



Desalination Task Force
Regular Meeting
7:00 p.m. – Wednesday, April 17, 2013

Soquel Creek Water District Board Room
5180 Soquel Drive, Soquel CA 95073

Agenda

The Desalination Task Force consists of two members of the Soquel Creek Water District Board and two members of the City of Santa Cruz City Council.

Call to Order

Roll Call

Presentation *Organized groups may make presentations to the Desalination Task Force. Presentations that require more than three minutes should be scheduled in advance with staff from the City of Santa Cruz Water Department or the Soquel Creek Water District.*

Statements of Disqualification *Section 607 of the City Charter states that "...All members present at any meeting must vote unless disqualified, in which case the disqualification shall be publicly declared and a record thereof made."*

Oral Communications

Announcements *No action shall be taken on this item.*

The Chair may announce and set time limits at the beginning of each agenda item.

Approval of Minutes (Pages 4-6)

Recommendation: *Motion to approve the minutes of the February 20, 2013 meeting.*

General Business (Pages 7-32)

Any document related to an agenda item for the General Business portion of this meeting distributed to the Desalination Task Force less than 72 hours before this meeting is available for

inspection at the City of Santa Cruz Water Administration Office, 212 Locust Street, Suite A, Santa Cruz, California. These documents will also be available for review at the meeting.

1. SCWD² Desalination Program – GRANT UPDATE ☆ (Pages 7-24)

RECOMMENDATION: That the **scwd**² Desalination Task Force review and comment on the attached memorandum summarizing grant opportunities and direction staff is contemplating.

2. **scwd**² Desalination Program - COMMUNICATION PLANNING UPDATE ☆ (Pages 25-27)

Recommendation: That the **scwd**² Desalination Task Force receive information on the communication plan for the proposed desalination project and provide input.

3. **scwd**² Desalination Program COST ESTIMATE ☆ (Pages 28-31)

RECOMMENDATION: That the **scwd**² Desalination Task Force review and comment on the preliminary cost estimate.

4. Discussion of Upcoming Task Force Meetings ☆ (Pages 32)

RECOMMENDATION: That the **scwd**² Desalination Task Force cancel several upcoming regularly-scheduled meetings.

Information Items (Page 33) *No action will be taken on this item.*

1. 50/50 Cost Split ☆ (Page 33)

Program Managers' Report

- A. Work Schedule
- B. Upcoming Tasks
- C. Additional or Amended Tasks
- D. Contacts with Regulatory Agencies/Requests from Regulatory Agencies
- E. Contracts
- F. Public Outreach Program
- G. Budget
- H. Report of Findings

Media Articles ☆ (Pages 34-45)

- 1. Media Article - Santa Cruz Sentinel 02/20/13 ☆ (Pages 34-35)
- 2. Media Article - Santa Cruz Sentinel 03/05/13 ☆ (Page 36)
- 3. Media Article - Santa Cruz Sentinel 03/06/13 ☆ (Pages 37-38)
- 4. Media Article – San Diego Union-Tribune 03/31/13 ☆ (Pages 39-40)
- 5. Media Article - Santa Cruz Sentinel 04/02/13 ☆ (Pages 41-42)
- 6. Media Article - Santa Cruz Sentinel 04/03/13 ☆ (Pages 43-44)
- 7. Media Article – International Desalination & Water Reuse 04/08/13 ☆ (Page 45)

Items Initiated by Members for Future Agendas

Adjournment

The next regular meeting of the Desalination Task Force is tentatively scheduled for Wednesday, July 17, 2013 at 7:00 p.m. in the Santa Cruz Police Community Room, 155 Center Street, Santa Cruz, California

★ indicates materials included in packet

All information furnished to the scwd2 Desalination Task Force with this agenda is available at <http://www.cityofsantacruz.com/index.aspx?page=1604> or http://scwd2desal.org/Page-Public_Meetings.php#agendas.

Please observe the following procedures for addressing the Task Force during oral communications or agenda items. The Task Force Chair will indicate the opportunity for public comment on each item. All those wishing to speak on an item should form a queue at the public microphone. Each speaker will be limited to a single presentation of up to three minutes per agenda item (time limits may be increased or decreased at the Chair's discretion). After all speakers have addressed the task force, the task force will deliberate and take action. Additional public comment will not be allowed during the deliberation unless the Chair specifically calls on someone in the audience.

Organized groups wishing to make a presentation are asked to contact the Task Force Secretary prior to the task force meeting.

Disability Access – the meeting room is wheelchair accessible. Please contact Donna Paul (831) 420-5200, if you need assistance in order to participate in a public meeting or if you need the agenda and public documents modified.



**Desalination Task Force
Regular Meeting
7:00 p.m. – Wednesday, February 20, 2013
Soquel Creek Water District Board Room
5180 Soquel Drive, Soquel CA 95073**

Draft Minutes

The Desalination Task Force consists of two members of the Soquel Creek Water District Board and two members of the City of Santa Cruz City Council.

Roll Call and Introductions

Chair B. Daniels called the meeting to order at 7:03 p.m. in the Soquel Creek Water District Board Room. He introduced Councilmembers Mathews and Comstock who were recently appointed to serve on the task force.

Presentation There were no presentations.

Statements of Disqualification There were no statements of disqualification.

Oral Communications

Oral communications were made by M. Boyd.

Announcements There were no announcements.

Approval of Minutes

The December 19, 2012 minutes were amended as follows: Announcements, Chair B. Daniels introduced Director Rick Meyers who has replaced Director Daniels as a Task Force alternate. The minutes were approved by consensus.

Information Items No action was taken on this item.

1. 2013 City Council appointments to the scwd² Desalination Task Force
2. 2013 Meeting Schedule
3. Correspondence from J. Bentley dated 01/17/2013

Director Kocher responded to Task Force questions on Information Item 3. Correspondence from J. Bentley dated 01/17/2013.

Oral communications were made by J. Bentley.

General Business

1. Task Force Role, Progress, and Outlook

Director Kocher provided a brief history and the progress of the scwd² Task Force.

Chair Daniels reported that the Task Force role only involves the Desalination program. The City has provided contract administration for the entire program without any problems until recently and he would like to have a discussion regarding future contract administration at an upcoming meeting.

The Task Force requested that further information be provided on how the determination for the 50/50 split for the investigative portion of the program was made and that the Outstanding Issues List be updated for discussion at a future meeting.

2. Independent Technical Advisor – Kennedy/Jenks Contract Amendment No. 6, Task 7

Desalination Program Coordinator H. Luckenbach provided the staff report and responded to Task Force questions.

Councilmember C. Mathews moved to recommend approval of Task 7 in the Kennedy/Jenks Contract Amendment No. 6 in the amount of \$30,000 to assist with seeking and preparing grant applications and to encourage staff to pursue Department of Water Resources support. Director B. Daniels seconded.

VOICE VOTEMOTION CARRIED

AYES: P. Comstock, D. Daniels (Chair) and C. Mathews.

NOES: B. Jaffe.

3. Public Outreach Liaison Assignments

Public Outreach Coordinator M. Schumacher provided the staff report.

Director B. Jaffe and Councilmember C. Mathews were appointed as Public Outreach liaisons to provide content oversight; review Outreach materials; and to perform quarterly review of the Outreach Program including budgetary/expenses and past/future performance metrics.

Program Managers' Report

- The dEIR is scheduled for release in April.
- A Community Guide is being developed by CirclePoint for release at the same time as the dEIR.
- Raftelis is under contract to provide a financial analysis to determine the impacts to City water customers of the proposed desalination project.

- An informational Study Session between City Council and the Board of Directors is being planned. It will provide information on the process for the dEIR.
- A meeting was held in Sacramento on February 1st with many of the State regulatory agencies. This was the first meeting of this kind ever held. It was well attended and very productive. . A follow-up meeting is being planned.

Media Articles No action was taken on this item.

1. Media Article - Santa Cruz Good Times 12/12/12
2. Media Article - Santa Cruz Sentinel 12/19/12
3. Media Article - Santa Cruz Sentinel 12/22/12
4. Media Article - Santa Cruz Good Times 01/02/13
5. Media Article - Santa Cruz Sentinel 01/02/13
6. Media Article - Santa Cruz Sentinel 01/07/13
7. Media Article - Santa Cruz Sentinel 01/22/13
8. Media Article - Santa Cruz Sentinel 01/30/13
9. Media Article - Santa Cruz Sentinel 02/05/13
10. Media Article - Santa Cruz Sentinel 02/13/13

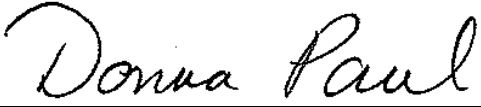
Items Initiated by Members for Future Agendas

Governance discussion.

Adjournment

The meeting was adjourned at 8:15 p.m. until the next regular meeting of the Desalination Task Force scheduled for Wednesday, March 20, 2013 at 7:00 p.m. in the Santa Cruz Police Community Room, 155 Center Street, Santa Cruz, California

Respectfully submitted,



Staff



DESALINATION TASK FORCE MEMORANDUM

TO: DESALINATION TASK FORCE
FROM: PROGRAM MANAGERS
SUBJECT: scwd² DESALINATION PROGRAM – GRANT UPDATE
DATE: APRIL 17, 2013

RECOMMENDATION: That the scwd² Desalination Task Force review and comment on the draft memorandum Potential Grant Funding Opportunities summarizing grant opportunities and direction staff is considering.

BACKGROUND: At its February 2013 meeting the Task Force approved Contract Amendment No. 6 for Kennedy/Jenks Consultants to “Provide Assistance with Investigation of Project Funding and Financing Opportunities.” There was discussion regarding the merits of pursuing this task at this stage as opposed to waiting until a later date. The attached memorandum is the first effort related to this task and provides a preliminary summary of available funding opportunities. The summary includes state and federal opportunities relating not just to the proposed desalination project but also to other areas the City and District are pursuing: conservation, energy minimization, habitat conservation efforts, etc. Near, mid and long term action items have also been identified.

