleconference.

Recorded Meetings: Recorded meetings can be viewed anytime on the District’s website.

President Daniels called the regular meeting to order at 6:00 pm via Zoom teleconference.

1. CALL TO ORDER AND ROLL CALL
   Board Members Present:
   Dr. Bruce Daniels, President
   Rachél Lather, Vice-President
   Carla Christensen
   Dr. Bruce Jaffe
   Dr. Thomas LaHue

   District Counsel
   Joshua Nelson, District Counsel

   Staff Members Present:
   Ron Duncan, General Manager
   Shelley Flock, Conservation and Customer Service Field Manager
   Taj Dufour, Engineering Manager
   Leslie Strohm, Finance Manager
   Traci Hart, Human Resources Manager
   Christine Mead, Operations & Maintenance Manager
   Melanie Mow Schumacher, Special Projects-Communications Manager
   Emma Olin, Executive Assistant/Board Clerk
   Rebecca Rubin, Public Outreach Coordinator
   Alyssa Abbey, Staff Analyst

   Others Present:
   2 members of the public
   Alisa Moore, Environmental Science Associates (ESA)
   Charity Schiller, Best Best & Krieger (BBK)

2. PUBLIC HEARING - None

3. ANNOUNCEMENT BY BOARD MEMBERS OF ITEMS REMOVED FROM CONSENT AGENDA
   President Daniels stated that he would like further discussion on Consent Agenda Items 4.4 and 4.7.

   President Daniels removed Consent Agenda Items 4.4 and 4.7.

4. CONSENT AGENDA
   One public comment was heard.
Director Jaffe responded to public comment.

**MOTION:** Director Jaffe; Second: Director LaHue; To approve Consent Agenda Items 4.1, 4.2, 4.3, 4.5, 4.6, 4.8, 4.9 and 4.10. Motion passed by unanimous roll call vote.

4.1 Approval of Minutes
   
   **Action:** Approved

4.2 Board Planning Calendar
   
   **Action:** Approved

4.3 Special Board Assignments Status Report
   
   **Action:** Approved

4.4 Finance Status Report
   
   **Action:** Removed from Consent; Discussed at the end of Administrative Business

4.5 Production Reports
   
   **Action:** Approved

4.6 Management Update
   
   **Action:** Approved

4.7 Approve Website Redesign and Migration and Execution of Master Services Agreement with CivicPLUS
   
   **Action:** Removed from Consent; Discussed at the end of Administrative Business

4.8 Public Outreach Committee Meeting Summary
   
   **Action:** Approved

4.9 Water Resources Management and Infrastructure Committee Meeting Summary
   
   **Action:** Approved

4.10 Alta Drive Trench Patch Paving Project, CWO 20-0121, Accept Project as Complete, File Notice of Completion
   
   **Action:** Approved

5. **ORAL AND WRITTEN COMMUNICATIONS** *(items not on the Agenda)*

Written communications addressed to the Board are available online.

One public comment was heard.

Mr. Duncan responded to public comment.

Director Christensen stated that she participated in a virtual California Water Plan seminar, which was valuable. She stated that these seminars are free and offered regularly.

President Daniels discussed how a District name change may be beneficial for public understanding of the District’s water source and service area.
6. REPORTS
   6.1 District Counsel – Oral Report – Item 6.1 removed from the agenda

7. ADMINISTRATIVE BUSINESS
   7.1 Conditional and Unconditional Will Serve Letters – None
   7.2 Water Loss Audit 2019 – Informational

Ms. Abbey presented the results of the District’s 2019 Water Loss Audit, which was submitted to the State Department of Water Resources (DWR) on September 1, 2020.

Ms. Abbey stated that the District’s data validity score was 60 out of 100 (the typical scores range from 50 to 70). She explained that the identified areas for improvement to the District’s data validity score are the same three areas identified for previous years, and they include volume from own sources, customer metering inaccuracies and billed metered (consumption).

