



Water Commission
7:00 p.m. – January 9, 2017
Santa Cruz Police Department Community Room
155 Center Street, Santa Cruz

Water Department

Minutes of a Water Commission Meeting

Call to Order: Chair W. Wadlow called the meeting to order at 7:11 p.m. in the Santa Cruz Police Department Community Room.

Roll Call

Present: W. Wadlow (Chair), L. Wilshusen (Vice-Chair), D. Baskin, D. Engfer, D. Schwarm, A. Schiffrin, D. Stearns.

Absent:

Staff Present: R. Menard, Water Director; N. Dennis, Principal Management Analyst; M. Kaping, Management Analyst; A. Poncato, Administrative Assistant III.

Others: 5 members of the public.

Presentation: There was one presentation by Scott McGilvray.

Comments: Commissioners requested an agenda item to discuss how the Presentation agenda item is being used.

Statements of Disqualification: There were no statements of disqualification.

Oral Communications: Oral communications made by Erica Stanojevic and Christine Kirven.

Announcements: Ms. Menard announced that Commissioner David Baskin will be serving on behalf of the City of Santa Cruz on the Santa Cruz Mid-County Groundwater Agency board.

Ms. Menard announced that there was a break in the Newell Creek pipeline this morning. The break is located in Pipeline Road, which is located in Henry Cowell State Park. The Newell Creek pipeline was shut off and the Graham Hill Water Treatment Plant (GHWTP) is no longer receiving water from Loch Lomond. An emergency contractor has been deployed to the break site where they will excavate 50-100 feet of pavement from Pipeline Road to identify where the leak is and then plan and implement repairs. Diversion from the San Lorenzo River at Tait Street is not feasible at the moment due to high turbidity, so, until the pipe is repaired, our water supply is limited to what we can draw from our North Coast supplies and our Beltz Wells. We are working with Soquel Creek Water District to take water from them on an emergency basis beginning as soon as tomorrow. Press releases have been distributed requesting customers to cut back non-essential water use for the next week or so. We are anticipating that the repair could

take as long as a week to complete, but we won't have more specifics until the excavation is complete and we can evaluate the situation.

Are we asking customers to conserve 50% of their water use?

- No, we are asking customers to conserve 1/3 of their water use.

Does the Department have some kind of electronic or other types of monitors along the pipeline so staff can find where the leak is?

- We do not have such monitors along our pipeline to help find where a leak is. The leak was discovered when our overnight Water Treatment Operator at the GHWTP experienced difficulties moving water from Loch Lomond into the GHWTP – the volume of water being diverted from the lake wasn't matching the volume of water arriving at the plant – and alerted staff this morning. Water Department staff drove along Pipeline Road in Henry Cowell State Park shortly thereafter and found a large flow of water at what ultimately turned out to be the site of the break.

How old is the broken piece of the pipeline?

- It has been a part of water system since 1962.

Was the damage to the pipe weather related?

- Probably. There were some cracks in the pavement on top of the pipeline but there was not an obvious landslide near or over the pavement. If it was related to ground movement, it would have been underneath the road. We will not know for sure until we can excavate that area.

Do we have provisions to reach out to large water users?

- Yes, we have reached out to the University of California, Santa Cruz and made them aware of the situation. We have a list of large users we can reach out to as well.

What is the status of our distribution water storage capacity?

- Today at noon it was sixteen and a half million gallons. Normal distribution storage is 18 million gallons.

Consent Agenda

1. City Council Actions Affecting Water

Commissioner Schiffrin moved Consent Agenda Item 1. City Council Actions Affecting Water of the Consent Agenda. Commissioner Wilshusen seconded.

VOICE VOTE: MOTION CARRIED

AYES: All.

NOES: None.

ABSENT: None.

Items Removed from the Consent Agenda

2. Approve the December 5, 2017, Water Commission Minutes

Instead of identifying General Business item 6. as Parade of Projects, it would be more helpful

for members of the public if it was labeled "Presentation of Projects". It would be best to call it Presentation of Projects instead of Parade or Projects on future agendas.

Commissioner Schiffrin moved item 2. Approve the December 5, 2017 Water Commission Minutes of the Consent Agenda. Commissioner Wilshusen seconded.

VOICE VOTE: MOTION CARRIED

AYES: All.

NOES: None.

ABSTAIN: D. Baskin and D. Schwarm due to absence from the December 5, 2017 Water Commission meeting

ABSENT: None.

General Business

3. Quarterly Financial Reporting

Ms. Menard introduced Ms. Dennis and Mrs. Kaping who presented an overview of the quarterly financial report.

How was \$30,000,000 worth of revenue estimated?

- The projected water sales number was based on the 2.5 billion gallons of water sales during Fiscal 2017, and the revenue requirements developed and presented in the Long Range Financial Plan (LRFP).