DISCUSSION: During the development of this memo, it became clear that the recent opportunity through the California Department of Water Resources (DWR) would not be practical to pursue. The grant program will consider construction projects, pilot or feasibility studies, or research projects related to support of permitting agencies in establishing policies. The grant requires 50% matching funds from the grantee, proposals are tentatively due in May 2013 with projects expected to begin fall 2013.

However, there are several opportunities that the City and District may want to consider. For example, low interest loans are available through the California Energy Commission and PG&E for energy efficiency and energy generation projects. Projects such as the City’s hydro-generators and the District’s pump efficiency program could be pursued in the near-term with the use of these loans. Also, if federal funding is of interest, it is important to be proactive several years in advance of a federal budget cycle to lay the foundation of a water project.

FISCAL IMPACT: There is no fiscal impact associated directly with this item. However, there are potential cost savings associated with grant awards and low-interest loans.

Attachment: Draft Memorandum: Potential Grant Funding Opportunities to Support City IWP & District IRP (Kennedy/Jenks Consultants, April 9, 2013).

9 April 2013

Draft Memorandum

To: Heidi Luckenbach, **scwd**² Program Manager
From: Julia Lund and Sachi Itagaki
Reviewed by: Todd Reynolds
Subject: Potential Grant Funding Opportunities to Support City IWP and District IRP
K/J 0868005*05

Introduction

This memorandum describes potential grant funding opportunities to support the **scwd**² Regional Desalination Program, as well as other related projects from the City of Santa Cruz (City) Integrated Water Plan (IWP) and the Soquel Creek Water District (District) Integrated Regional Plan (IRP).

Some of the projects that would benefit from grant funding include:

- Final design and construction of the desalination project, including educational opportunities
- Feasibility and/or pilot study of a direct potable reuse project in conjunction with the desalination project
- Water conservation projects, including rainwater or graywater harvesting
- Projects to support Habitat Conservation Plan (HCP) or other source water protection projects
- Energy efficiency, renewable, and greenhouse gas (GHG) reduction projects
 - o Micro hydropower project at Graham Hill water treatment plant (WTP): This project was identified in the desalination project Energy Plan as a potential GHG reduction project for the City. Since the program measures against a 2010 baseline, any energy savings in the near term installed as part of the overall IWP would still be applicable to count toward a Net Carbon Neutral goal.
 - o Pump efficiency improvement program: This project was identified in the desalination project Energy Plan as a potential GHG reduction project for the District as a way to reduce overall agency energy use that would count toward a Net Carbon Neutral goal.

A grant could help to reduce the cost of these projects for the City or District, although the agencies would be expected to match a portion of the grant. Match requirements vary by program.

Draft Memorandum

Heidi Luckenbach, **scwd**² Program Manager

9 April 2013

0868005*05

Page 2

Grant funding could be pursued for several of these projects as soon as the next few months or can be extended out into the next several years. Some of the grant programs have rolling acceptance for applications, while others have fixed deadlines. For construction of the desalination project, final application for and receipt of funding should not occur until after the public vote in June or November 2014, but positioning can begin in the next few months. It is important to start the grant funding process now for the following reasons:

- Some funding mechanisms, often those with large-dollar opportunities, require several steps including positioning, application, contracting, etc. over several years.
- Eligibility for some grants, such as those associated with the Santa Cruz Integrated Regional Water Management Plan (IRWM Plan), is seen as a prerequisite or pre-screening for other grant programs.
- Need to strategize about which grants to pursue for the desalination project and which to pursue for other projects.
- Some funding processes can take 18 to 24 months.
- Knowledge about potential funding opportunities can be conveyed to project decision makers and to the public.

Specific funding opportunities are described in the next section, followed by a summary of action items.

Potential Grant Funding Opportunities

There are a variety of state, federal or other funding mechanisms that may be applicable for IWP and IRP projects. This section summarizes some of these opportunities, lists the anticipated timeframe for receipt of funding, and describes recommended action items. Detailed descriptions of the grants are included in Attachment A. For some agencies, it may be worth preparing an unsolicited grant funding package to position for future grant opportunities.

An excellent opportunity for the City and District to learn more about funding options and to network with state and federal representatives would be to attend a California Financing Coordinating Committee (CFCC) Funding Fair. These fairs include representatives from California Department of Public Health (CDPH), Department of Water Resources (DWR), Housing and Community Development, I-Bank, California Water Boards, U.S. Bureau of Reclamation (USBR), and the U.S. Department of Agriculture Rural Development. There will be a fair held in Salinas on September 12, 2013 at the Salinas Community Center (940 N. Main Street). More information can be found at: http://www.cfcc.ca.gov/funding_fairs.htm.

Draft Memorandum

Heidi Luckenbach, scwd² Program Manager

9 April 2013

0868005*05

Page 3

A. State Funding

1. 2014 Water Bond

One of the measures on which Californians will vote in November 2014 is the Safe, Clean, and Reliable Drinking Water Supply Act, an \$11.1 billion bond to improve the water system in the state. Although this bond will not include earmarks for specific projects, it is important for the City and District to leverage connections and build relationships with entities in Sacramento to increase the visibility of the desalination project. Although this type of funding takes time and lobbying effort, this is an important funding mechanism that could offer a sizeable amount of funding.

Project	Desalination project
Priority	High
Timeframe	1 to 2 years
Action Item	Start positioning now. This could include contacting representatives, hiring a lobbyist, scheduling a tour for elected officials, and updating fact sheets and brochures for use in promoting the project.

2. Department of Water Resources (DWR)

a. Proposition 84 – Integrated Regional Water Management (IRWM) Grant Program

The California IRWM process promotes a collaborative regional strategy to managing water resources within a region. The City and District are included in the Northern Santa Cruz County IRWM Plan, which is in the process of being updated with a new call for projects. The updated IRWM Plan will include a list of projects that have been screened by a regional task force. If the task force elects to include a project in the IRWMP, then the project will be eligible for submission for Round 3 Proposition 84 funding (Round 2 was recently completed in March 2013). Even if a project is considered eligible for IRWM funding, the regional task force and stakeholders will make final decisions that consider project integration, regional benefits, and other factors to select projects for inclusion in a funding application. Significant effort is required to prepare an IRWM implementation grant application, which falls outside of the IRWM Plan process.

It is important to submit projects for inclusion the IRWM because several other funding programs, such as Proposition 1E, use the IRWM screening process as a threshold of eligibility.

Draft Memorandum

Heidi Luckenbach, scwd² Program Manager

9 April 2013

0868005*05

Page 4

The Proposition 84 implementation program has approximately \$19 million remaining for Round 3, which is planned for 2014, for the six active IRWM groups within the Central Coast region. More information is provided in Attachment A.1 and online at:

<http://www.water.ca.gov/irwm/grants/index.cfm>.

The leadership team for the Northern Santa Cruz IRWM Program likely will initiate a call for projects for inclusion in the IRWM Plan toward the end of 2013. It is important to strategize now about what project(s) to submit and in what structure. Because the funding amount available is relatively modest and the anticipated criteria, it may be more strategic to either divide the desalination project into smaller pieces (such as pump station and tank improvements) or focus on other IWP/IRP components, such as water conservation projects.

In summary, this is an important funding mechanism because many funding sources view this as a pre-screening step. It is generally prudent to include all possible projects in the IRWM Plan but may be more strategic to submit water conservation or ecosystem restoration projects for consideration the Round 3 implementation grant application rather than the desalination project.

Project	Water conservation (graywater, rainwater) or HCP projects. Consider desalination but only \$19 million is available for the six active IRWM groups within the Central Coast region.
Priority	High
Timeframe	1 to 2 years
Action Item	Discuss potential projects to submit for inclusion in IRWM Plan now

b. 2013 Water Desalination Program

The 2013 Water Desalination Program funding supports a variety of construction, pilot and feasibility-level projects related to brackish water and seawater desalination. Additional information is included in Attachment A.2 and online at:

<http://www.water.ca.gov/desalination/2013DesalGrants.cfm>. Since the desalination pilot study has been completed and construction of the proposed project may be in 2015 or 2016, it may not be worth pursuing this round of funding (according to the funding website, applications are anticipated to be due in May 2013). If a similar program is available in future years, this could be a good source of funding to pursue for construction of the desalination project.

Draft MemorandumHeidi Luckenbach, **scwd**² Program Manager

9 April 2013

0868005*05

Page 5

Project	Desalination project
Priority	Medium
Timeframe	2+ years
Action Item	Keep tabs on future funding opportunities for 2014 and beyond. Express interest to contacts at DWR.

c. New Water Supply Local Construction Loan

This program provides loans for construction and feasibility studies for development of local water supplies, including desalination. Additional information is included in Attachment A.3. Since the desalination pilot study has been completed and construction may be in 2015 or 2016, this loan could be pursued closer to the construction date.

Project	Desalination project
Priority	Medium
Timeframe	2+ years
Action Item	None at this time; apply for this loan after project approval.

3. State Water Resources Control Board (SWRCB)a. Water Recycling Funding Program – Facilities Planning Grant Program

This program provides funding to prepare a Facility Planning Report for recycled water. Additional information is included in Attachment A.4. This could be an opportunity to study integration of a direct potable reuse project into the long-term plans for the desalination facility.

This planning work could be done now, and the funding could be received in a timeframe of 4 to 6 months.

Draft MemorandumHeidi Luckenbach, scwd² Program Manager

9 April 2013

0868005*05

Page 6

Project	Direct potable reuse in conjunction with desalination
Priority	High
Timeframe	Less than 6 months
Action Item	Apply for this funding in the next few months.

b. Proposition 84 Stormwater Funding

A solicitation for funding of stormwater projects through Proposition 84 is expected in 2013. Additional information is provided in Attachment A.5. The agencies potentially could pursue this grant to fund rainwater harvesting or for other types of projects with stormwater quality benefits.

Project	Stormwater, possibly rainwater harvesting and groundwater recharge
Priority	Medium
Timeframe	Approximately 1 year
Action Item	Consider potential projects. Keep tabs on 2013 solicitations.

c. Seawater Intrusion Control Loan Program

This program provides low-interest loans for design and construction of publicly owned facilities necessary to protect groundwater quality in basins threatened by seawater intrusion. The eligible projects listed are: water conservation, freshwater well injections, and substitution of groundwater pumping from local surface supplies. More information is included in Attachment A.6.

