



Desalination Task Force Minutes
Regular Meeting
4:00 p.m. - Wednesday, November 19, 2008

Soquel Creek Water District Board Room
5180 Soquel Drive, Soquel California

The Desalination Task Force consists of two members of the Soquel Creek Water District Board and two members of the City of Santa Cruz City Council.

For the purpose of preparation of the minutes the following terms will be used throughout the current and all future minutes. The City of Santa Cruz/Soquel Creek Water District Desalination Task Force will be referred to as the "Task Force." The City of Santa Cruz will be referred to as the "City" and the City of Santa Cruz Water Department will be referred to as the "SCWD." The Soquel Creek Water District will be referred to as "SqCWD." A member of the Soquel Creek Water District Board of Directors will be referred to as "Director" and the Soquel Creek Water District General Manager will be referred to as "General Manager." A member of the Santa Cruz City Council will be referred to as "Councilmember" and the Director of the City of Santa Cruz Water Department will be referred to as "Water Director."

Call to Order Vice-chair B. Daniels called the meeting to order at 4:05 p.m. in the Soquel Creek Water District Board Room.

Roll Call

Present: Director B. Daniels, Director T. LaHue, Councilmember C. Mathews (via teleconference at 4:40 p.m.) and Councilmember E. Porter.
Staff: Deputy Water Director L. Almond, General Manager L. Brown, Desalination Program Coordinator H. Luckenbach.
Others: Brent Haddad, Project Agreement Facilitator; Paul Meyerhofer, Camp, Dresser & McKee, Inc.; and Andy Schiffrin, Water Commission.

Presentation There were no presentations.

Statements of Disqualification There were no statements of disqualification.

Oral Communications There were no oral communications.

Announcements Councilmember E. Porter announced that this would be his last meeting.

General Manager Brown reported that the Open House held at the Desalination Pilot Plant on November 8, 2008 was a huge success with over 125 people in attendance.

Approval of Minutes

Councilmember E. Porter moved to approve the October 15, 2008 Desalination Task Force minutes as submitted. Director B. Daniels seconded.

VOICE VOTE MOTION CARRIED

AYES: B Daniels and E. Porter

NOES: None.

ABSTAIN: T. LaHue

General Business

1. Desalination Pilot Study: Request for Additional Budget – Camp Dresser & McKee

Task Force Comments

The Task Force requested information on any future items that may require additional funding.

Information was provided on the following tasks that may require additional funding:

- Additional corrosion control testing. The results from the initial testing for lead and copper yielded different results than anticipated and if further testing is done it may be prudent to include iron in the study.
- It may be necessary to rerun a sample from January 2008 storm data for the Watershed Sanitary Survey. Department of Public Health will make the determination.
- An additional round of toxicity testing for the discharge may be required.

The Task Force commented that if a pattern of additional work develops it could add to any negative criticism of the project.

Councilmember E. Porter moved to approve the request for additional budget from Camp Dresser & McKee, Inc. for the Desalination Pilot Study. Director B. Daniels seconded.

ROLL CALL VOTE MOTION CARRIED

Director B. Daniels: Aye.

Director T. LaHue: Aye.

Councilmember E. Porter: Aye.

2. Draft Operational Plan & Agreement – Facilitation Ground Rules

Facilitator Haddad reported that several meetings have been held with the Program Managers to develop the ground rules document. The key points are that no discussions with individual Task Force members will be held and all items agreed upon are to be considered provisional and non binding.

The Task Force changed the title for all future documents to Draft ~~Operational~~ Project Plan and Agreement since it never has been the intent that the agreement only applies to the operation of the proposed desalination plant and not to the design or construction.

Councilmember E. Porter moved approve the Ground Rules Document with changes to:
No. 7 second sentence to clarify that the facilitator may have individual communications of a non substantive nature with both parties.....

No. 12 Additions to the Issues Settled list can only be made by action of the Task Force

No. 13 Entries on the Issues Settled list can removed and/or returned to the to be settled list by action of the Task Force.

Director T. LaHue seconded.

ROLL CALL VOTE MOTION CARRIED

Councilmember C. Mathews: Aye

Director B. Daniels: Aye.

Director T. LaHue: Aye.

Councilmember E. Porter: Aye.

Councilmember C. Mathews requested that staff provide an FYI to Council regarding this item.

