



**MEETING MINUTES
TUESDAY, FEBRUARY 7, 2023
ETHICS TRAINING 5:00 – 7:00 PM
AGENDA 7:10 PM**

In response to COVID-19 (coronavirus), Soquel Creek Water District's February 7, 2023 Board Meeting was held remotely via Zoom.

Recorded Meetings: Recorded meetings are available on the District's website:

<https://www.soquelcreekwater.org/AgendaCenter>

0. ETHICS TRAINING 5:00 -7:00 PM

Training – Provided by General Counsel Josh Nelson

1. CALL TO ORDER AND ROLL CALL

President Christensen called the meeting to order at 7:12 pm via Zoom.

Board Members Present:

Carla Christensen, President
Dr. Bruce Jaffe, Vice-President
Dr. Bruce Daniels, Director
Dr. Thomas LaHue, Director
Rachél Lather, Director

District Counsel

Joshua Nelson, District Counsel

Staff Members Present:

Ron Duncan, General Manager
Shelley Flock, Water Resources Manager
Taj Dufour, Engineering Manager
Leslie Strohm, Finance Manager
Traci Hart, Human Resources Manager
Nick Emmert, Operations and Maintenance Manager, Interim
Melanie Mow Schumacher, Special Projects-Communications Manager / Assistant General Manager
Rebecca Rubin, Public Outreach Coordinator
Emma Western, Executive Assistant/Board Clerk
Roy Sikes, Water Conservation Specialist
Kelly Archer, Staff Analyst
Brice Dahlmeier, Associate Engineer
Amanda Bunte, Engineering Technician

Others Present:

Barry Dugan, Data Instincts
Jennifer Balboni, Water Resources Management and Infrastructure (WRMI)
Committee Public Member

2. PUBLIC HEARING – None

3. **BOARD MEMBERS' OPPORTUNITY TO REMOVE ITEMS FROM CONSENT AGENDA**

None removed.

4. **CONSENT AGENDA**

MOTION: Director LaHue; Second: Director Lather; To approve Consent Agenda Items 4.1, 4.2, 4.3, 4.4, 4.5, 4.6 and 4.7. Motion passed by unanimous roll call vote.

4.1 Approval of Minutes – *None*

4.2 Extend Resolution 21-21 and Re-Authorize Virtual Public Meetings in Accordance with AB 361
Action: Approved

4.3 Board Planning Calendar
Action: Approved

4.4 Special Board Assignments Status Report
Action: Approved

4.5 Finance and Administrative Services Committee Meeting Summary
Action: Approved

4.6 Consider Approval of Facility Use Agreement for the Capitola City Council Chambers
Action: Approved

4.7 Authorize Allocation from Operating Contingency Reserves (OCR) for Emergency Repairs to Tannery Well and Ratify the General Manager's Decision to Depart from Purchasing Policy
Action: Approved

5. **ORAL AND WRITTEN COMMUNICATIONS** (*items not on the Agenda*)

Written communications addressed to the Board are available on the District's website:
<https://www.soquelcreekwater.org/AgendaCenter>

6. **REPORTS** – *None*

7. **ADMINISTRATIVE BUSINESS**

7.1 Conditional and Unconditional Will Serve Letters – *None*

7.2 Consider Sunsetting the Water Demand Offset (WDO) Program

Ms. Flock reviewed Item 7.2, which presents several considerations to sunset, or end, the Water Demand Offset (WDO) program.

Ms. Flock reviewed the purpose, WDO program history and success, WDO offset credit bank status, projected development in the District, and the primary considerations for sunsetting the WDO program, which include:

1. Progress made toward groundwater management and sustainability:
 - a. Considerable reduction in water demand over time

- b. High-efficiency requirements in place for new development
 - c. Stronger groundwater management
2. Pure Water Soquel (PWS)
3. Advanced Metering Infrastructure (AMI) and the development of the next water capacity fees

Ms. Flock stated that staff recommends the Board sunset the Water Demand Offset program, effective immediately, authorize staff to complete refund processing over the coming months to close out the program accounting, and authorize staff to include the final unfunded balance from the AMI project in the calculations for a new water capacity fee in the 2023 Water Rate Study (which was initiated by the Board at the January 17, 2023 Board Meeting).

The presentation is available online: <https://www.soquelcreekwater.org/AgendaCenter>

Director Daniels stated that he is not in favor of an immediate end to the WDO program; he supported consideration of a more phased approach to end the program. He expressed concern about ending the WDO program while PWS is still under construction.