Although desalination is not specifically mentioned, the project's purpose for the District would be to prevent seawater intrusion. It is worth discussing this as a theoretical project with contacts at the State Water Resources Control Board (SWRCB) the funding agency, to gauge its applicability. This loan likely should not be pursued until after the public vote in 2014, since it would apply to the construction of the desalination facility.

Draft Memorandum

Heidi Luckenbach, **scwd**² Program Manager

9 April 2013

0868005*05

Page 7

Project	Desalination project
Priority	Low
Timeframe	1 to 2 years
Action Item	Discuss applicability with contacts at SWRCB

4. California Energy Commission (CEC)

a. Financing for Energy Efficiency and Energy Generation Projects

This program provides low-interest loans for energy efficiency and/or energy generation projects. Additional information is included in Attachment A.7. Similar incentives also may be available through PG&E.

The Energy Plan conducted for the **scwd**² Desalination Program identified a microhydro project at Graham Hill WTP and a District pump efficiency improvement project as potential energy projects to reduce indirect GHG emissions. The City and District may choose to pursue these projects in the near term to reduce their overall agency energy use. Renewable energy production or pump energy savings would be realized by the agencies now and would continue when the desalination project is built, helping the agencies to meet their Net Carbon Neutral goal.

Project	Microhydro, pump efficiency, other energy efficiency projects
Priority	Medium
Timeframe	6 months to 2 years
Action Item	Consider potential energy projects and implementation timeline.

5. California Wildlife Conservation Board (WBC)

a. California Riparian Habitat Conservation Program

This program provides funding for riparian habitat conservation, such as bank stabilization and revegetation or removal of nonnative invasive species. More information is included in Attachment A.8.

Draft Memorandum

Heidi Luckenbach, **scwd**² Program Manager

9 April 2013

0868005*05

Page 8

Although the City's HCP is more focused on diverting less water rather than restoring habitat, riparian corridor improvements would be beneficial to protection of surface water resources, improvement of water quality, and overall water portfolio management. This aligns with the findings of the recently completed Watershed Sanitary Survey for the San Lorenzo River and North Coast water sources.

Project	Habitat Conservation Program or surface water protection
Priority	Medium
Timeframe	3 months to 1 year
Action Item	Identify potential projects and apply for this grant in the next few months.

b. Habitat Enhancement and Restoration Program

This program is similar to the California Riparian Habitat Conservation Program but focuses more on funding for development of fish and wildlife resources. More information is included in Attachment A.9.

Although not likely a top priority, pursuit of funding for a project in this category may provide protection of water resources and the local environment and could be a beneficial project for the City or District to pursue for environmental stewardship. Restoration of wetlands potentially could qualify as a GHG reduction project to support the agencies' Net Carbon Neutral goals.

Project	Habitat Conservation Program
Priority	Low to medium
Timeframe	6 to 12 months
Action Item	Identify potential projects and apply now.

B. Federal Funding

If the City and District are seeking federal funding to construct the desalination project, it is important to start cultivating relationships with federal entities immediately to increase project visibility and set the stage for inclusion of the project in a future federal budget. Federal budgets

Draft Memorandum

Heidi Luckenbach, **scwd**² Program Manager

9 April 2013

0868005*05

Page 9

are initiated around March or April of each year prior to the October 1 start to the Federal fiscal year. New, large water-related budget items typically occur every 3+ years.

Potential strategies to increase the visibility of the project could include:

- Contact elected representatives, including Representative Sam Farr (who previously met with **scwd**² team) and Senators Feinstein and Boxer.
- Set up a tour of proposed facility for elected officials.
- Update fact sheets and brochures for use in informing about the proposed project.
- Prepare an unsolicited grant funding package to position for future grant opportunities.

1. U.S. Army Corps of Engineers/WRDA

The Water Resources Development Act (WRDA) of 2007 authorized funding for California water infrastructure projects. It is estimated that approximately \$29 million in funding will be available. Additional information is included in Attachment A.10.

The City and District should consider contacting their representatives in Congress and lobbyists (if any), as well as the local Army Corps of Engineers, to express interest in receiving funding for construction of the desalination project.

Although this type of funding takes time and lobbying effort, this mechanism could offer a sizeable amount of funding.

Previous discussions with the Corps indicate that **scwd**² may need to complete an Environmental Assessment (EA) to comply with National Environmental Policy Act (NEPA) regulations prior to issuance of federal permits. The EA is a relatively concise document compared to an Environmental Impact Statement (EIS), which typically is completed for projects deemed to have more significant environmental impacts. Prior to applying for federal funding, **scwd**² should explore if receipt of federal funding could expand the NEPA requirements of the project.

Draft Memorandum

Heidi Luckenbach, **scwd**² Program Manager

9 April 2013

0868005*05

Page 10

Project	Desalination project
Priority	High
Timeframe	2+ years
Action Item	Start positioning now. Explore if NEPA requirements would expand beyond EA if scwd ² pursues federal funding.

2. USBR

a. Desalination and Water Purification Research and Development

This program provides funding for projects that augment the supply of usable water, understand environmental impacts of desalination and develop approaches to minimize those impacts, and develop approaches to lower financial costs if desalination. Additional information is included in Attachment A.11. This could be an opportunity to study integrating a direct potable reuse project into the long-term plans for the desalination facility.

Project	Direct potable reuse in conjunction with desalination
Priority	High
Timeframe	3 to 12 months
Action Item	Apply in the next few months.

3. General Congressional Funding

The City and District should contact their representatives in Congress and lobbyist connections to express interest in receiving funding for construction of the desalination project. It may be useful to prepare updated fact sheets and brochures.

Draft Memorandum

Heidi Luckenbach, **scwd**² Program Manager

9 April 2013

0868005*05

Page 11

Summary of Recommended Action Items

Short-term

- Set up an internal quarterly meeting to discuss status of funding efforts.
- Attend a CFCC Funding Fair in 2013. An event will be held in Salinas on September 12, 2013 at the Salinas Community Center (940 N. Main Street).
- Apply now for:
 - o SWRCB Water Recycling Funding Program – Facilities Planning Grant Program
 - o USBR Desalination and Water Purification Research and Development
- Discuss potential projects for:
 - o Inclusion in the IRWM Plan
 - o SWRCB Proposition 84 stormwater funding (and keep tabs on funding)
 - o Energy generation or efficiency through CEC or PG&E incentives
 - o WCB Habitat conservation funding
- Start positioning for:
 - o 2014 Water Bond
 - o WRDA/U.S. Army Corps
- Reach out to:
 - o DWR to express interest in 2014 Water Desalination funding
 - o SWRCB to discuss applicability of seawater intrusion loan
 - o Elected representatives, including Representative Sam Farr (who previously met with **scwd**² team) and Senators Feinstein and Boxer.
- Update fact sheets and brochures for use in promoting project

Medium-term

- Keep tabs on 2014 DWR Water Desalination funding.
- Set up a tour of proposed facility for elected officials.
- Prepare an unsolicited grant funding package to position for future grant opportunities.

Long-term

- After project approval, apply for DWR New Water Supply Construction Loan and/or prepare other financing applications.

Draft Memorandum

Heidi Luckenbach, scwd² Program Manager

9 April 2013

0868005*05

Page 12

Attachment A – Description of Potential Grant Funding Opportunities

A.1 Proposition 84 IRWM Implementation Grant Program – Round 3 (DWR)

Program description/project eligibility:

Implementation Grants are intended for projects that are ready for or nearly ready to proceed to implementation, that assist local public agencies in meeting long term water needs of the state including the delivery of safe drinking water and the protection of water quality and the environment. To be eligible for this grant your agency must be participating in an IRWMP program and must submit projects for selection by the IRWMP group.

Applications must meet all eligibility criteria listed in 2012 Prop 84/1E Guidelines, including consistency with an adopted IRWMP.

Eligible applicants are local public agencies and non-profit organizations that are part of an accepted IRWM region.

Funding: A total of approximately \$19 million is anticipated to be available for Round 3 for the Central Coast Funding Area, which includes six active IRWM groups. There is a funding match of 25%; funding match may be waived for projects addressing needs of DACs

Application and Deadlines: Step 1 Applications likely will be due in early 2014. Projects that pass Step 2 will prepare more detailed applications in later in 2014.

A.2 2013 Water Desalination Program (DWR)

Program description/project eligibility:

A project to support brackish water and seawater desalination as a water supply or quality option. The primary grant program goal is to create new or alternative potable water supplies using saline water that is not currently being beneficially used. Only projects with water sources containing Total Dissolved Solids (TDS) concentration exceeding 1,000 milligrams of salt per liter will be considered for funding. Eligible projects include:

- Construction for projects with a completed feasibility study or facility plan, and permitting and design either ready to proceed or already proceeding towards construction of a full-scale desalination treatment or brine disposal facility
- Pilot studies or demonstration projects with a completed feasibility study or facility plan to assess one or more components of a specific, planned facility
- Feasibility studies to assess the viability of implementing a brackish groundwater desalination project in a specific area

Draft Memorandum

Heidi Luckenbach, scwd² Program Manager

9 April 2013

0868005*05

Page 13

- Research projects to support permitting agencies in establishing policies and regulatory criteria for water desalination projects and that are not for the purpose of assessing a specific project

Wastewater treatment related projects and feasibility studies for seawater desalination are not eligible.

Eligible applicants: Cities, counties, joint powers authorities, special districts, tribes, state agencies, federal agencies, non-profits

Funding: Grants up to \$3 million for construction. DWR only has \$6 million for construction projects so they may only award 2 grants. There is a 50% match requirement. The total planned allocation for all other project types is \$4.5 million with maximum grant amounts as follows: \$1 million for pilot or demonstration projects, \$250,000 for feasibility studies, and \$500,000 for research.

Deadlines and Applications: The draft proposal solicitation package (PSP) is out. The final PSP is anticipated in April and full applications are anticipated to be due in mid-June 2013.

