



# SCOTTS VALLEY WATER DISTRICT

BOARD OF DIRECTORS  
PRESIDENT Danny Reber  
VICE PRESIDENT Ruth Stiles  
David Hodgin  
Ken Kannegaard  
Chris Perri

GENERAL MANAGER  
Piret Harmon

**Thursday, October 13, 2016**

Board of Directors

## **Joint Meeting with San Lorenzo Valley Water District**

### **Regular Board Meeting**

Santa Margarita Community Room

2 Civic Center Drive, Scotts Valley, California

### **Draft Minutes**

#### **I. Convene Meeting**

##### **I.1. Call to Order and Roll Call**

President Reber called the joint meeting to order at 6:02 p.m. in the Santa Margarita Community Room, 2 Civic Center Drive, Scotts Valley, California.

##### **ROLL CALL**

Present: Scotts Valley Water District (SVWD) Board of Directors: Hodgin, Kannegaard, Perri, Reber and Stiles.

San Lorenzo Valley Water District (SLVWD) Board of Directors; Baughman, Brown Bruce and Ratcliff.

Absent: SLVWD Hammer.

##### **I.2. Pledge of Allegiance and Invocation**

Director Stiles led the pledge of allegiance and Director Perri the invocation.

##### **I.3. Joint Meeting San Lorenzo Valley and Scotts Valley Water District's Board of Directors**

SLVWD District Manager Lee District Manager presented an overview of the San Lorenzo Valley Water District's 2015 Urban Water Management Plan Update and responded to questions from both Boards. [Click here](#) to view a copy of the presentation.

##### **I.4. Adjourn Joint Meeting and Convene Regular Meeting**

At 6:42 p.m. President Reber adjourned the joint meeting. The SLVWD Board of Directors left the meeting.

At 6:45 p.m. President Reber convened the regular meeting with all SVWD Board present.

##### **I.5. Closed Session Report**

There was no closed session report.

##### **I.6. Additions/Deletions to the Agenda**

General Manager Harmon announced that item 2.2 Presentation by Monterey Bay Community Power is postponed until a future meeting.

##### **I.7. Oral Communications**

There were no oral communications.

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**2. Administrative Items**

- 2.1. Approval of Minutes – September 8, 2016 Board Meeting  
September 15, 2016 Open House/Special Board Meeting

Director Hodgkin moved, seconded by Director Perri to approve the minutes of the September 8, 2016 Regular Board meeting and the September 15, 2016 Open House / Special Board Meeting as submitted.

VOICE VOTE: Motion Carried.

Ayes: Hodgkin, Kannegaard, Perri, Reber and Stiles.

Noes: None.

Absent: None.

- 2.2. Presentation

- 2.2.1 Monterey Bay Community Power

The presentation was postponed until a future meeting.

**3. Consent**

Being no objection by the Board, President Reber, by acclamation, approved the consent agenda as submitted.

- 3.1 Scotts Valley Transit Center LID - Temporary License Agreements

Action Taken: Ratify execution of (2) temporary License Agreement with the City of Scotts Valley for the Scotts Valley Transit Center LID Project.

- 3.2 Memorandum of Agreement of the Santa Cruz Integrated Regional Water Management Plan.

Action Taken: Authorize the General Manager to execute the 2016 Memorandum of Agreement for the Santa Cruz Integrated Regional Water Management Plan.

**4. Public Hearings**

There were no public hearings scheduled on October 13, 2016.

**5. General Business Items**

Item 5.3 was taken out of order.

- 5.3 Vacate Pipeline Easement on APN 024-211-18 (portion)

Director Hodgkin moved, seconded by Director Perri to adopt Resolution No. 07-16 authorizing the execution of Easement Quitclaim Deed vacating water pipeline easements for APN 024-211-18 (portion).

ROLL CALL VOTE: Motion Carried.

Ayes: Hodgkin, Kannegaard, Perri, Reber and Stiles.

Noes: None.

Absent: None.

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5.1. Refunding Water Revenue Bonds

Niki Tallman, Brandis Tallman LLC, presented scenarios for the refunding of the 2004 Certificates of Participation Bonds and the 2011 Wells Fargo Bank Loan. [Click here](#) to view the presentation.

Director Hodgkin reported that the Finance and Personnel Committee discussed this item at its September 20, 2016 meeting and requested that it be presented to the full Board for consideration.

Director Hodgkin moved, seconded by Director Stiles to 1) authorize staff to continue with the refunding the 2004 Certificates of Participation and 2011 Wells Fargo Bank Loan with the condition that no additional District out of pocket funds are required; and 2) authorize the General Manager to proceed with the winning bid to refund the 2004 Certificates of Participation and 2011 Loan, and execute necessary documents.

VOICE VOTE: Motion Carried.

Ayes: Hodgkin, Kannegaard, Perri, Reber and Stiles.

Noes: None.

Absent: None.