Ms. Abbey noted that the State Water Resources Control Board (SWRCB) is required to develop volumetric performance standards for water loss for Urban Retail Water Suppliers (URWS) by July 2020. She stated that the final standards have not been released yet, and staff is closely monitoring these standards.

One public comment was heard.

Director LaHue responded to public comment.

Discussion ensued, and staff responded to a variety of Board questions.

Director LaHue requested a future item to identify and consider the costs of implementing the identified improvements to increase data validity. Director Jaffe agreed.

Directors expressed appreciation for the informative report, acknowledging that the District is doing well.

INFORMATIONAL ITEM ONLY

4. CONSENT AGENDA - ITEMS REMOVED FOR DISCUSSION

4.4 Finance Status Report

In response to a question posed by President Daniels, Ms. Strohm confirmed that the Water Demand Offset (WDO) funds ($132,000) will be expended on the Automated Metering Infrastructure (AMI) project.

INFORMATIONAL ITEM ONLY

4.7 Approve Website Redesign and Migration and Execution of Master Services Agreement with CivicPLUS

In response to several questions posed by President Daniels, Ms. Rubin explained the following:
- CivicPLUS supports over 4,000 websites for local governments and uses a proprietary website source code;
• $47,931.30 covers the website redesign and migration during Year 1; each following year the District will be charged a service fee for 24-hour support and design upgrades.

President Daniels suggested that staff ensure that the agreement covers the District since CivicPLUS uses a proprietary website source code.

MOTION: Director LaHue; Second: Vice-President Lather; To authorize the General Manager to execute the Master Services Agreement with CivicPlus and authorize the issuance of a purchase order in the amount of $47,931.30. Motion passed by unanimous roll call vote.

8. CLOSED SESSION

8.1 Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section §54956.9(d)(1)
Steinbruner vs. Soquel Creek Water District et al., Santa Cruz County Superior Court Case No. 19 CV00181; CA Sixth District Court of Appeals Case No. 19AP00031
Steinbruner v. California Coastal Commission, et al., San Francisco Superior Court, Case No. CPF-20-517119.

At 6:38 pm, President Daniels announced that the Board will meet in closed session to discuss Item 8.1.

One public comment was heard prior to the start of closed session.

CONVENE TO CLOSED SESSION – 6:40 pm

RETURN TO OPEN SESSION – 7:43 pm

President Daniels adjourned the closed session and returned to open session at 7:43 pm.

Ms. Rubin reported that the Board discussed Item 8.1 in closed session. No action was taken.

9. ADJOURNMENT

President Daniels adjourned the meeting at 7:43 pm.

SUBMITTED: 

APPROVED:

______________________________
Emma Olin, Board Clerk

______________________________
Dr. Bruce Daniels, President
## Board Planning Calendar

*All items and dates noted are subject to change; some items may not be listed.*

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<td><strong>Board Meeting</strong>&lt;br&gt;Management Update&lt;br&gt;Resolution Refunding of the District’s Series 2011 and 2013 COPs&lt;br&gt;Review of Board Meeting/Standing Committee Meeting Efficiency</td>
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PWS – Pure Water Soquel.
### Board Planning Calendar

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**UWMP** – Urban Water Management Plan.
ADMINISTRATION

a. Review of District Standing Committees – Director Christensen requested that an item be agendized to discuss the structure of the standing committees. (Assigned August 18, 2020, Partially completed – September 15, 2020; follow up evaluation December 2020).

SPECIAL PROJECTS & OUTREACH
No items.

FINANCE

a. Aid for Low Income Customers - Since the Board has expressed an interest in ways to help low income customers with their water bills, it is noted that the State Water Resources Control Board (SWRCB) adopted Resolution No. 2016-0010 which has a section for potential future programs to assist low-income customers with paying water rates. Assembly Bill (AB) 401 (Dodd, 2015), referred to as the Low-Income Water Rate Assistance Act, requires the State Water Board, in collaboration with relevant stakeholders and the State Board of Equalization, to have developed a plan, no later than January 1, 2018, to fund and implement the Low-Income Water Rate Assistance Program. The Act required the State Water Board to report to the Legislature no later than February 1, 2018, on its findings regarding the program’s feasibility, financial stability, and desired structure, and include any recommendations for legislative action. The final report on AB 401 was published in February 2020 and recommends a state-wide program that utilizes three different methods to assist customers with paying their water bills.