A.3 New Local Water Supply Project Construction Loan (DWR)

Program Description/Project Eligibility:

This program provides construction and feasibility study loans for the development of local water supplies.

Eligible projects include a canal, dam, reservoir, desalination facility, groundwater extraction facility, or other construction or improvement, including rehabilitation of a dam for water supply purposes which will remedy existing water supply problems.

Eligible Applicants: Local public agencies.

Funding: The maximum loan amounts are \$5 million for a construction projects and \$500,000 for feasibility studies. The interest rate is equal to the General Obligation (GO) Bond Rate.

Applications: Applications are accepted on an ongoing basis.

Draft Memorandum

Heidi Luckenbach, scwd² Program Manager

9 April 2013

0868005*05

Page 14

A.4 Water Recycling Funding Program – Facilities Planning Grant Program (SWRCB)

Program description/project eligibility:

Grants intended to assist public agencies in preparing facilities planning studies for water recycling using treated municipal wastewater and/or treated groundwater from sources contaminated due to human activities. Grants are provided for studies to determine the feasibility of using recycled water to offset the use of fresh/potable water from state and/or local supplies. This excludes pollution control studies for which water recycling is an alternative.

Eligible applicants are public agencies, whereas one agency may receive more than one grant provided the proposed study is independent in scope of work from the previously funded studies.

Funding:

Grants will cover 50% of eligible costs up to \$75,000. Current planning grant funds total \$7,727,996. Grant funds will be provided in two disbursements. 50 percent of the total estimated grant will be made upon approval of a draft facilities plan and final disbursement will be processed after SWRCB staff approval of the final facilities planning report.

Deadlines and Applications:

Currently accepting applications – will accept applications until funds depleted. The application package to be submitted will include (1) and application form (2) a resolution by the local agency authorizing the grant application, and (3) a plan of study. After review of the application package, the SWRCB will meet with the proponent to discuss the plan of study and grant program procedures. After approval, a facilities planning study will need to be submitted.

A.5 Prop 84 Storm Water Grant Program (SWRCB)

Round 2 solicitations may start again in 2013 (there is no update yet).

Projects are reviewed and ranked Statewide and the most competitive projects will be awarded funding (there is no "funding allocation" for regions in this grant program).

Total funding available for Round 2 Implementation Projects (2013/2014) is approximately \$32 million.

Draft Memorandum

Heidi Luckenbach, scwd² Program Manager

9 April 2013

0868005*05

Page 15

A.6 Seawater Intrusion Control Loan Program (SWRCB)

Program Description/Project Eligibility:

This program provides low-interest loans for design and construction of publicly owned facilities necessary to protect groundwater quality in basins threatened by seawater intrusion. The basin in which projects take place must be subject to a groundwater management plan.

Eligible project types include water conservation, freshwater well injections, substitution of groundwater pumping from local surface supplies.

Eligible Applicants: Local agencies.

Funding: Maximum loan amounts are \$2.5 million with 20 year terms. The interest Rate is half of the most recent General Obligation (GO) Bond Rate.

Applications: Applications are accepted on an ongoing basis.

A.7 Financing for Energy Efficiency and Energy Generation Projects (CEC)

Program description/Project eligibility: This program provides 1% interest loans for projects with proven energy and/or demand cost savings, including lighting systems, pumps and motors, energy generation including renewable and combined heat and power projects, water and wastewater treatment equipment. Projects must be technically and economically feasible

Eligible applicants: Special Districts, Cities, Counties, Public Schools and Colleges, Public Care Institutions.

Funding: Maximum loan amount is \$3 million per application. Funds are available on a reimbursement basis.

Application: Applications are accepted on an ongoing basis.

A.8 California Riparian Habitat Conservation Program (CA WCB)

Program description/project eligibility:

This program aims at protecting, preserving, restoring, and enhancing riparian habitat throughout California.

Examples of eligible projects include:

- Bank stabilization and revegetation
- Restoration of riparian vegetation on flood-prone land

Draft Memorandum

Heidi Luckenbach, scwd² Program Manager

9 April 2013

0868005*05

Page 16

- Installation of fencing along the riparian corridor to control and/or manage livestock or wildlife.
- Removal of nonnative invasive plant species and restoration of native riparian vegetation

Eligible applicants: local agencies, nonprofit organizations, state departments and federal agencies.

Funding: Through June of 2013, it is anticipated that \$500,000 will be available in funding.

Deadlines and Applications: Applications are accepted on a continuous basis.

A.9 Habitat Enhancement and Restoration Program (CA WCB)

Program description/project eligibility:

This program provides financial assistance for the restoration and enhancement of fish and wildlife resources. Eligible projects include native fisheries restoration, restoration of wetlands, in-stream restoration projects, including removal of fish barriers and other obstructions and other projects that improve the quality of native habitat throughout the state.

Eligible applicants: Cities, counties, nonprofit organizations, special districts and state entities.

Funding: Approximately \$1 million is available annually.

Deadlines and Applications: Applications are accepted on a continuous basis.

A.10 US Army Corps of Engineers Environmental Infrastructure

Program description/project eligibility:

In the Water Resources Development Act of 2007, Congress authorized \$40 million for the Army Corps of Engineers to provide assistance for design and construction of water related infrastructure in California. Last year Congress provided this program with \$29 million in funding and a like amount is anticipated in Fiscal Year 2013. Typically projects that have received funding through this program have come through Congressional earmarks, but it is possible this money will be dispersed via earmarks and grants. In the past the federal share has been up to 75% of construction costs. Entities interested in receiving this funding should contact their local Corps of Engineers and make them aware of their desire for funding and generally position their project to receive funding if it becomes available.

Draft Memorandum

Heidi Luckenbach, scwd² Program Manager

9 April 2013

0868005*05

Page 17

A.11 Desalination and Water Purification Research and Development (USBR)

Program description/Project eligibility:

Pre-proposals are being requested for the Desalination and Water Purification Research and Development Program, intended to augment the supply of usable water, understand environmental impacts of desalination and develop approaches to minimize those impacts, and develop approaches to lower financial costs if desalination.

This current solicitation will focus funding on Research and Laboratory Studies, and Pilot Scale Projects. Award agreements for the research studies will be of 13 months duration and for pilot scale projects agreements will be of 25 months or less.

As a note, the terms desalination or desalting, under this program, include “the use of any process or technique for the removal and, when feasible, adaptation to beneficial use, of organic and inorganic... compounds from saline or biologically impaired waters, by itself or in conjunction with other processes”

Eligible applicants: Individuals, institutions of higher education, commercial or industrial organizations, private entities, public entities, and Indian Tribal Governments.

Funding: Maximum grant amount is \$150,000 per research and laboratory study; \$200,000 per year for pilot scale projects (up to \$400,000 per project).

Cost share is 75% of project costs. Cost share may be reduced to 50% depending on financial need.

Application and Deadlines: Funding Opportunity Announcements for the full proposals have not yet been announced.



DESALINATION TASK FORCE MEMORANDUM

TO: DESALINATION TASK FORCE
FROM: PROGRAM MANAGERS
SUBJECT: scwd² DESALINATION PROGRAM - COMMUNICATION PLANNING UPDATE
DATE: APRIL 17, 2013
RECOMMENDATION: That the scwd² Desalination Task Force receive information on the communication plan for the proposed desalination project and provide input.

BACKGROUND: The 2007 Memorandum of Agreement between the City and District specifies the Joint Task Force is tasked with “overseeing a public outreach program intended to inform the public about all aspects of the Project and provide opportunities for public input.” Over the last five years, this outreach has focused on the SWRO desalination pilot plant, technical studies, and community concerns regarding water supply and desalination. Periodic reports on outreach activities have been provided to the Task Force and have included a summary of materials generated, presentations given, community events held/participated in, website statistic, etc.

At the December 19, 2012 Task Force meeting, it was decided that one Task Force member from each agency would provide content oversight and review outreach materials being prepared and that a quarterly review of the Outreach Program, including budgetary/expense related and performance metrics, would be provided to the Task Force. The outreach team also indicated that, prior to a quarterly report, they would present an overview of specific goals and items being considered and/or implemented. This report provides that overview.

DISCUSSION: The Draft Environmental Impact Report (DEIR) will be released in mid-May. Both agencies recognize the importance of increasing awareness about the DEIR, what it contains, and how the public can participate and provide input.

Staff worked with PO Oversight representatives Councilmember Mathews and Director Daniels in March 2013 to identify the primary goals, outreach and education components, schedule of EIR-related events, measurement and evaluation, and budget as follows.

Goals:

- Increasing and maintaining a visible presence in the community, focusing on providing awareness about the release and content of the Draft EIR and CEQA process.
- Encouraging the community to participate in the public review process of the Draft and Final EIR.

- Distilling topics within the Draft and Final EIR to make them relatable to the common layperson who wants to be informed but will not be reading the entire document.
- Continuing to be transparent, open, and accountable to ratepayers and stakeholders.

Outreach and Education Elements: The following outreach elements were identified to aid in increasing community awareness with the environmental review process and the Draft EIR for the proposed project.

- Create education and outreach materials to support increasing awareness for the community. For distribution at community events, presentations, etc.
- Generate informational fact sheets on key topics of interest for the community that are covered in the Draft EIR.
- Create short 3-minute videos to discuss the Draft EIR and key topics of interest.
- Create a series of informational graphics to help educate and inform our community on District and City issues highlighted in the Draft EIR.
- Improve the reach and use of social media communications to educate and inform community on issues highlighted in the Draft EIR.

Budget: The costs associated with the outreach elements listed below are primarily for production and/or printing of materials and tools that were contemplated after the scope and budget was approved for Kennedy/Jenks/Data Instincts and are therefore in addition to that appropriation.

