



INFORMATION REPORT

DATE: April 3, 2013

TO: City Manager
DEPARTMENT: Water
SUBJECT: Water Commission Work Plan Update

APPROVED: DATE:

At its regular meeting of July 24, 2012, Council provided guidance to the Water Commission outlining its role with regard to all matters pertaining to the water planning efforts and in particular for the near-term, the Water Supply Project.

Integrated Water Planning – Affirming it provides the proper planning framework

The Water Commission has worked with staff to initiate studies that consider financial, environmental and social (community) costs and benefits of building a water supply project compared to not building a supply project. This work is intended to allow the Commission to communicate to residents the full range of project advantages and disadvantages given different scenarios. Progress has been made on the three components as follows.

1. Preliminary cost estimates have been developed for all project components; Raftelis Financial Consultants, Inc. has recently been contracted to use this and other data to develop an in-depth understanding of impacts to rates and the financial sustainability of the community.
The other part of this financial analysis will help the Water Commission answer the question of what no project will cost the community in water rates and charges. The methodology by which this will be done is to consider what more frequent and more intense curtailment events will do to revenue. Since most of the costs to deliver water are fixed costs that do not vary with amount of water delivered, lower consumption equates to higher rates. This part of the study will quantify what is likely to happen with rates in order to fund future capital work and operational costs if the City does not build a desalination plant.
2. The environmental assessment, of course, is dealt with in the draft Environmental Impact Report (dEIR) which is scheduled to be released for public comment in early May 2013. The Water Commission will host the Public Hearing at which this document is rolled out and the public comment period opened.
3. A social or community cost is the outstanding component. This work is to be aimed at describing the “hidden costs” to the community should we not be able to augment the water supply with desalination. There is a growing body of work that is developing through

analysis of community and social impacts of droughts that have become far too common across the country. Examples of the types of impacts would be closed businesses, lost jobs, lost tax revenue such as hotel tax, etc. Staff anticipates a Request for Proposals (RFP) on the May 2013 Water Commission agenda to kick this effort off.

Public Education and Communication

After much discussion in two different meetings, the Water Commission decided in February to request that staff draft a scope of work for Public Education and Outreach Services to assist the City/Commission in appropriately communicating the myriad of issues surrounding the City's water supply reliability.

A Request for Qualifications (RFQ) was issued on March 5. Statements of Qualifications (SOQs) were due April 1 and eight (8) were received. After staff reviews and ranks them, interviews will be scheduled and a scope of work and budget will be developed with the top ranked firm. It is anticipated that a firm may be under contract by the end of May. Staff intends to bring the selection before Council

Affirmation of IWP, GP, and UWMP as appropriate planning documents The Water Commission received information on this item at its December 3, 2012 meeting. This item is considered complete at this time.

Water Supply Alternatives The Desalination dEIR includes discussion of many water supply alternatives considered over the last several decades as well as more recent ones. The Water Director will present a historical view of water supply planning at a future meeting.

Conservation-related Topics

Baseline Conservation Study This study is nearly complete and could be submitted to Water Commission in May.

Water Conservation Master Plan The Water Commission received initial information on this item at its March 4, 2013 meeting. In addition, the Water Commission reviewed potential opportunities at its April meeting and will select measures at its May meeting (tentative). The preliminary schedule has this study completed in December 2013.

Water Resources Topics

Habitat Conservation Plan This is an ongoing item. The Water Commission received a report on the status of this project at its April meeting

scwd² Desalination Program Topics

Environmental Impact Report As stated previously, the (dEIR) is anticipated to be released for public comment in early May. Two public hearings are being scheduled for June 3, 2013, one in the City's service area and one in the service area of the Soquel Creek Water District.

SUBJECT: Water Commission Work Plan Update

PAGE 3

Long Term Operational Agreement The scwd² Desalination Task Force was given the specific authority to among other things: 1) “Develop the concepts for an operational plan for the [Desalination] Facility for presentation to and final approval by the full legislative bodies of the respective parties.” 2) “Should both Parties ultimately agree to proceed with constructing the full-scale Facility, develop recommendations for ongoing governance, cost sharing, ownership and operation of the full-scale Facility.” Item No. 1 was completed in April 2010. Item No. 2 has been deferred in part because of the specific direction to proceed if the project moves into construction. That said, some interest has been show (April 2012 Task Force meeting) to develop a framework and timeline for establishing future governance as well as some possible governance models.

Administrative Topics

Fiscal Policy A draft policy was presented to the Water Commission on March 4, 2013.

Rate Design The Water Commission provided direction to staff at its March 4, 2013 meeting.

Capital Improvement Program The Water Commission received a status of major projects at its February 4, 2013 meeting. Commission received the Draft Capital Improvement Program at its March 4 meeting and recommended approval to City Council.

Submitted by:

Bill Kocher
Water Director

Attachments: None.

WT FYI 059