



Water Department

**Water Commission  
7:00 p.m. –March 7, 2016  
Council Chambers  
809 Center Street, Santa Cruz**

**Minutes of a Water Commission Meeting**

**Call to Order:** Chair W. Wadlow called the meeting to order at 7:04 p.m. in the City Council Chambers.

**Roll Call**

**Present:** D. Baskin, D. Engfer, D. Schwarm, D. Stearns, W. Wadlow, and L. Wilshusen

**Absent:** A. Schiffrin (with notification)

**Staff:** R. Menard, Water Director; H. Luckenbach, Deputy Director/Engineering Manager; T. Goddard, Administrative Services Manager; A. Poncato, Administrative Assistant III

**Others:** There were approximately 13 members of the public.

**Presentation:** Three presentations were made by B. Malone, J. Paul and S. McGilvray. All written materials will be included in the official file.

**Statement of Disqualification:** There were no statements of disqualifications.

**Oral Communications:** There were no oral communications.

**Announcements:** The Chair presented Mr. Baskin with a gift acknowledging his service as Water Commission Chair for the past two years.

**Consent Agenda**

1. City Council Actions Affecting Water
2. Approve the February 1, 2016, Water Commission Minutes
3. Financial Status of the Utility (mid-year update & BA)

Commissioner Baskin moved the consent agenda. Commissioner Wilshusen seconded.

VOICE VOTE: MOTION CARRIED

AYES: All.

NOES: None

ABSENT: A. Schiffrin

## Items Removed from the Consent Agenda

### Item 3: Financial Status of the Utility (mid-year update & BA)

Ms. Menard indicated that the Department's Fiscal Officer was unavailable to present this item this evening due to illness and recommended this time be pulled. She also recommended that prior to discussing this item in the future, the Commission and staff discuss the policy purpose associated with this kind of item so that everyone can have the same expectations about the Water Commission's role in overseeing the Water Department's ongoing finances.

Commissioner Wilshusen moved that this item be continued to the April 4, 2016, Water Commission meeting. Commissioner Baskin seconded.

VOICE VOTE: MOTION CARRIED

AYES: All.

NOES: None

ABSENT: A. Schiffrin

## General Business

### 1. WSAC Work Plan Update

Ms. Menard, Ms. Luckenbach, and Mr. Goddard presented materials updating the Water Commission on the Department's work implementing the Water Supply Augmentation Strategy (WSAS) and responded to Commission questions. Topics covered included:

- The scope of work for Phase 1 of the Aquifer Storage and Recovery Study (ASR);
- The scope of work for the Recycled Water Study;
- An overview of the CIP projects that relate to the WSAS;
- An updated technical memo on recommended Water Conservation Master Plan; and
- An overview of work completed and planned for working with regional partners on in lieu water transfers and exchanges.

#### Commission Questions:

In terms of identifying sites for potential new ASR wells, are we limited to geographical areas that we share with either Scotts Valley or Soquel Creek Water Districts, or can we move outside our area to find additional water sources?

- Yes, we can look elsewhere although land use/jurisdictional issues may come into play.

Are we only using existing wells for the pilot testing? Do we have agreements with both Scotts Valley and/or Soquel Creek Water Districts on siting potential ASR pilot testing wells?

- We are only using existing wells for pilot testing, and we're working with regional partners to look at potential sites that may work in their areas.
- There is no need to have a formal [agreement or] contract at this time. It will be determined what steps to take once we find wells in our ideal locations with the right conditions. If any party involved has to make a financial or policy commitment, it has to be brought to their respective governing board for action.

Is there a concern that the timeline from the WSAC final report and an actual timeline for ASR development could have major changes related to potential challenges of siting test wells?

- Because we need to find sites that fit the hydrogeological characteristics that are required, we've made a decision to start the siting work early in the study process. But yes, siting test wells may be difficult but it's too early to tell.

Are you using the information we already have for this siting study?

- Yes, we are using data available in the GIS overlay on land use and development. We did something very similar when we sited Beltz 12. We plan to refresh that data and add to the area(s) we are looking at.

The Recycled Water Study includes a provision for having Stratus Consulting do a simplified "Triple Bottom Line" analysis. Which Stratus employee will be assigned to this project?

- Bob Raucher will be assigned to this project.
- Staff noted for those not familiar with this technique that a Triple Bottom Line analysis compares the social, environmental and economic costs of alternatives. The analysis does not drive decision making, rather it informs decision making.