The first method would be to offer a direct credit on the customer’s water bill with the amount of the credit determined by how much individual water agencies charge single family residential customers for 6 hundred cubic feet (CCF) of water (4,488 gallons). If the bill for 6 CCF of water is less than $62 the proposed credit is 20% of the water bill. If the bill for 6 CCF is between $62 and $83 the credit would be 35% of the water bill, and if the bill for 6 CCF is greater than $83 the proposed credit is 50% of the water bill. Currently the District charges $82.71 for 6 CCF of water, which would require low income customers to receive a 35% credit on the water bill if the SWRCB’s recommendations are implemented. Future rate increases would place the District in the 50% credit category. What is not certain at this time is whether each agency can adapt their billing practices to deliver the credit directly on the water bill or whether an alternate delivery method through the PG&E CARE program or CalFRESH is feasible.

The second method would assist renters who are not directly billed by the water agency for water service. This assistance would take the form of a state income tax credit and would not be administered directly by the water agency.

The third method is to provide crisis assistance to help prevent drinking water service shutoffs for low income households with past due bills. This method would be similar to the Low Income Heating and Energy Assistance Program (LIHEAP) and could be used in conjunction with either of the other two methods. It is expected that the cost of implementing the proposed methods would be funded through progressive taxes such as personal or business income taxes or a tax on bottled water.
These rate assistance programs would be available to low income customers defined in AB 401 as those households with incomes less than 200% of the federal poverty level based on household size. The 200% federal poverty threshold for a 4-person household is $52,400 for 2020.

Although the SWRCB has published their final report, the State legislature has not yet implemented any of the recommendations contained in the report. District staff will continue to monitor AB 401 and will plan to implement the provisions of the bill as directed by the State.

Staff attended the State Water Board and California Public Utilities Commission's Joint Workshop on Water Affordability Impacts during COVID-19.

**CONSERVATION and CUSTOMER SERVICE FIELD (CCSF)**

a. **Evaluation of WDO Program Future** – President Daniels requested staff agendize the topic of the future of the WDO program when a supplemental supply is known. (Assigned June 5, 2018, Projected completion – to be determined.)

b. **Automated Metering Infrastructure (AMI) Review** – Following the July 2020 review of the AMI Project, the Board directed staff to provide an update in approximately 6-months (early 2021), on the AMI project, including leak detection and water savings analysis (Assigned July 21, 2020, Projected Completion – early 2021).

**ENGINEERING**

No items.

**OPERATIONS & MAINTENANCE**

a. **District Facility Aesthetics** – Director Jaffe requested that an item be agendized to discuss the aesthetics of District facilities. (Assigned Jan. 21, 2020, Projected completion – due to COVID-19, summer to fall 2020.)

b. **Water Transfer Pilot Project Purchase Price** – Director Jaffe requested that staff present an approximate total cost of the purchased water from the City of Santa Cruz (including purchase price and staff and permitting costs), at a future Board Meeting. (Assigned August 18, 2020, Projected completion – to be determined).

c. **Water Audit Data Validity Score Increase** – Director LaHue requested that an item be agendized to discuss how the District’s water audit data validity score can be increased, what’s involved, and projected costs. (Assigned October 20, 2020, Projected completion – summer 2021).

**HUMAN RESOURCES**

No items.

**MISCELLANEOUS ITEMS**

No items.