3. Draft Operational Plan & Agreement – Issues Settled/Issues to be settled

Facilitator Haddad reported that certain issues or determinations must be agreed upon in order to move forward in the development of the operational plan and agreement. After several meeting with the Program Managers the following issues were presented for task discussion and approval by task force action:

1. Concept: An official conversion factor gpd to af/y.

1 million gallons per day yields 1120 acre feet in one year

2. Issue: Delivery of actual produced water vs. delivery of blended system and produced water

It will be assumed that the water produced at the full-scale plant will be blended with SCWD water and in turn SqCWD will receive water from another location i.e. Soquel Creek Water District will not have a pipeline directly to the plant.

It should be noted that transferring water from SCWD to SqCWD may have impacts to the City's water rights. The City is currently working on its water rights and the task force will not have a role in addressing this issue.

It should also be noted that blended water may cause water quality issues for SqCWD and that may be another issue.

The Task Force is in favor of proceeding with the assumption that the water produced at the desalination plant will be blended and SqCWD will take water from a location to be determined. It is further understood that the City will at a time in the future that it deems appropriate address the issues regarding its water rights.

For the administrative record: The City has received several different legal opinions in regards to whether or not a water rights change is necessary for the proposed delivery of blended water to the SqCWD. A determination will be needed by State Regulators to determine whether or not the molecules must be followed. For the purpose of the Operational Agreement it should be assumed that a water rights change is not needed. It is further noted that the State is promoting regional projects and in order for regional projects to move forward water rights must not be jeopardized.

3. Production scheduling: shortage trigger vs. priority system

Proposed approach: priority system

Facilitator Haddad reported that based upon discussions with the Program Managers the City will need desal water only during periods of drought and that SqCWD needs it on a more regular basis. In his research he has found that defining a drought would not be an effective tool for the operation of the plant and developing a priority system that is keyed to times of the year may be a preferable approach.

The task force requested that a summary of the discussion of the proposed priority system be included in the minutes and will continue discussions on this matter at a future meeting.

Summary

Deputy Director Almond reported that the City's need for desal water is actually not triggered by drought but by shortage. It is based upon a very complicated set of projections that include rainfall/runoff in the San Lorenzo River watershed, the North Coast streams and the level of the reservoir. The City has determined in what scenarios it would need the entire capacity of the plant and for how many days during the year. The City will not run the plant unless needed.

General Manager Brown reported that SqCWD has not determined whether it can use the entire 1.25mgd capacity during the winter season and would like consideration of water delivery to SqCWD during the shoulder months. SqCWD projects an average need of 1.25mgd and does not ever need full capacity of the plant.

A benefit of the priority system is that if one agency is not using the full capacity it would be available to the other agency. However, if the City needs water every summer in the future, it would limit SqCWD to taking water in the winter only when it cannot use as much.

It was suggested that an operational plan for an emergency situation is necessary that would override normal operation scenarios.

A shorter period of priority, rather than 6 months, might be more desirable.

It was suggested that water in the summer is more useful and therefore more important to both agencies.

Councilmember Porter for the record believes that a system of priorities by the month of the year will become less acceptable than a system that acknowledges the population of both districts and draws a proportion when both systems need this water and that will have a higher priority than the selection of a month on calendar.

Facilitator Haddad suggested that a priority system that is too complex may hinder operations of the plant in future years. A system for changing the agreement and for upsizing the plant if necessary will be included in the agreement.

4. Scope of Operational Agreement

- a. Proposed approach: limit to desalination operations; recognize that coordination on other issues is in the interest of both Agencies and is being/will be pursued.

Facilitator Haddad responding to a question stated that it was his understanding that design and construction will be covered in the agreement. His intent of this item was not to limit any part of the desalination project but to reach agreement to exclude the ongoing discussion over the management of the joint groundwater basins and other issues not directly linked to the project. It is an item of great interest and should be acknowledged in the agreement that both agencies are committed to resolving.

The Task Force agreed to exclude the ongoing discussion over the management of the joint groundwater basins and other issues not directly linked to the project.

5. Cost allocation:

- a. Proposed approach:
 - i. Generate a list of principles for cost allocation
 - ii. Create a matrix of cost categories and when the costs will occur
 - iii. Match the principles to the categories and timing
 - iv. Generate language for the agreement

The Task Force agreed upon the proposed approach.

Program Managers' Report

The Program Managers' Report was deferred until the next meeting.


Public Outreach No action was taken on this item.

Items Initiated by Members for Future Agendas No items were initiated.

Adjournment

The meeting was adjourned at 6:05 p.m. until the next regular meeting of the Desalination Task Force scheduled for Wednesday, December 17, 2008 at 4:00 p.m. in the City of Santa Cruz Water Department Conference Room, 212 Locust Street Suite A, Santa Cruz, California.

Respectfully submitted,

A handwritten signature in cursive script that reads "Donna Paul". The signature is written in black ink and is positioned above a horizontal line.

Staff