1. Social media (Update Facebook and Twitter and Email Distribution)	
a. Update and maintenance through June 30, 2013	\$3,750
b. Maintenance of Social media after June 30, 2013 (monthly)	\$750
2. Create live footage style short video (per 3 minutes)	\$1,000
3. Printing of informational fact sheets, handouts, poster boards, etc.	\$3,000
4. Create and print informational graphics (each infographic)	\$700
5. Tabling materials (i.e. Earth Day, Farmers Market, etc.)	\$500
6. Printing of Community Guides in excess of contract for wider distribution	up to \$2,000
7. Create animated style short videos (per 1 minute).....	\$3,500
8. Conduct iPad interviews (300+ on line)	\$3,500

Schedule of Key Environmental Review Dates:

- April 20, 2013 – Booth at Earth Day Santa Cruz
- May 7, 2013 - Joint Special Study Session
- Mid-May 2013 – Release of the Draft Environmental Impact Report (DEIR)
- Mid-July 2013 – Close of the 60-day Comment Period
- Late 2013 – Release of Final EIR
- Early 2014 – Consider Certification

Measurement and Evaluation: The Public Outreach Oversight Team will review materials prior to release. Staff will present quarterly reports to the full **scwd**² Task Force. Reports will include

quantitative informational data on all outreach efforts, what materials were generated, how they were distributed, etc.

Outreach decisions can be very subjective and occasionally representatives may favor different approaches. The Task Force should give direction for resolving any disagreements between the Public Outreach Oversight Team in a timely manner that maintains the purpose and momentum of the communications plan.

FISCAL IMPACT: Contracts for the items listed above will be managed by the District on behalf of **scwd**². The City and the District will share these costs according to the Memorandum of Agreement. Both the City and the District have allocated monies for this contract in their current budgets.



DESALINATION TASK FORCE MEMORANDUM

TO: DESALINATION TASK FORCE

FROM: PROGRAM MANAGERS

SUBJECT: scwd² DESALINATION PROGRAM - COST ESTIMATE

DATE: APRIL 17, 2013

RECOMMENDATION: That the scwd² Desalination Task Force review and comment on the preliminary cost estimate.

BACKGROUND: The City of Santa Cruz and Soquel Creek Water District Memorandum of Agreement empowers the Task Force to prepare and recommend adoption of an annual fiscal year budget for costs associated with the seawater desalination project investigation and development. A budget estimate typically is brought to the Task Force each March/April as it was on March 21, 2012.

At its June 20, 2012 meeting the Task Force requested that staff provide an updated cost estimate for design and construction of the project at its next meeting which, due to lack of other business, occurred in October 2012.

At its October meeting the Task Force received a cost estimate from the completion of the investigative phase (start of design and construction components) through to the start of operation.

Attached is the most recent project cost estimate, updated April 8, 2013.

DISCUSSION: This project cost estimate follows a very similar format to other estimates with the following changes, additions and points of clarification.

1. The estimate includes the completing the investigative phase of the project, concluding in fiscal year 2014/2015.
2. Design & Construction components have been pushed out one year, from FY2014/15 to FY2015/16. Monies would be allocated to the project the fiscal year following a successful vote on the project at the earliest.
3. As requested at the October meeting, the cost split for Project Management and Property Acquisition have been clarified by review the 2007 and 2010 Memorandums of Agreement as follows.
 - a. Project Management costs will be split between the two agencies 50%/50% through design; during construction the split will change to 59%/41%. From the 2007 agreement: "The parties shall contribute equal shares of the costs for investigative studies, design, environmental review, and permitting associated with the full scale Facility after deduction of any grant funds received from third parties."

- b. Property acquisition costs will be split 59%/41%. However, the 2007 agreement states: “The parties shall contribute equal shares for commitments necessary to secure a site and associated rights-of-way for the full scale project excluding any rights-of-way or easements that solely benefit only one agency. Actual purchase of the property and construction will be separate agreement as it is beyond the scope of the Task Force.” The 2010 agreement states that land would be purchased based on the same principle of allocation of all capital costs; shared on the basis of proportional maximum annual utilization, 59%/41%. However, if one party chooses to purchase land in excess of what is available and needed for the plant, that party would pay the incremental cost of the additional land.
- 4. The District has allocated monies to “Energy Offset Projects” in the amount of \$2million over four years. This is to be funded by the District only; the City has not yet added funds for this line item. (Note: \$2million remains in “Permit Conditions” which may be energy projects and/or other, yet to be determined, mitigations.
- 5. The bottom line estimate does change for various reasons but remains approximately \$115M. There is a lot of work related to the design of all of the components. While the range of estimating accuracy will narrow and the estimating contingency will shrink, the rate of inflation will no doubt have some impact.
- 6. Further attention is still needed to alternative delivery methods, and timing as each element is currently starting construction in FY16/17 which may or may not be realistic from a funding and/or project management perspective.

FISCAL IMPACT: At this point, the cost estimate for design and construction (FY2015/2016 – 2018/2019) is approximately \$114,000,000; City \$65,500,000; District \$48,700,000. Cost estimate to complete the Investigative phase is \$3,400,000.

Attachment: Cost Estimate

			2013-14			2014-15			2015-16			2016-17			2017-18			2018-19		
Updated 4/8/13			Total	City of SC Portion	SqCWD Portion	Total	City of SC Portion	SqCWD Portion	Total	City of SC Portion	SqCWD Portion	Total	City of SC Portion	SqCWD Portion	Total	City of SC Portion	SqCWD Portion	Total	City of SC Portion	SqCWD Portion
Investigative																				
Project Management - City			\$762,000			\$762,000														
Program Advisor, KJ			\$400,000	\$200,000	\$200,000	\$400,000	\$200,000	\$200,000												
Technical Advisor, Dietrich			\$50,000	\$25,000	\$25,000	\$50,000	\$25,000	\$25,000												
Labor			\$300,000	\$150,000	\$150,000	\$300,000	\$150,000	\$150,000												
Expenses			\$12,000	\$6,000	\$6,000	\$12,000	\$6,000	\$6,000												
Project Management - SqCWD			\$140,000			\$140,000														
Labor			\$130,000	\$65,000	\$65,000	\$130,000	\$65,000	\$65,000	Expenses highlighted in purple are typical, annual appropriations.											
Expenses			\$5,000	\$2,500	\$2,500	\$5,000	\$2,500	\$2,500												
Travel, training, memberships			\$5,000	\$2,500	\$2,500	\$5,000	\$2,500	\$2,500												
Project Management - Grant(s)			\$20,000			\$20,000														
Grant Administrator			\$20,000	\$10,000	\$10,000	\$20,000	\$10,000	\$10,000												
Subtotal, Proj Mgmt			\$922,000	\$461,000	\$461,000	\$922,000	\$461,000	\$461,000												
Cost Sharing Factor				50%	50%		50%	50%												
Studies																				
Intake Assessment Study									Expenses highlighted in lt. blue are placeholder estimates for completing environmental process.											
Dilution Study (B&C)																				
Intertie Analysis																				
CEQA			\$250,000	\$125,000	\$125,000	\$250,000	\$125,000	\$125,000												
Strelow Consulting			\$25,000	\$12,500	\$12,500	\$25,000	\$12,500	\$12,500												
RMM			\$500,000	\$250,000	\$250,000	\$500,000	\$250,000	\$250,000	Expenses highlighted in dk. blue have already been appropriated.											
Permitting (Dudek)			\$130,000	\$65,000	\$65,000	\$130,000	\$65,000	\$65,000												
Trt Plant Design			\$70,000	\$35,000	\$35,000															
Subtotal, Studies			\$975,000	\$487,500	\$487,500	\$905,000	\$452,500	\$452,500												
Cost Sharing Factor				50%	50%		50%	50%												
Total, Investigatons	\$3,394,000	\$1,509,249	\$1,897,000	\$948,500	\$948,500	\$1,827,000	\$913,500	\$913,500												