**RESERVE LIST**

(Items mentioned at a Board meeting, yet not prioritized by the Board.)

a. **Aquifer Indicator** - At the Feb. 7, 2017 Board meeting, Director Jaffe asked that staff develop a simple indicator to educate the public on our overdraft problem. This request is like a previous request by Director Daniels.
b. **New District Name** - Agendize a conversation about a District name change – on hold due to higher priorities. (Assigned Pre-2016; Project completion: Unknown, maybe after the supplemental project(s) are executed.)

c. **WDO Go Green Evaluation** - The Board gave staff direction to evaluate the Water Demand Offset (WDO) Go Green program to determine whether some of the existing voluntary options should be mandatory for new water services, and whether new options should be added to the Go Green Program. (Assigned June 7, 2016, Projected completion dependent on how the WDO program implementation and other projects proceed.) President LaHue requested that a discussion regarding the Go Green reduction options be agendized. (Assigned February 5, 2019, Projected completion – to be determined).
In response to COVID-19 (coronavirus), the Soquel Creek Water District’s October 26, 2020 Finance and Administrative Services Committee Meeting was held remotely via Zoom teleconference.

ATTENDANCE
Finance and Administrative Services Committee
Carla Christensen
Dr. Bruce Daniels
Garry Ness, Public Member

Staff
Shelley Flock, Conservation and Customer Service Field Manager
Leslie Strohm, Finance Manager
Traci Hart, Human Resource Manager
Alyssa Abbey, Staff Analyst
Ryan Kinney, Supervising Accountant
Emma Olin, Executive Assistant/Board Clerk

Public Members
2 members of the public

SUMMARY NOTES

2.0 Oral Communications
• A moment of silence was held for public committee member, Robert White, who passed away.
• One public comment was heard.
• Director Christensen announced that Item 3.2, Review and Receive Input on District Standing Committee Meetings, has been removed from the agenda.

3.1 Update on District Response to COVID-19
• Ms. Hart provided an update on the District’s response to COVID-19. She shared the District’s COVID-19 safety protocols, which are available on the website. Discussion ensued, and she responded to several questions.

3.2 Review and Receive Input on District Standing Committee Meetings – Item Removed

3.3 WaterSmart Customer Engagement Portal Early Adopter/Soft Launch Program
• Ms. Flock provided an update on the Automated Metering Infrastructure (AMI) Project, highlighting that the register updates are 90% complete.
• Ms. Abbey discussed the WaterSmart Customer Portal Soft Launch, which will run from October to November prior to the full rollout to customers. Staff is seeking feedback on the usability and understandability of the portal, so that staff may best prepare and assist customers during the full rollout. Committee members offered to participate in the soft launch.

3.4 Update on District Audit
• Mr. Kinney provided an update on the District’s 2019/20 audit. He stated that the audit went well, and staff worked with the District’s new auditing firm, Davis Farr, to complete the audit virtually. Discussion ensued, and he responded to several questions.

3.5 Upcoming Public Employee Labor Negotiations
• Ms. Hart stated that the District is preparing for upcoming labor negotiations.

3.6 Report or Information from Committee Members and Requests for Future Items to Discuss
• Mr. Ness requested a Pure Water Soquel Project update at a future meeting.

The meeting started at 4:00 pm. The meeting adjourned at 4:52 pm.
ORAL AND WRITTEN COMMUNICATIONS

PUBLIC COMMENT
Public members are encouraged to provide thoughtful oral comments during Board Meetings. Those wishing to provide public comment should come to the podium and be recognized by the Board President. The maximum time set aside for public comment will be set at 15 minutes unless extended by the Board President. Speakers must address the entire Board and will not be permitted to engage in dialogue with Board Members (or other members of the public), while making their public comment. To encourage the efficient use of time, speakers are encouraged not to be repetitive, and simply to acknowledge support of positions already stated.

Public members may address the Board while adhering to the following procedures:

• Consent/Regular Agenda
  Public members may address the Board on a specific agenda item during the District's consideration of it. Public members may provide comment for up to two (2) minutes per item, or the length of time established by the Board President. Individuals may speak only once per item.

• Oral Communications – Item 5.0 (Items not on the Agenda)
  Oral Communications provides the opportunity for public members to speak on any item of interest (for items not on the Agenda), within the jurisdiction of the District. Public members may provide comment for up to three (3) minutes, or the length of time established by the Board President. Individuals may speak only once during Oral Communications. The Board may not take action on Oral Communications but may direct that the issue discussed be agendized for a future meeting.