5.2. Proposed Changes in Water Rate Structure, Water Rates and Fees and Charges

General Manager Harmon provided the staff report and responded to Board questions.

Discussion

The meter fee is based on actual cost of the meter and may be adjusted annually.

Capacity fees were discussed and are adjusted annually based on ENR index.

Multi residential second tier is very narrow because it is an allowance for efficient outdoor water use on patios.

Non-residential accounts will have a uniform rate and the qualifying medical needs rate will continue at a higher rate.

The recycled water rates and meter charges now will reflect the cost of service.

Drought rates are charged for residential only in Tier 2 and above.

Director Perri moved, seconded by Director Kannegaard to 1) accept the final draft report on the 2016 Water and Recycled Water Rate Study encompassing the cost of service requirements; 2) recommended changes to water rate structures, water rates, fees and charges; 3) accept the content for the Proposition 218 public notice and authorize the General Manager to issue the notice initiating the 45-day public review period; and 4) set the public hearing on recommended water rates, fees and charges for 6:00 p.m. on December 8, 2016.

VOICE VOTE: Motion Carried.

Ayes: Hodgkin, Kannegaard, Perri, Reber and Stiles.

Noes: None.

Absent: None

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**6. Committee Reports**

6.1. Finance and Personnel Committee Report

In addition to the written report, there was nothing further to add.

6.2. Santa Margarita Groundwater Sustainability Agency (GSA) Formation Committee

Director Perri reported that the committee met 9/26/16 and determined that it would be beneficial to engage private pumpers prior to the formation of the GSA. It is expected that the State will formally recognize the Santa Margarita basin in the next couple of months and the GSA formation will be completed spring 2017.

**7. Staff Reports**

7.1. District Counsel

In addition to the written report, District Counsel Bosso reported that there were no new developments on the Proposition 218 cases.

7.2. General Manager

The General Managers report is appended.

7.3. Finance

General Manager Harmon provided the Finance report and responded Board questions.

Director Hodgkin commented that revenues are much lower than projected in the adopted budget and that it should be noted that they will continue to fall further behind projections during the winter months.

7.4. Operations

The Operation Report was accepted without further comment.

**8. Individual Directors Reports**

President Reber reported that the Chamber Government Affairs Committee held its inaugural meeting on October 11, 2016. Operations Manager David McNair is the Chair.

Director Hodgkin reported that on October 18<sup>th</sup> he will participate in an ACWA Chairs conference call.

**9. Written Communications and Correspondence**

The written communications and correspondence were accepted without comment.

9.1. Santa Cruz County Board of Supervisors Memo Amending Conflict of Interest Code – Scott Valley Water District (09/27/16)

9.2. Email from Patsy Rice regarding Proposed Water Rate Increase (09/15/16)

9.3. ACWA/JPIA Cyber Liability Coverage (10/05/16)

**10. Community Relations**

The community relations items were accepted without comment.

10.1. Santa Cruz Sentinel: Santa Cruz County Water Agencies Complete Interties (10/04/16)

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- 10.2. Press Banner: Letter to the Editor from Robert Frank (09/30/2016)
- 10.3. ACWA News: Draft Report Released on Regulating Direct Potable Reuse of Recycled Water (09/09/16)
- 10.4. ACWA News: Little Hoover Commission Hearing Explores Special Districts (08/25/16)

**11. Closed Session**

There was no closed session.

**12. Report on Closed Session and Additional Items**

There was no report on closed session or additional items.

**13. Adjournment**

At 8:32 p.m. Director Stiles moved, seconded by Director Perri to adjourn the meeting.

Submitted:

DocuSigned by:

*Donna Paul*

1079981C5D1DC41A  
Donna Paul, Asst. to the General Manager

Approved:

DocuSigned by:

*Danny Reber*

DD52F899A878460...  
Danny Reber, President

Attest:

DocuSigned by:

*Piret Harmon*

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Piret Harmon, General Manager

**STAFF REPORT – GENERAL ITEMS**

Scotts Valley Water District

**Date:** October 13, 2016

**To:** Board of Directors

**From:** General Manager

1. Contract with Hydrometrics Water Resources for Hydrogeologic Consulting Services for \$70,500
  - a. Task Order No 1: Annual Groundwater Reports (2 years)
  - b. Task Order No 2: Groundwater Elevation Data Collection (2 years)
  - c. Task Order No 3: On-Call Support
  
2. Statewide water savings for August 2016 was 17.7% compared to August 2013. Cumulative statewide percent reduction for June 2015 to August 2016 (15 months) is 23.3% which equated to 2 million acre-feet (690 billion gallons). The State Water board report showed that 90% of urban water suppliers have continued to see conservation levels of 10% or more, compared with the same month in 2013. More than a third of urban suppliers report conservation levels between 21% and 50%.
  
3. Potable and Recycled Water Demand – Water Year 2016 and September 2016