How is the funding for the recycled water study split with our Public Works Department?

- We are receiving \$75,000 from a State grant, \$37,500 from Public Works, and we are covering the rest of the fees.

Soquel Creek Water District and Scotts Valley Water District have already started research on recycled water programs?

- Yes, and the City's Public Works Department is exploring options for a small scale plant to produce tertiary treated wastewater at the wastewater plant site that might be used for various non-potable uses.
- In working with regional partners on various water supply augmentation initiatives, City staff have been clear that the City cannot become involved in any regional partnerships focused on recycled water unless and until it has been demonstrated that winter flow harvesting strategies won't succeed in completely meeting the City's needs for drought storage.

Will the Water Department seek project management assistance for these various studies? If so, how would that work with the timing?

- Ms. Luckenbach has assigned staff to be project managers on these upcoming projects. We will request to add two new positions to next year's budget and we are currently accepting applications for two specialized positions in engineering that concentrate on river water quality and collecting the data for these projects.
- In addition, the plan is to create technical working groups (TWG) for both the ASR and the recycled water study. These groups will provide scientific and technical oversight of the work to help assure that nothing important is missed in the analyses. The process of developing these working groups is just getting going, and recommendations on TWG roles, membership and work plans will be brought to the Commission for review and discussion later in the spring.

What is the purpose of the GHWTP Tank Evaluation & Replacement project listed on the Water Department Proposed Capital Improvement Program, Fiscal Years 2017-2021 slide?

- The Water Department finalized a water improvement study roughly 10 years ago. After the study was complete, the Department prioritized projects based on water quality and demand at the time. The most vital project identified was replacing the filters at the Graham Hill Water Treatment Plant (GHWTP); which is currently in progress and should be completed this summer. The second most important project was to replace or repair the concrete tanks, which included bringing the tanks up to seismic code. All five of our tanks are originals dating back to the 1960's. A recently completed evaluation of all the tanks indicated that three of the five tanks needed to be replaced, and while we're planning this work we're also looking at the opportunities to improve our ability to deal with the additional solids that might be produced from treating higher turbidity water.

Why is Advanced Metering Infrastructure (AMI) not being implemented sooner?

- It has to compete for funding against a lot of other projects, such as concrete tanks. Since the technology is continuing to evolve, and we have other pressing back-bone infrastructure rehabilitation projects that need our priority attention, this investment was delayed.

What is happening with the short term agreement to sell water to Soquel Creek this winter if we had water to sell?

- Soquel's water quality consultant recommended that they complete a flushing of their system prior to taking our water. They are waiting to receive delivery of special equipment they need to complete the work, and when they do receive it, it will take them 2 months to complete it. Unfortunately, this means that a transfer cannot take place this year.

If we share water with the other Water Districts, will they have to complete a system flush prior to receiving our water?

- We don't know the answer to this question at the moment. Each system is different and, particularly with the situation that has occurred in Flint, Michigan, it makes sense to evaluate the issues prior to proceeding. .

Please explain how some of the terms and conditions in the City's agreement with Soquel Creek Water District for the sale of water could be creating an unnecessary constraint on when or how much water could be sold to the District?

- The agreement lists several terms and conditions that must be in place prior to the City selling water to Soquel Creek. One in particular is a requirement that Loch Lomond be full or that there be a 90% chance that it will be full by April 1<sup>st</sup>. A concern has been raised that this constraint is too limiting because the City could be pumping up to Loch Lomond (meaning the Loch wouldn't be full) and there would still be water in the system available that would simply go out to sea if it weren't sold to Soquel.

Staff recognizes this issue (and noted that the agreement says that Loch Lomond doesn't have to be full, but have a reasonable chance of filling) and provided a perspective that this first agreement was intended to be a "not too scary for anyone" baby step. The

category of “anyone” in the above sentence includes Santa Cruz rate-payers who would bear the down-side risk of selling water that they might need later in the season to another district; the fishery agencies, who always have a concern that somehow fish will take a hit whenever you move from the status quo; and water rights regulators who worry whenever you want to do anything.

Hence, the terms and conditions were purposefully written in a fairly conservative, not too “out there” way to allow us to be able to move forward and test this idea sooner rather than later.

Where will the water we might transfer to Soquel Creek in the future come from and how much are we planning on charging them for this water?