Organized groups wishing to make a presentation are asked to contact the Board Clerk prior to the Board Meeting.

WRITTEN COMMUNICATIONS
All written communications provided to the Board will be made available to the public at the District office and website.

Written communications to the Board can be submitted via email, regular mail and/or delivered to the District Office:

• Email: bod@soquelcreekwater.org
• Mail: Board of Directors, P.O. Box 1550, Capitola, CA 95010
• District Office: Board of Directors, 5180 Soquel Drive, Soquel, CA 95073

Deadlines for Submittal:

• Written correspondence received by 4:00 pm, on the Wednesday prior to a regular Board Meeting, will be distributed to the Board and made available on the District's website at the time the Agenda is posted.
• Written correspondence received after 4:00 pm, on the Wednesday prior to a regular Board Meeting, will be distributed to the Board and made available on the District's website at the earliest opportunity. Please note that written correspondence received after 9:00 am on the Monday immediately preceding a Board Meeting may not have time to reach Board members, nor be read by them prior to consideration of an item.
• Written correspondence received at the Board Meeting will be distributed to the Board and made available on the District’s website at the earliest opportunity.

Please note that all correspondence addressed to the Board becomes a public record. Please do not include any private information in your correspondence that you do not want made available to the public.
MEMO TO THE BOARD OF DIRECTORS

Subject: Agenda Item No. 7.2

Title: Board Feedback and Direction Regarding Customer Support and Rates Discussion

Purpose
The Board President requested this item be agendized to share concerns and ideas he and other Directors may have heard recently from customers. The purpose of this memo is to provide a forum for the Board to share this information so staff can explore and evaluate this input for consideration at a future Board Meeting.

Background
The District Board and staff have adopted a mindset and approach of continuous improvement to better serve our customers and community. Staff has presented several improvement/efficiency memos to the Board over the last couple years regarding implementing efficiencies and reducing costs. The District has also focused on, with significant success, obtaining grant and low-interest funding to benefit our customers. For example, grant and low-interest loans have been obtained to cover the entire portion of the Pure Water Soquel Project, including the upper range estimate and unforeseen potential contingencies; grants have been won for a local recharge project; and since the District pays for 70% of the Santa Cruz Mid-County Groundwater Agency costs it is important to note that approximately four million dollars of grant funding has been secured for that agency. Grants and low interest loans spread the cost savings over 20 to 30 years, therefore all these actions equate to lower rate and fee increases for our customers in future years.

Much effort has been expended on developing the most appropriate rate structure for customers as the District formed a rate committee of approximately 11 customers, two board members, and several staff that convened for about 18 months as a prelude to the last rate hearing. The last effort to evaluate improving our customer support, including rates, was presented at the May 5, 2020 Board Meeting (Item 7.3).

As presented below, the May 5, 2020 Board Agenda Item 7.3 illustrated how we are currently helping customers in the short term and planning to help in the long term. In addition to the items mentioned above, the memo outlined how we are controlling expenditures by trimming over $200,000 in costs and deferring almost $1,000,000 in costs for fiscal year 2020/21. Most of the text in italics below is from the May 5 agenda item.

Current/Near Term Items of Customer Support
In response to the COVID-19 crisis, the District is offering numerous special programs for customers, such as: no water shutoffs for lack of payment, no late fees for those customers impacted by COVID-19, extended payment plans and short-term payment arrangements, free virtual conservation surveys to help determine the best ways to reduce water consumption, and automatic leak detection. Naturally, we will continue with our award-winning Conservation Program and exceptional personalized customer service. These programs should really help those (and others) who need it during this short-term crisis.

An informal survey of about 70 water agencies indicated that the District is providing more services than most other agencies. It should also be noted that even though the Board recently continued the Stage 3 Emergency condition with a 25% reduction consumption goal, the Board did not institute the associated emergency rates.