Director Lather recognized that the WDO program has been successful in protecting the groundwater aquifer over the last 20 years; however, she expressed concern with continuing the WDO program at this time.

Director LaHue emphasized that under continued operation of the current WDO program, an additional offset-generating conservation or supply project will be needed in the near term. He stated that more WaterSmart registrations may be able to produce additional offset credit; however, this may not result in significant water savings.

After additional discussion with staff, Director LaHue recognized that development of a new offset-generating project will require an investment of both time and money, which may not be practical at this time. President Christensen agreed, stating that development of a new offset-generating project will be a challenge.

Vice-President Jaffe discussed his primary considerations for evaluating the end the WDO program – fairness and necessity. He discussed each consideration with the Board.

President Christensen recognized the pros and cons of ending the WDO program. She expressed concern about ending the WDO program prematurely (e.g., before PWS is operational); however, she also recognized the opportunity for including AMI as part of the water capacity fees in the next rate study.

Board discussion continued, and many ideas and questions were generated. staff and General Counsel Nelson responded to a variety of questions. Discussion topics included:

- Necessity/practicality of continuing the WDO program
- Feasibility of including the unfunded balance from the AMI project in the calculations for a new water capacity fee in the 2023 Water Rate Study
- Fairness of an immediate end contrasted with a “phased-out” end to the program
- Status of the groundwater basin and current and future water use

Vice-President Jaffe suggested modifying the motion to include a provision for a re-evaluation of a WDO program in 5 years to determine if it needed at that time.

Vice-President Jaffe also expressed support for adding a motion to direct staff to create a proposal or program for the purpose of exploring and accelerating the registration and the use of WaterSmart

among District customers. Directors agreed, recognizing that WaterSmart is an effective tool to lower water use.

MOTION: Director LaHue; Second: President Christensen; To direct staff to sunset the Water Demand Offset program effective immediately; and include a re-evaluation in 5 years to determine if a WDO program is needed at that time. Motion passed by roll call vote (4:1). Director Daniels voted no.

MOTION: Director LaHue; Second: President Christensen; To approve adding the unfunded portion of the AMI project to the water capacity fee in the rate study. Motion passed by roll call vote (4:1). Director Daniels voted no.

MOTION: Director LaHue; Second: President Christensen; To authorize staff's plan to administratively sunset the WDO program and issue refunds as described in the memo. Motion passed by roll call vote (4:1). Director Daniels voted no.

MOTION: Director Jaffe; Second: Director LaHue; To direct staff to create a proposal or program for the purpose of exploring and accelerating the registration and the use of WaterSmart among District customers. Motion passed by unanimous roll call vote.

7.3 Formation of Water Rates Advisory Committee – Appoint Board Representation

Ms. Hart stated that this item is presented for the Board to consider appointing up to two Directors to serve on the 2023 Water Rates Advisory Committee (WRAC). She explained that the Board directed this item be presented following the January 17, 2023 Board Meeting, when the 2023 Water Rate Study was initiated.

Board discussion ensued regarding Director availability and interest, and there was consensus to appoint President Christensen and Director Lather to serve on the WRAC.

MOTION: Director LaHue; Second: Director Daniels; To select President Christensen and Director Lather for representation on the Water Rates Advisory Committee. Motion passed by unanimous roll call vote.

8. **CLOSED SESSION – Item Removed; No Closed Session Held**

- 8.1 Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section §54956.9(d)(1)
Steinbruner vs. California Coastal Commission, et al., San Francisco County Superior Court Case No. CPF-20517119; CA First District Court of Appeals Case Nos. A163079, A163199
Steinbruner v. Soquel Creek Water District, et al. Santa Cruz County Superior Court Case No. 21CV01517
Steinbruner v. Soquel Creek Water District, et al. Santa Cruz County Superior Court Case No. 21CV02699; CA Sixth District Court of Appeals Case No. H050093

- 8.2 Conference With Labor Negotiators
Agency designated representative(s): Ron Duncan, Traci Hart, Melanie Mow Schumacher, Leslie Strohm
Employee Organization: Service Employees International Union (SEIU)

9. **ADJOURNMENT**

President Christensen adjourned the meeting at 8:42 pm.

SUBMITTED:



Emma Western, Board Clerk

APPROVED:



Carla Christensen, President