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| SCH2O_Logo_RGB_300dpi | Water Commission  **DRAFT**  **7:00 p.m. – Monday, May 4, 2015**  **Council Chambers**  **809 Center Street, Santa Cruz** |

**Minutes of a Water Commission Meeting**

Call to Order –Chair D. Baskin called the meeting to order at 7:04 p.m. in the City Council Chambers.

Roll Call

**Present:** D. Baskin, G. Mead, D. Schwarm, A. Schiffrin, D. Stearns, W. Wadlow, and L. Wilshusen.

**Absent:** None.

**Staff:** R. Menard, Water Director; T. Goddard Administrative Services Manager; G. Rudometkin, Administrative Assistant III; C, McIsaac, Administrative Assistant II; M. Kaping, Management Analyst and N. Dennis, Principal Management Analyst.

**Others**: 1 member of the public.

Presentation –There were no presentations.

**Statements of Disqualification** –There were no statements of disqualification.

## **Oral Communications –**There were no oral communications.

## **Announcements** **–**There were no announcements.

**Consent Agenda**

1. City Council Items Affecting Water
2. Approve the April 6, 2015 Water Commission Minutes
3. Information Item: State of the Water System, Item Presented to WSAC

**Items Removed from the Consent Agenda**

Commissioner A. Schiffrin moved the Consent Agenda as amended. Commissioner L. Wilshusen seconded.

VOICE VOTE: MOTION CARRIED

AYES: D. Baskin, G. Mead, D. Schwarm, A. Schiffrin, D. Stearns, and L. Wilshusen.

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NOES: None

ABSTAINED: W. Wadlow due to April 6th absence.

ABSENT: None.

G**eneral Business**

1. Water Commission Action/Recommendation on Revised System Development

Charges

R. Menard, Water Director and N. Dennis, Principal Management Analyst responded to Commission questions.

Commission Questions/Comments:

* A thank you was extended to staff for the detailed replacement of cost calculations for all of the existing assets, as many water agencies don’t have that kind of information on existing assets available.
* Considering proposals for rate increases in the future, with the addition of the revised system development charges do you foresee that this will help improve the financial stability of the Water Department? Response: Yes, we have relatively little revenue that comes from system development charges, the fact that it is more aligned with what it really will cost will be a help to allow the department to fund conservation, demand management and make contributions to the capital program, every little bit helps.
* On page 3 of the water system development report under the legal framework it says “local laws” and I believe it should be State laws. Response: There are two kinds of laws; there is impact fee based legislation, which is overseen by state law as well as municipal code.
* Can we change this to say State and local law to ease confusion? Response: Yes
* Concern expressed on page 23 where it states system development charges will be reviewed periodically. To avoid the situation we are in now where the system development charges haven’t been reviewed in 11 years can we revise the language to make more of a commitment to do a regular review and say no less often than every five years? R: I believe this was supposed to imply the indexing change and not the review change. The term periodically allows us to review every three years, five years whatever would be deemed appropriate at the time and what is needed but we can certainly add that language.
* Can you remind us why the name is being changed from System Development Charge? R: Historically this is what is has been called here.

Public Comment

* No Comment

Commissioner A. Schiffrin moved the staff recommendation with the changes to the ordinance on page 23, the title of 16.04.041 to be system development charges and in Section B., second paragraph to substitute “no less often than every 5 years” from periodically. Commissioner L. Wilshusen seconded.

VOICE VOTE: MOTION CARRIED

AYES: All.

NOES: None

1. FY 2016-18 CIP Financing & Operating Budget Overview

R. Menard, Water Director N. Dennis, Principal Management Analyst who provided the presentation and responded to Commission questions.

Commission Questions/Comments:

* In the CIP Chart for the 2015 amended budget, it has 20.8 million dollars and in the encumbrance and the actual expenditures is only 13.6 million dollars what happened to the other $7.2 million dollars. Response: Projects with extensive planning fall subject to delays or even with speeding up a project comes the difference that you are seeing between those two are in the second column the amended budget is actually the budget that was approved plus any carryovers from the prior year and then the 2015 is what we actually project to spend. The excess will be brought forward into the next year and we will continue to use those funds to work on those projects.
* On the amended 2015 budget of the 20.8 million dollars is there any rollover from 2014 reflected in that? Response: Yes.
* Where is the detailed fund balance? Response: On page 4 of staff report (p. 33 in packet) that is the current fund balance amounts; these numbers are more up to date. Also, on page 51 of the packet, this is reflective of what Council will see during their May budget hearings, the details are displayed by section.
* There has been discussion of two pipelines going to and from the reservoir is that being looked at by the Water Supply Advisory Committee? Response: This work is in 2017 and is to my understanding that this parallel pipeline will be looked in the Water Supply Advisory Committee environment with their technical team so that we understand the benefits before we get to this.
* What money is going to be spent on for Loch Lomond improvements, where 100,000 dollars is proposed for 2016? My understanding is that Loch Lomond is going to be closed again this year because of the drought, so what is the money going to be spent on? Response: With the information gathered from the use study which gave the Department a lot of recommendations with community input on what we could be looking at when we develop a master plan, so this money and any carryover will be put into that master plan. I will add what we will be doing this year with the operating budget at Loch Lomond is some paving and ADA improvements which can be done much more easily now that the lake is closed.
* The North Coast Rehabilitation project is the most expensive project by far in 2016 its 4.2 million dollars, the total is 9 million. Is it realistic to think the City can bid on this project in 2016? What is permit status on this; will there be an EIR, does the city have the permits? Response: We are currently in the process of developing easements, there are some hurdles left to go but we are still on schedule to go out to bid at the end of this fiscal year or beginning of next year proceed within this fiscal year or next fiscal year. It will definitely take two construction seasons to do primarily due to mitigations due various animal species. We have split the 9 million dollars between 2016 and 2017. The plans and specs are complete.
* What percentage of water is coming from the North Coast, what are we getting from it now? Response: Last year it was 10%.
* Under water supply reliability, can you clarify the estimated actuals for 2015 is just about 2 million dollars, is that what was spent on the Water Supply Advisory Committee? Response: Correct.
* The bottom line for the sum between the years of 2016-2018 is approximately 48 million dollars and some change that are being spent. The next three years between 2019-2021 the money spent is over $118 million dollars which is a significant increase, which will most likely be cause for water rate discussions, which is very significant and I am sure you are aware of.