- The water will come from the City’s treatment plant and, in this first phase, will be limited to an amount no more than the average day/month yield of flow from the City’s Pre-1914 water rights on Liddell Springs and Majors Creek. From Graham Hill Water Treatment Plant the water will go to the City’s distribution system and sent to the intertie between the two systems at the District’s O’Neill Ranch Well.

Only water from the City’s Pre-1914 water rights (those related to the North Coast sources) can be used for a potential water transfer to Soquel at this time because the place of use included in the City’s various San Lorenzo River rights does not at present include the area served by the Soquel Creek Water District.

Ms. Menard reminded Commission members that the City’s Water Rights Conformance Project, which has been on hold due to the lack of resolution of the City’s fishery issues, would provide for:

1. direct diversion from Newell Creek,
2. direct diversion from the San Lorenzo River at Felton,
3. A time extension for the City’s Felton permits that would give the City the opportunity to develop the infrastructure to fully utilize these water rights and
4. in addition, because of the Place of Use constraint, Ms. Menard indicated that she would be pursuing to expand the Water Rights Conformance Project scope to address this constraint, and enable planning for more conjunctive use of surface and groundwater resources in our area.

The price for water transferred will be \$1,000 per million gallons (about \$325 per acre foot)

At the conclusion of the WSAS work plan update, Commissioners discussed whether and how to integrate input received from community members such as that received during the presentation section earlier in the meeting. In thinking about what to do with this input, the Commission talked about the fact that some of the comments received, for example those related to how to structure water rates, have been or are being worked on by the City’s rate consultant. They recognized that while Mr. Malone’s presentation was quite detailed and used a specific approach to calculating rates, the underlying policy comment was that he favors rate structures that minimize fixed costs and maximize volume rates because he views that approach as more fair.

Similarly, the comments of Mr. McGilvray and Mr. Paul covered topics that have been and continue to be worked on by Department staff as they implement the WSAS and the Department's CIP.

In their discussion, Commissioners recognized the importance of the Commission's role in providing a public forum for receiving information from the public as well as a venue for discussing the Department's work and receiving input from the public about this work. The challenge for the Commission and the Department is to create opportunities for dialogue between the public and community interests while still diligently pursuing the Council's direction, especially related to the recommendations of the Water Supply Advisory Committee. Based on this discussion, the Commission concluded that the most appropriate next steps would be to have Department staff receive this kind of input and take it into account as it works through its approved work plan. As products anticipated to be developed in the work plan are prepared, it will make sense to more specifically address the kinds of suggestions received in presentations such as those as well as any others received over time.

#### Commissioner Requests for Follow Up:

- Provide information similar to the ASR and Recycled Water information presented this evening on ISR/in-lieu projects, tasks, timelines, etc.
- Periodic review of our conservation programs to reflect changes in technology and codes so maybe we will not need to incentivize some of our projects. A basic update cycle for water conservation measures and 5 years appears to be a good time frame.
- Since the incubator project in the Conservation Master Plan is a separate project, can it have its own budget line item and can we add the incubator project to the cost-effectiveness list?

#### **2. Updated Water Commission Work Plan**

Ms. Menard provided and described the changes to an updated Water Commission Work Plan and responded to Commission questions.

#### Commission Questions/Comments

- Suggestions to hold the WSAS quarterly meeting in June, conduct no meetings in July, and host a Water Commission public forum (enrichment session) at the end of August to address regional groundwater sustainability effort in Santa Cruz County. In advance of the session, the proposal is that the City would host a meet and greet reception for elected officials to provide them an opportunity to get to know each other.
- Notify Ms. Menard of any items that should be added, removed or moved to a different date.
- Add for April: Continuation of Financial Status of the Utility and recommendations ASR Technical Working Groups.

#### **Subcommittee/Advisory Body Oral Reports**

**Directors Oral Report** No action shall be taken on this item.


- Loch Lomond is at 92% capacity thanks to the 5-6 ft. increase over the weekend.

- Initial water supply outlook will be presented in April.
- The Council study session on the financial planning issues was completed and was a success.

**Adjournment** Meeting adjourned at 10:19 p.m. The next regular meeting of the Water Commission is scheduled for April 4, 2016, at 7:00 p.m. in the Council Chambers.

Respectfully submitted,

**Amy  
Poncato**



Digitally signed by Amy Poncato  
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Staff