			2013-14			2014-15			2015-16			2016-17			2017-18			2018-19		
Updated 4/8/13			Total	City of SC Portion	SqCWD Portion	Total	City of SC Portion	SqCWD Portion	Total	City of SC Portion	SqCWD Portion	Total	City of SC Portion	SqCWD Portion	Total	City of SC Portion	SqCWD Portion	Total	City of SC Portion	SqCWD Portion
Design/Constr		Annual Renewal	Per Contract																	
Project Management - City									\$762,000			\$762,000			\$762,000			\$762,000		
Program Advisor, KJ	\$1,600,000	\$0							\$ 400,000	\$ 200,000	\$ 200,000	\$ 400,000	\$ 236,000	\$ 164,000	\$ 400,000	\$ 236,000	\$ 164,000	\$ 400,000	\$ 236,000	\$ 164,000
Technical Advisor, Dietrich	\$200,000	\$0							\$ 50,000	\$ 25,000	\$ 25,000	\$ 50,000	\$ 29,500	\$ 20,500	\$ 50,000	\$ 29,500	\$ 20,500	\$ 50,000	\$ 29,500	\$ 20,500
Labor, etc	\$1,248,000	\$0							\$ 312,000	\$ 156,000	\$ 156,000	\$ 312,000	\$ 184,080	\$ 127,920	\$ 312,000	\$ 184,080	\$ 127,920	\$ 312,000	\$ 184,080	\$ 127,920
Project Management - SqCWD									\$140,000			\$140,000			\$140,000			\$140,000		
Labor, etc	\$560,000	\$0							\$ 140,000	\$ 70,000	\$ 70,000	\$ 140,000	\$ 82,600	\$ 57,400	\$ 140,000	\$ 82,600	\$ 57,400	\$ 140,000	\$ 82,600	\$ 57,400
Project Management - Grant(s)									\$20,000			\$20,000			\$20,000			\$20,000		
Grant Administrator	\$0	\$80,000							\$ 20,000	\$ 10,000	\$ 10,000	\$ 20,000	\$ 11,800	\$ 8,200	\$ 20,000	\$ 11,800	\$ 8,200	\$ 20,000	\$ 11,800	\$ 8,200
Subtotal, Project Mgmt		\$3,608,000	\$80,000						\$ 922,000	\$ 461,000	\$ 461,000	\$ 922,000	\$ 543,980	\$ 378,020	\$ 922,000	\$ 543,980	\$ 378,020	\$ 922,000	\$ 543,980	\$ 378,020
Cost Sharing Factor									50%	50%	50%	59%	41%	59%	41%	59%	41%	59%	41%	59%
Intake Facility									\$1,500,000			\$12,000,000			\$11,000,000					
Property Purchase	\$0	\$500,000							\$500,000	\$295,000	\$205,000									
Design	\$0	\$2,000,000							\$1,000,000	\$500,000	\$500,000	\$1,000,000	\$500,000	\$500,000						
Construction	\$0	\$20,000,000										\$10,000,000	\$5,900,000	\$4,100,000	\$10,000,000	\$5,900,000	\$4,100,000			
Construction Mgmt	\$0	\$2,000,000										\$1,000,000	\$590,000	\$410,000	\$1,000,000	\$590,000	\$410,000			
Subtotal for Intake Facility		\$0	\$24,500,000						\$1,500,000	\$795,000	\$705,000	\$ 12,000,000	6,990,000	5,010,000	\$ 11,000,000	6,490,000	4,510,000			
Cost Sharing Factor									50% & 59%	50% & 41%	50% & 41%	50% & 59%	50% & 41%	50% & 41%	59%	41%	59%	41%	59%	41%
Treatment Plant									\$7,250,000			\$21,750,000			\$20,500,000			\$20,500,000		
Property Purchase	\$0	\$5,500,000							\$ 5,500,000	\$ 3,245,000	\$ 2,255,000									
Energy Offset Projects (TBD)		\$2,000,000							\$ 500,000		\$ 500,000	\$ 500,000		\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ 500,000	\$ -	\$ 500,000
Design	\$0	\$2,500,000							\$ 1,250,000	\$ 625,000	\$ 625,000	\$ 1,250,000	\$ 625,000	\$ 625,000						
Construction	\$0	\$55,000,000										\$ 18,333,333	\$ 10,816,667	\$ 7,516,667	\$ 18,333,333	\$ 10,816,667	\$ 7,516,667	\$ 18,333,333	\$ 10,816,667	\$ 7,516,667
Construction Mgmt	\$0	\$5,000,000							\$ 1,666,667	\$ 983,333	\$ 683,333	\$ 1,666,667	\$ 983,333	\$ 683,333	\$ 1,666,667	\$ 983,333	\$ 683,333	\$ 1,666,667	\$ 983,333	\$ 683,333
Subtotal, Treatment Plant		\$0	\$70,000,000						\$ 7,250,000	\$ 3,870,000	\$ 3,380,000	\$ 21,750,000	\$ 12,425,000	\$ 9,325,000	\$ 20,500,000	\$ 11,800,000	\$ 8,700,000	\$ 20,500,000	\$ 11,800,000	\$ 8,700,000
Cost Sharing Factor									50% & 59%	50% & 41%	50% & 41%	50% & 59%	50% & 41%	50% & 41%	50% & 59%	50% & 41%	50% & 41%	59%	41%	59%
Infrastructure: Intake									\$227,500			\$1,251,250			\$1,251,250					
Design	\$0	\$227,500							\$ 227,500	\$ 113,750	\$ 113,750									
Construction	\$0	\$2,275,000										\$ 1,137,500	671,125	466,375	\$ 1,137,500	671,125	466,375			
Construction Mgmt	\$0	\$227,500										\$ 113,750	67,113	46,638	\$ 113,750	67,113	46,638			
Subtotal, Intake Pipeline		\$0	\$2,730,000						\$227,500	\$113,750	\$113,750	1,251,250	738,238	513,013	1,251,250	738,238	513,013			
Cost Sharing Factor									50%	50%	50%	59%	41%	59%	41%	59%	41%			
Infrastructure: Brine									\$227,500			\$1,251,250			\$1,251,250					
Design	\$0	\$227,500							\$ 227,500	\$ 113,750	\$ 113,750									
Construction	\$0	\$2,275,000										\$ 1,137,500	671,125	466,375	\$ 1,137,500	671,125	466,375			
Construction Mgmt	\$0	\$227,500										\$ 113,750	67,113	46,638	\$ 113,750	67,113	46,638			
Subtotal , Brine Pipeline		\$0	\$2,730,000						\$227,500	\$113,750	\$113,750	1,251,250	738,238	513,013	1,251,250	738,238	513,013			
Cost Sharing Factor									50%	50%	50%	59%	41%	59%	41%	59%	41%			
Infrastructure: Intertie									\$650,000			\$3,575,000			\$3,575,000					
Design	\$0	\$650,000							\$ 650,000	\$ 325,000	\$ 325,000									
Construction	\$0	\$6,500,000										\$ 3,250,000	\$ 1,917,500	\$ 1,332,500	\$ 3,250,000	\$ 1,917,500	\$ 1,332,500			
Construction Mgmt	\$0	\$650,000										\$ 325,000	\$ 191,750	\$ 133,250	\$ 325,000	\$ 191,750	\$ 133,250			
Subtotal, Intertie		\$0	\$7,800,000						\$ 650,000	\$ 325,000	\$ 325,000	\$ 3,575,000	\$ 2,109,250	\$ 1,465,750	\$ 3,575,000	\$ 2,109,250	\$ 1,465,750			
Cost Sharing Factor									50%	50%	50%	59%	41%	59%	41%	59%	41%			
CEQA																				
CEQA, URS																				
RMM																				
Subtotal, CEQA																				
Cost Sharing Factor																				
Permitting									\$250,000			\$2,250,000								
Permitting Services	\$0	\$500,000							\$ 250,000	\$ 125,000	\$ 125,000	\$250,000	\$125,000	\$125,000						
Permit Conditions	\$0	\$2,000,000										\$2,000,000	\$1,180,000	\$820,000						
Subtotal, Permitting Services		\$0	\$2,500,000						\$ 250,000	\$ 125,000	\$ 125,000	\$ 2,250,000	\$1,305,000	\$945,000						
Cost Sharing Factor									50%	50%	50%	50% & 59%	50% & 41%	50% & 41%						
Other									\$300,000											
Update WSS	\$0	\$100,000							\$ 100,000	\$ 50,000	\$ 50,000									
Update Intake Study	\$0	\$100,000							\$ 100,000	\$ 50,000	\$ 50,000									
Update Dilution Study	\$0	\$100,000							\$ 100,000	\$ 50,000	\$ 50,000									
Subtotal, Other		\$0	\$300,000						\$ 300,000	\$ 150,000	\$ 150,000									
Cost Sharing Factor									50%	50%	50%									
Total, Design/Constr		\$3,608,000	\$110,640,000						\$ 11,327,000	\$ 5,953,500	\$ 5,373,500	\$ 42,999,500	\$ 24,849,705	\$ 18,149,795	\$ 38,499,500	\$ 22,419,705	\$ 16,079,795	\$ 21,422,000	\$ 12,343,980	\$ 9,078,020



DESALINATION TASK FORCE MEMORANDUM

TO: DESALINATION TASK FORCE
FROM: PROGRAM MANAGERS
SUBJECT: DISCUSSION OF FUTURE MEETINGS
DATE: APRIL 17, 2013

RECOMMENDATION: That the **scwd²** Desalination Task Force cancel several upcoming regularly-scheduled meetings.

DISCUSSION: The Task Force is scheduled to meet on the third Wednesday of each month. On prior occasions staff has recommended that the Task Force cancel meetings if no business is anticipated. With the release of the Draft Environmental Impact Report in early May, followed by a 60-day comment period, staff does not anticipate any business needing immediate attention until July. In addition, Task Force meetings should be cancelled to avoid confusion with public hearings and meetings associated directly with the dEIR.

However, staff requests that the Task Force members hold their calendars open on these recurring meeting dates in May, June and July, but only hold a meeting if an item needs to be acted on, such as an item associated with outreach and education.

FISCAL IMPACT: None.

Attachments: None.



DESALINATION TASK FORCE MEMORANDUM

TO: DESALINATION TASK FORCE
FROM: PROGRAM MANAGERS
SUBJECT: 50 / 50 COST SPLIT FOR INVESTIGATION AND PRELIMINARY DESIGN
DATE: APRIL 17, 2013

At its March meeting, the Task Force questioned how the original Task Force arrived at a 50/50 cost split for the investigative and preliminary design portion of the desalination program.

The Memorandum of Agreement, signed by the Soquel Creek Board President and the Mayor of the City of Santa Cruz in September, 2007, in Section 14 (a-e) Member Contributions sets out the following agreement on cost sharing: For (a) Pilot Plant Costs; (b) Investigative Studies and Full Scale Facility Costs [studies, environmental review, design, permitting]; (d) staffing – each party shall contribute equal shares.

For (c) Acquisition of property and construction, parties will contribute equal shares for commitments necessary to secure a site and associated rights-of-way for the full scale project excluding any rights-of-way or easement that solely benefit only one agency. Actual purchase of property and construction will be by separate agreement as it is beyond the scope of the Task Force.

This equal cost split was the result of much discussion about the extent to which each agency would be required to independently do the same work if either or both had decided to pursue the project its own. Coupled with the fact that the City had already secured a \$2 million Prop 50 grant for the pilot plant work that would be subtracted up front for the costs to be split, both parties agreed that an equal cost split was the most equitable way to proceed rather than spending time trying to decide which, if any, parts of the above-mentioned work was more or less required by either agency.

Ruling stands in UCSC water case: Appeals court holds environmental report flawed

[By J.M. Brown Santa Cruz Sentinel](#)

Posted: 02/20/2013 06:43:52 PM PST

SANTA CRUZ -- A three-judge panel of the state's 6th District Court of Appeal has reaffirmed an earlier ruling invalidating Santa Cruz's environmental analysis of a proposed water expansion to UC Santa Cruz.

The decision leaves city leaders with two options: Fix shortcomings in the report or petition the state Supreme Court to hear the case, an option widely seen as a long shot given the high bar for acceptance.

Judges Nathan D. Mihara, Franklin D. Elia and Miguel Márquez changed part of their November ruling to say the city, after all, had adequately described the purpose of the water expansion project in an environmental impact report mandated by state law.

The city successfully argued during a rehearing that it is obligated to seek the extension as part of a 2008 settlement agreement with the university, county and citizen groups that limited the majority of UCSC growth to an undeveloped section of north campus.