Public Comment

* No Comment

Commissioner A. Schiffrin moved staff recommendations as amended. Commissioner D. Baskin seconded.

VOICE VOTE: MOTION CARRIED

AYES: All.

NOES: None

**Subcommittee/Advisory Body Oral Reports** No items.

1. WSAC Update (Oral Report)

* In our materials packet this week our technical experts shared a series of confluence models to see how our system would operate if we removed certain constraints, the constraint being water storage and they figured out that we have enough water in the San Lorenzo River to function almost all of the time but we don’t have enough storage, something that we figured out in 1970 or even before which is why they wanted to build the Zayante dam. The inability to build storage is what lead us to the path of desalination because we couldn’t build another dam. In lieu of the dam we now can explore the opportunity to store water in aquifers and everyone thinks it is a great idea, if it works, which we don’t know and we will probably spend 10-20 million dollars investigating if it will work. In 20-30 years if this actually works it would be great because there is a significant energy toll that comes from recycled and desalinated water. Having a storage facility or combination of facilities that would allow us to get off of something so energy intensive would be a great thing, if it does work. In the short term we have nothing but recycled water and desalination and we recognize that we will have public resistance to both of those. What will happen in the next few meetings as we go forward is how we are going to include something for the long term but also figuring out what we are going to do in the short term and the immediate problem that we are because it turns out we are in an extended drought like we have never seen before.
* The State of California has decided that recycled water for potable use is going to happen. The regulations just came out for how you apply for funds for the Prop 1 money and at the top of the list of Water Supply Projects is Recycled Water for Potable use, it also indicates that it would help pay for 35% of the cost which could be up to 15 million dollars which provides motivation, desalination is not yet on that list.
* Then challenge that we face when you plan for a long horizon and timeline and you factor in greenhouse gasses and energy footprint into the equation you can think of desalination or the lower energy footprint but higher yuck factor if you will of direct potable use. One of these will have to happen if we want to have a reliable water supply; of course we could go on and not have a reliable water supply.
* Regarding the aquifers, at each general location where we want to pump water in and hope to get it out we have to do a pilot plant, it would take 4-8 years to do each pilot study and if they are successful, success meaning that it looks like aquifer will hold the water and let us take the water out sometime down the line, it could be another 10-20 years, we don’t quite know yet because we don’t know enough about the hydrogeology yet.
* When will WSAC and Water Commission discuss directions towards alternatives together? Response: We need to plan a general Town Hall meeting during mid-summer. There will be a study session joint meeting between WSAC and the City Council On June 23, 2015 from 7:00 – 9:30 p.m. down at Louden Nelson to discuss process, information and direction.

**Director’s Oral Report** No action shall be taken on this item.

1. Monthly Status of Water Supply (to be distributed at meeting)

* The month of May has transitioned us from critically dry to dry. We are still seeing stream flows that are low and we will continue to have challenging conditions. Considering NOAAH, we are providing flows that are more than last year but not completely at the City proposal level and not at DFG 5 proposal level. We have the temporary urgency petition for Newell Creek which runs until August and we just signed a tolling agreement that has the short term flows in it.
* Question was asked - does having more water in Loch Lomond mean leaving more water for fish flows? Response: It revolves around flows in the river. We are not giving flows all the way up, though we are providing more water for the fish this year than last year.
* Question was asked if we can we predict when we can make use of North Coast sources? Response: Not sure. With exception of Liddell, the North Coast streams are being affected by the drought just as other sources are. We are unsure because we are unsure of what the climate will do.

**Adjournment**  **Meeting adjourned at** 8:39 p.m. The next regular meeting of the Water Commission is scheduled for June 1, 2015 at 7:00 p.m. in Council Chambers.

Respectfully submitted,

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Staff