Staff comment: The dip in revenues projected that you see in October 2016 is due to the fact that the new water rate structure did not go into effect until October 1, 2016. The fixed charge decrease was effective for the October billing cycle but the revenues generated by the volume rate increase didn't begin to accrue until the November billings for water used in October. Overall, it was difficult to estimate revenue on a monthly basis this past year.

The projected sales line for July, August, and September was originally charted assuming that the water rate increase would have gone into effect on July 1, 2016?

- No, it was based on revenues projections from the former rates.

Please explain why we are above the 25% target for the year in terms Debt Service expenses?

- Debt service payments are made twice a year. The debt service payment dates are based on when you sign the contract for the debt. The first payment due is usually just interest and the second payment is principal plus interest. The total budget is the amount that we will completely pay in debt service over the entire fiscal year.

Do the Spend Thru funds, located on the CIP Projects Overview chart, represent the current calendar year or does it represent money spent from the beginning of the project to date?

- The Spend Thru column represents money spent from the beginning of the project to date.

Is it safe to assume that the Water Supply Augmentation Strategy Implementation Life of Project Total was a guesstimate about what the projects may be?

- Yes, the CIP is planned for ten years out and this is an estimate. The project budget develops as we move through the project. As these projects develop, budget numbers will be updated.

Do we need City Council approval to move leftover funds from a completed project to an ongoing current project?

- No, only new appropriations would need City Council approval.

When money is added to a current project, would you update the Life of a Project Total column to reflect the additional funds?

- Yes and we complete a budget adjustment when we are ready to do that.

What are we projecting as the total cost of completion for Phase III North Coast System Rehab, WTP Filter Rehab, and the Tait Wells project?

- Projects nearing completion have a current status of “construction” highlighted in green on the CIP Projects Overview. The Spent Thru 9-30-16 amount reflects what we expect to spend to finish the projects; no significant change orders are expected.

Staff comment: We have a budget adjustment planned for FY17 to reconcile over budgeted projects with resources transferred from under budgeted projects. The bottom line CIP amount will not change.

Are we keeping statistics about our performance against the budget? For example, what percentage of projects at, above, or below budget estimates so that our creditors know how good we are at managing project budgets?

- We do not have a list of what projects were below budget and which projects were above budget. As we move into this more complicated and larger CIP, the ability to do a better job of estimating project costs is going to be more and more important to determine whether or not our financial plan is adequate.

Final Comments and Requests for Follow Up

- Future Quarterly Financial Reports should be put on Consent Agenda.
- The new Quarterly Financial Report format was much more user-friendly.

4. Calendar 2017 Draft Water Commission Work Plan

Discussion about the roles and responsibilities of the Water Commission followed.

Will the Commission receive plan B, or the backup plan, for recycled water or desal this year?

- That will be added back on to the Work Plan but it may be pushed off until January of 2018.

What is the timeframe on the draft Communication Plan and draft Annual Report?

- The intent is to get the Annual Reports in the mail in the next month or so. We do not have a timeframe on the draft Communication Plan.

When will the Presentation of Projects be scheduled?

- A specific month has not been chosen but you should expect to see the Presentation of Projects sometime during the last quarter of the calendar year.

Are you in contact with Santa Clara Valley Water District about their pilot recycled water program?

- We have discussed having one of their staff members assigned to the project come to speak at one of our Water Commission meetings but nothing has been determined.

Final Comments and Requests for Follow Up

- At the March Joint meeting between the Water Commission and City Council, a focus should be on the progress that has been made on implementing the WSAC recommendations, and this will be a good opportunity for the Water Commission members to share their perspectives on the status of the work.
- L. Wilshusen requested a copy of the WSAC Annual Report before it is distributed to the community.
- Add an update on the status of the water rights conformance project to Work Plan.

Commissioner Schiffrin moved to approve Draft Calendar 2017 Water Commission Work Plan with the added direction that, at our February Water Commission meeting, staff returns with draft agenda for the proposed Joint Study Session with City Council members on March 14, 2017. Commissioner Baskin seconded.

VOICE VOTE: MOTION CARRIED

AYES: All.

NOES: None.

ABSENT: None.

Subcommittee/Advisory Body Oral Reports No items.

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


- We will be providing a first look at our peak water use in the near future.
- Loch Lomond began spilling at the beginning of December.

D. Stearns said goodbye to the Water Commission.

Adjournment Meeting adjourned at 9:01 p.m. The next meeting of the Water Commission is scheduled for February 6, 2017, at 7:00 p.m. in Council Chambers.

Respectfully submitted,

**Amy
Poncato**



Digitally signed by Amy Poncato
DN: cn=Amy Poncato, o=Water
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Date: 2017.02.14 09:49:35 -08'00'

Staff