The university estimates it will need up to an additional 100 million gallons of water each year if it grows by about 2,000 more students in the next decade. That amount is two-thirds of what UCSC used in all of 2011 but the university has agreed to offset the increase by paying for off-campus conservation.

BACK TO THE DRAWING BOARD

However, the judges maintained the city still failed to identify alternatives, such as a limited water expansion that would reduce impacts on its drought-prone supply. The panel ordered trial Judge Timothy Volkmann of Santa Cruz County Superior Court, who dismissed a habitat protection group's challenge of the expansion, to vacate his decision and have the city decertify its environmental impact report and overall approval of the project.

The ruling also means city and university applications filed with the Santa Cruz Local Agency Formation Commission charged with approving the expansion remain on hold. The court also awarded reimbursement of legal fees for the habitat group, but the amount has not been settled.

"We're disappointed that the court found that there was no evidence to support the city's view that even a reduced growth or reduced water supply alternative was feasible," said attorney Sabrina Teller, who works with the city's environmental law firm, Remy Moose Manley of Sacramento. "The city continues to feel strongly that, according to its obligations under the Comprehensive Settlement Agreement, offering up to LAFCO or approving a limited water alternative would conflict with the goals of the CSA."

Until the appellate court rulings, LAFCO had been working on a compromise to allow the expansion but limit the amount of water above which the university would have to pay fees for overuse. The LAFCO commissioner leading that charge, John Leopold, recently was replaced by political appointment of the county Board of Supervisors' Chairman Neal Coonerty, who helped draft the university settlement agreement with his son Ryan Coonerty, a former city official.

COUNCIL CONSIDERATION

Santa Cruz City Attorney John Barisone said he would ask the City Council on Tuesday what the next step should be -- filing a petition with the Supreme Court or fixing the environmental report. In December, the council gave authority to challenge the appellate ruling, but Barisone said he wants the new council featuring three members elected in November to weigh in.

If the city decides to change the environmental impact report, it could simply redo the chapter dealing with alternatives but any changes would require further public review.

Don Stevens, a representative of the Habitat and Watershed Caretakers, said he was glad the ultimate outcome of the appellate court's ruling was unchanged because it forces a greater examination of alternatives. But his group could sue again if they think the revised environmental impact report doesn't adequately identify other choices.

"In certain ways you can think of it as a new process," he said.

However, Stevens remains concerned about the impacts of the university being allowed to grow on the north campus, as opposed to adding student housing in the main campus or on another site.

"If the north campus is opened for development, there will be no way to contain future UCSC development and the quality of life for us and future generations will be harmed," he said. "UC should expand at other locations and find more innovative and cost-effective ways to deliver education rather than unfairly burdening our community."

City officials argue the university's inability to build on 240 acres in the north campus, which sit outside the city's utility service area, is what will pose problems for the university by jeopardizing the settlement agreement. They say that pact has reduced traffic, water use and other impacts of UCSC's growth on local residents.

The city has enough water to supply the university, its largest customer and other ratepayers during normal years, but in dry years can't meet current demand, especially in the face of state and federal mandates to leave more river and stream water for fish.

Santa Cruz is considering a \$125 million seawater desalination plant to supplement supply in drought periods, which some opponents argue is designed to serve UCSC growth.

Soquel man files lawsuit to halt desal funding, rate increases

By [J.M. Brown](#) [Santa Cruz Sentinel](#)

Posted: 03/05/2013 08:03:58 PM PST

SANTA CRUZ -- A Soquel man who unsuccessfully sued the city of Santa Cruz over spending redevelopment money has filed a new action aimed at a proposed seawater desalination plant and rate increases by a neighboring water district.

Michael E. Boyd of Soquel filed a lawsuit in Santa Cruz County Superior Court on Friday asking for a injunctions against Santa Cruz and the Soquel Creek Water District, partners on a controversial plan to build a desalination facility. Boyd seeks a judge's order barring the two agencies from spending further money on the proposal or increasing rates without a vote of the people.

"They already decided on a plan before they put anything on the ballot," Boyd said Tuesday. Boyd charges that \$4.2 million spent by the district on preconstruction costs on the desalination project to date violates two state laws requiring voter approval of new taxes or fees, Propositions 26 and 218. He also said a "conspiracy" by the district and city to spend money without voter approval to establish the plant violates his constitutional rights.

In November, 72 percent of Santa Cruz voters supported Measure P, guaranteeing a vote on the project no earlier than June 2014. Boyd's Soquel Drive home is served by the district, but it's unclear when Soquel Creek customers will get to weigh in at the ballot box.

Boyd said state law prohibits the district and city to charge more for water than it costs them to provide it. He alleges a rate increase that went into effect in March for Soquel Creek customers is designed to fund desalination, even though the project is far from being approved.

"In briefly reviewing the suit, we do not believe it has any merit, but we are studying it carefully and will respond to it in the courts," said Taj Dufour, interim director of the district.

In February, the district's board approved a three-year rate increase, averaging 9 percent per year, to raise about \$4.7 million largely for capital improvement projects. Some of the funding would cover the district's share of an environmental review for the desalination project.

The city and district are studying a facility that would be capable of producing at least 2.5 million gallons of water each day from seawater pumped up from the coast and desalted. The environmental review is expected in April.

Total preconstruction expenses for the project since 2006 -- split 59 percent to 41 percent by the city and district -- has been estimated to reach \$15 million by June.

Because Boyd is not a Santa Cruz resident, a judge dismissed his 2011 suit against the city for spending redevelopment funds after lawmakers pushed for dismantling redevelopment agencies statewide. Boyd plans to represent himself in the anti-desalination suit, as he did in the redevelopment case.

Santa Cruz City Attorney John Barisone said he had not read the desalination suit thoroughly but that the city would file a response. A status hearing has been set for July 1.

Santa Cruz water officials forge ahead on conservation planning ahead of desalination debate

J.M. Brown
Santa Cruz Sentinel, 3/6/13

SANTA CRUZ -- The Santa Cruz Water Commission has approved the first steps of a yearlong study to develop a new long-term water conservation plan ahead of a public debate in 2014 on a controversial desalination project to augment supply.

The commission on Monday approved goals and objectives for the nearly \$200,000 report by Alamo firm Maddaus Water Management. The plan is expected to guide conservation efforts, including incentives for retrofits and other programs, through 2030 and provide cost estimates for different options.

"We should have a better estimate of what the remaining long-term conservation potential is in our service area and ways to achieve it," Toby Goddard, the city's water conservation manager, said of the report, expected by January 2014.

Voters may be asked in June or November 2014 to approve a \$125 million facility that will transform seawater into drinking water for the city during drought periods.

The city also has contracted with a Glendora firm, WaterWise Consulting, on a separate \$197,000 baseline study of current customer conservation. Sparked by calls from desalination opponents to pursue more aggressive conservation, the report is due in April or May -- around the same time as a critical environmental review of the desalination facility.

The baseline study surveyed 150 single-family homes, 125 units contained within multi-family complexes and 120 businesses to determine the saturation of

water-saving appliances and devices. Goddard said the survey will cite several hundred million gallons in possible savings.

Rick Longinotti, a founder of Santa Cruz Desal Alternatives, said he hopes the report will consider a formal water-neutral development policy and other measures called for by desalination critics.

"We're missing opportunities to improve our drought security because the kind of public input we're giving isn't being considered," Longinotti said.

Goddard said the public can offer suggestions at commission meetings and submit ideas now through the Water Conservation Master Plan webpage.

MORE CUTS?

The City Council may be asked in April to authorize, for the second consecutive year, a 5 percent customer cutback and restrictions on outdoor irrigation beginning in May. The city has received 66 percent of average rainfall since October -- about 15 inches -- and needs to receive 25 more inches in the next two months to avoid restrictions.

Although there was unusually low rainfall in January and February, heavier rain in the fall contributed to Loch Lomond Reservoir containing its full capacity of 2.8 billion gallons.

However, ahead of the high-use summer period, officials are concerned about drawing down the lake. Runoff from the greatest source of supply, the San Lorenzo River, ran at 13 percent of normal in February and diversions on Laguna Creek have been halted since December as part of a temporary agreement with fisheries regulators to improve habitat for endangered species.

On Feb. 26, the City Council also approved spending \$80,000 on a contract amendment with a San Francisco firm working on plan to preserve fish habitat. The council approved an additional \$265,000 in spending on the contract in 2008.

The council also approved a \$670,000 contract with one of its desalination consultants to design updates to the city's Graham Hill Water Treatment Plant. City officials said the proposal by Kennedy/Jenks Consultants was the best among seven, and that the city is not obligated to choose the lowest-priced applicant.

Desalination comes of age with Poseidon Plant

By Deborah Sullivan, U-T San Diego, 3/31/13

As Poseidon Resources launches construction of the largest desalination plant in the Western Hemisphere, it's relying on technology incubated in the San Diego area decades ago.

The nearly \$1 billion project in Carlsbad will transform about 50 million gallons of seawater into drinking water each day, and promises to meet 7 to 10 percent of San Diego's water needs.

Crews are now laying pipeline, doing demolition, and removing hazardous materials from the site in preparation for construction. Over the next three years workers will spend a million labor hours building the plant, along with a 10-mile pipeline connecting it to regional water lines.

Its construction also links the San Diego area to a worldwide network of plants taking water from sea to tap.

Poseidon's reverse osmosis system will be assembled by Israeli engineers with the firm IDE, which has built 400 similar plants around the world over half a century. Its filters will likely come from manufacturers in Vista, Oceanside and Poway which currently supply desalination operations overseas, said Poseidon Senior Vice President Peter McLaggan, who is heading development of the Carlsbad plant.

McLaggan started his own career 35 years ago as an engineer with Fluid Systems, a San Diego company that manufactured desalination membranes for plants throughout Mexico, Israel and Saudi Arabia. That company was originally owned by San Diego-based General Atomics, which patented reverse osmosis technology in 1964.

At that time California was putting the final touches on the ambitious State Water Project, the vast waterworks that ships water from north to south. But in a parallel process, San Diego area companies were devising ways to draw water from west to east.

"In some aspects the U.S. and particularly the San Diego region were leaders in the field, because we produce the desalination membranes," McLaggan said.