Potential Long-Term Customer Support
Potential District and state long-term programs to help District customers are presented below:
1. **District Program Concepts**

   Once the automated metering infrastructure (AMI) has been operational and at the end of the current 5-year rate period, a transition to a water budget rate structure could be considered. This would help address the concern that those customers with larger households are more likely to fall into the tier 2 rate category. The water budget rate model is designed to limit water use based on household demographics and relies on a penalty to reinforce the budget model. This could impose a constraint on future revenue and would be more costly to implement. Another option would be to adopt a flat volumetric rate for residential customers.

   If the COVID-19 virus does start turning into a longer-term issue, then we may explore an approach similar to a “crowd sourcing/go fund me” concept, if our customers support this idea. The purpose would be to create a fund where customers with available means and others can contribute to help other customers in need. The water budget concept would apply to all customers and the crowd sourcing concept could be developed and focused to help those with the greatest need for financial assistance. This type of low-income assistance program can be administratively cumbersome and may take some time to build up sufficient customer financial support before funds can be equitably distributed.

2. **State Low-Income Water Rate Assistance Programs Being Considered**

   The final report on AB 401 (February 2020) recommends a state-wide program that utilizes three different methods to assist customers with paying their water bills. The first method would be to offer a direct credit on the customer’s water bill with the amount of the credit determined by how much individual water agencies charge single family residential customers for 6 hundred cubic feet (CCF) of water (4,488 gallons). If the bill for 6 CCF of water is less than $62 the proposed credit is 20% of the water bill. If the bill for 6 CCF of water is between $62 and $83 the credit would be 35% of the water bill, and if the bill for 6 CCF is greater than $83 the proposed credit is 50% of the water bill. Currently the District charges $82.71 for 6 CCF of water, which would require low income customers to receive a 35% credit on the water bill if the State Water Resources Control Board’s (SWRCB) recommendations are implemented. Future rate increases would place the District in the 50% credit category. What is not certain at this time is whether each agency can adapt their billing practices to deliver the credit directly on the water bill or whether an alternate delivery method through the PG&E CARE program or CalFRESH is feasible.

   The second method would assist renters who are not directly billed by the water agency for water service. This assistance would take the form of a state income tax credit and would not be administered directly by the water agency.

   The third method is to provide crisis assistance to help prevent drinking water service shutoffs for low income households with past due bills. This method would be similar to the Low Income Heating and Energy Assistance Program (LIHEAP) and could be used in conjunction with either of the other two methods. It is expected that the cost of implementing the proposed methods would be funded through progressive taxes such as personal or business income taxes or a tax on bottled water.

   These rate assistance programs would be available to low income customers defined in AB 401 as those households with incomes less than 200% of the federal poverty level based on household size. The 200% federal poverty threshold for a 4-person household is $52,400 for 2020.

   Although the SWRCB has published their final report, the State legislature has not yet implemented any of the recommendations contained in the report. District staff will continue to monitor AB 401 and will plan to implement the provisions of the bill as directed by the State.
Discussion

The above represents some of the current ideas in practice to support our customers and potential future programs. The main thrust of this memo is to obtain input from the Board regarding feedback they have received from customers and to plan a future session to continue our exploration to improve customer service and support. Staff seeks to obtain ideas and then collect data/information to evaluate the concepts. Having a data driven process is key to making sure we are proceeding in the correct direction. For example, as with all agencies that have a tiered rate structure it can be harder on larger families relative to smaller households. Thus, if this is a Board concern then it would be prudent for staff to evaluate the water use pattern of our customers that fall into the tier 2 category to establish if it is due to outside irrigation or larger households. This could impact how we devise a program to support larger households.

The current rate structure was approved through 2023. A new rate evaluation will need to begin next year, in fall 2021, in order to have a new rate study developed by the time the adopted rates expire. Any program considerations involving rates would need to meet the legal requirements of Proposition 218 and financing constraints.

POSSIBLE BOARD ACTION(S)

1. By MOTION, provide direction to staff regarding ideas, concepts or programs to evaluate and to return at a future Board meeting(s) for further discussion and consideration; or

2. Take no action.

By _______________________

Leslie Strohm

Financial and Business Services Manager

By _______________________

Ron Duncan

General Manager