When it comes online in 2016, the Poseidon plant will join 8,200 reverse osmosis desalination plants worldwide, producing 9.8 billion gallons of water a day, McLaggan said. Its construction comes at the juncture of rising water prices and advancing technology.

Desalinated water is expected to cost between \$1,917 and \$2,165 per acre-foot, according to the San Diego County Water Authority. That's about twice what the authority pays for imported water from the Los Angeles-based Metropolitan Water District, but water officials have said it's worth it to secure a local supply. And they expect that the escalating cost of imported water will one day close that gap.

Once it's in operation, the Carlsbad plant will pull in 100 million gallons of seawater per day, screening out fish eggs and other sea life through intakes.

Beds of charcoal and finely milled sand will remove remaining organic material, before arrays of reverse osmosis filters push water through membranes designed to extract the salt.

The end products will be 50 million gallons of purified water and 50 million gallons of double salty water. The brine will be diluted and then returned to the ocean.

The filters at the core of the operation extract more salt than those produced decades ago, at less cost, McLaggan said.

Early desalination membranes removed about 98.4 percent of the salt, and required an extra pass through a second array of filters, he said. They cost about \$500 each, and lasted three years, he said.

Today's filters extract 99.8 percent of salt, cost \$350 and can last seven to eight years, making large-scale desalination feasible. Power-saving devices employ leftover brine to spin turbines, which in turn run pumps, cutting energy use by 45 percent, he said.

All those operations are designed to fit a compact space, said Bob Yamada, water resources manager for the San Diego County Water Authority.

"The design of this facility is really an exercise in packaging and efficiency, because this is a relatively small site to build a facility of this size," Yamada said. "There's not any room to spare."

The construction process is starting with demolition at the Poseidon site, where workers with the general contractor Kiewit Shea Desalination are removing power plant equipment containing lead and asbestos, and testing for oil contamination in the soil.

The highlight of demolition will be removal of a massive oil tank, 150 feet in diameter and 48 feet tall. Workers will slice it up with giant shears, and ship the scrap metal off site.

"Once you're able to demonstrate that all the remaining soil on site is clean, and then you can proceed with construction of the plant," McLaggan said.

That will include pouring concrete walls for the buildings and installing a new storage tank for 3 million gallons of water – enough to fill 100 backyard swimming pools.

Last month crews also started work on the pipeline that will transport water from the Carlsbad plant to the San Diego County Water Authority's water treatment facility in Twin Oaks Valley. The water line, four and a half feet in diameter, will shuttle desalinated water to that hub; there it will be blended with imported water and piped to local water districts.

Twenty-one million pounds of steel will go into the 10-mile long pipeline, which extends 7.8 miles through Carlsbad, and 1.1 miles each through Vista and San Marcos, McLaggan said.

Although the lines will follow surface streets, construction supervisors aim to minimize traffic disruption, using tunnels to carve paths under major roadways, said Frank Belock Jr., deputy general manager for the water authority.

"Most of the work takes place underground, where you can't see it," Belock said.

With heightened competition and aging infrastructure hiking rates and squeezing supplies of imported water, desalination has reached a turning point in Southern California, McLaggan said.

"Water in California historically has been cheap and plentiful," he said. "Neither of those facts is true anymore."

Santa Cruz water panel recommends summer restrictions, reviews long-term savings plan

[By J.M. Brown](#) [Santa Cruz Sentinel](#)

Posted: 04/02/2013 06:33:21 PM PDT

SANTA CRUZ -- The Santa Cruz City Council and Soquel Creek Water District, partners in a proposed seawater desalination plant, will meet next month to discuss the long-awaited environmental analysis of their controversial water supply project.

The special joint study session, which will review long-standing shortages and other constraints driving the proposal, is scheduled for May 7, with the environmental report expected to be released days later. Officials will explain the public review process, which will feature a 60-day comment period, after which the city and district will answer questions, provide feedback and make revisions before a final version of the state-mandated document comes back to both agencies for approval.

Meanwhile, the city's Water Department hopes to complete two other key processes before the final environmental report is considered. The city is still in negotiations with state and federal fisheries regulators over flow regimens in the North Coast streams to boost habitat, and is undertaking a major study of more aggressive conservation.

Water Director Bill Kocher said knowing exactly how much water those measures would require or produce will be critical when calculating anticipated increase in demand through 2030 to determine possible shortfalls in dry years. Demand is expected to reach 4 billion gallons annually by 2030, an increase of about 25 percent.

"What it is going to show is that in a 1976-77 drought, unless we have a desal plant, we will be 46 percent short of meeting average annual demand," Kocher said of the environmental report.

Demands by regulators to leave 80 percent of flow that would be present in the streams if there were no city diversions will mean an even deeper deficit, he said. Kocher said the city would not call for voluntary customer cutbacks of 5 percent this summer if it weren't for the fisheries.

This season's rainfall is about half of normal, but Kocher said the city could draw on the Loch Lomond reservoir to avoid cuts if officials weren't mandated to cut back use of Laguna Creek and other freshwater sources.

"No one is saying we shouldn't be doing releases, but we don't have enough water," Kocher said. "If we are losing 250 million gallons from Laguna, we have to take it out of the lake, and if we have to take too much so the ending level is too low, we have to restrict use."

CONSERVATION IS KEY

The city Water Commission on Monday voted to recommend the City Council vote on April 23 to institute a 5 percent cutback beginning in May. The move would restrict mostly outdoor irrigation.

The commission also approved criteria by which future conservation projects will be included in a master plan that will guide the city's water-saving efforts for the next decade. A consultant developed 99 potential steps the city is taking or could take to reduce water use, including ordinances, rebates and other measures for residential, business and government customers.

Potential new measures include individual water budgets for all customers, grants for plumbing upgrades at schools, incentives for rainwater catchment and graywater systems, and incentives, regulations or direct installation programs for high-efficiency appliances and devices.

Rick Longinotti, co-founder of Santa Cruz Desal Alternatives, said he wished a water-neutral development policy was on the list of conservation initiatives. He said he believed such a rule requiring the direct offset of any new use, along with transfers between agencies, "would go a long way to reducing the curtailment we would suffer in a long-term drought."

Kocher said such a policy isn't a function of conservation as much as it is a way to fund savings projects. He said the city already provides a number of measures for developers to offset use.

Water Department staff and Maddaus Water Management will reduce the list of conservation projects to 20-25 for the commission to approve May 6. The city will take public comment on the conservation master plan through April 15 at www.cityofsantacruz.com/index.aspx?page=1921.

Soquel Creek district could look at doubling developer offsets, other conservation measures

By J.M. Brown [Santa Cruz Sentinel](#)

Posted: 04/03/2013 06:10:37 PM PDT

SOQUEL -- Grappling with an over-tapped aquifer and an uncertain desalination project, Soquel Creek Water District will soon consider a host of measures to reduce water use in the near and long term.

The district's board on Tuesday postponed until June a discussion about whether to double the amount of offsets required of developers to receive new water service.

Developers currently must offset new use 120 percent by paying for offsets elsewhere in the district, which stretches from Capitola to La Selva Beach. The board wants to hear from the public during a June 4 meeting about whether to require a 220 percent offset instead.

Taj Dufour, the district's interim general manager, said the discussion about how to rectify a diminishing number of offset credits for developers was postponed out of concern that requiring builders to replace toilets and other "low-hanging fruit" could take away some of the district's own options for helping ratepayers meet future mandated cutbacks. The district could consider a direct-installation program for high-efficiency toilets and other devices if the desalination plan fails.

"The worry is if we allow new development to continue to pick off these offsets; that is the mandatory-rationing fall-back plan," Dufour said. "It erodes the savings that plan relies upon."

If asked to double offsets for new service, "it would definitely be cost-prohibitive" for Aptos Village developer Barry Swenson Builder, said Mary Goulay, development project manager.

The developer installed numerous high-efficiency toilets at Cabrillo College several years ago that it expects will provide credit for the 63 residential units and 75,000 square feet of retail space planned for Aptos Village. Barry Swenson Builder also expects to pay fees in excess of \$15,000 related to the new connection before receiving an unconditional will-serve letter from the district.

In March, the Soquel Creek board passed a resolution calling for a 35 percent mandatory rationing for the next 20 years if the district's plan with the city of Santa Cruz to build and share a desal plant doesn't meet regulatory or voter approval. City of Santa Cruz residents could vote on the project as early as June 2014, but it also requires approval of the Santa Cruz City Council and California Coastal Commission.

The city and district will host a joint meeting May 7 to discuss the pending environmental review of the project. On June 4, the district also may discuss a moratorium on new water hook-ups in the absence of a water supply project.

When the board meets next, April 16, the directors will consider a 15 percent mandatory cutback for May 1-Oct. 31, which would limit landscape irrigation and lead to more enforcement of wastewater rules. The Santa Cruz council will consider a 5 percent seasonal cutback April 23.

Low winter rainfall has reduced the district's groundwater recharge and affected the city's watershed. While the city can draw on its reservoir to get through summer, the district's situation is more dire, with poor recharge worsening saltwater intrusion in coastal areas.

International Desalination & Water Reuse

Santa Cruz prepares for desalination EIR release

Posted on 08 April 2013

The Californian city of Santa Cruz and Soquel Creek Water District are holding a special joint study session on 7 May 2013 at the City Council Chambers to receive information on the scwd2 Regional Seawater Desalination Project draft environmental impact report (EIR) which is expected to be released in mid-May.

The seawater plant's capacity is likely to be 2.5 MGD (9,500 m³/d).

This primer will be comprised of presentations on:

Water Shortage Challenges facing the City and District - An update that addresses shortages during drought conditions, reduction to existing surface water withdrawals to protect fish and other threatened/endangered species, and protection of the groundwater basin from seawater intrusion.

The EIR and How to Participate - A general overview of how the document is laid out, the review period, and how the community can participate (environmental findings will not be discussed at this meeting).

What about the Vote? - An overview of how the EIR process, certification, and formation of a project are prerequisites to a formal vote on the construction of the desalination plant for City of Santa Cruz residents.