



**BOARD OF DIRECTORS
SAN LORENZO VALLEY WATER DISTRICT
AGENDA
November 3, 2016**

MISSION STATEMENT: Our Mission is to provide our customers and future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding service and community relations; to manage and protect the environmental health of the aquifers and watersheds; and to ensure the fiscal vitality of the San Lorenzo Valley Water District.

Notice is hereby given that a regular meeting of the Board of Directors of the San Lorenzo Valley Water District will be held on **Thursday, November 3, 2016 at 6:00 p.m.**, at the Operations Building, 13057 Highway 9, Boulder Creek, California.

In compliance with the requirements of Title II of the American Disabilities Act of 1990, the San Lorenzo Valley Water District requests that any person in need of any type of special equipment, assistance or accommodation(s) in order to communicate at the District's Public Meeting can contact the District Secretary's Office at (831) 430-4636 a minimum of 72 hours prior to the scheduled meeting.

Agenda documents, including materials related to an item on this agenda submitted to the Board of Directors after distribution of the agenda packet, are available for public inspection and may be reviewed at the office of the District Secretary, 13060 Highway 9, Boulder Creek, CA 95006 during normal business hours. Such documents are also available on the District website at www.slvwd.com subject to staff's ability to post the documents before the meeting.

1. Convene Meeting/Roll Call

2. Additions and Deletions to Agenda:

Additions to the Agenda, if any, may only be made in accordance with California Government Code Section 54954.2 (Ralph M. Brown Act) which includes, but is not limited to, additions for which the need to take action is declared to have arisen after the agenda was posted, as determined by a two-thirds vote of the Board of Directors (or if less than two-thirds of the members are present, a unanimous vote of those members present).

3. Oral Communications:

This portion of the agenda is reserved for Oral Communications by the public for items which are on the Closed Session portion of the Agenda. Any person may address the Board of Directors at this time, on Closed Session items. Normally, presentations must not exceed three (3) minutes in length, and individuals may only speak once during Oral Communications. No actions may be taken by the Board of Directors on any Oral Communications presented; however, the Board of Directors may request that the matter be placed on a future agenda. Please state your name and town/city of residence at the beginning of your statement for the record.

4. Adjournment to Closed Session:
At any time during the regular session, the Board may adjourn to Closed Session in compliance with, and as authorized by, California Government Code Section 54956.9 and Brown Act, Government Code Section 54950. Members of the public will be given the opportunity to address any scheduled item prior to adjourning to closed session.
 - a. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
Government Code Section 54956.9(d)(1)
Case Number CV180394-Bruce Holloway, Plaintiff, v. Terry Vierra; San Lorenzo Valley Water District; Showcase Realty Agents, Inc.; Gregory Dildine; Edwige Dildine; and Does 1 to 25, Defendants.
 - b. CONFERENCE WITH LABOR NEGOTIATORS
Government Code Section 54957.6
Agency designated representative: Brian Lee
Employee Organizations: Classified Employees Unit and Management, Advisory and Confidential Employees Unit
5. Convene to Open Session at 7:00 p.m. (time certain)
6. Report of Actions Taken
7. Additions and Deletions to Agenda:
Additions to the Agenda, if any, may only be made in accordance with California Government Code Section 54954.2 (Ralph M. Brown Act) which includes, but is not limited to, additions for which the need to take action is declared to have arisen after the agenda was posted, as determined by a two-thirds vote of the Board of Directors (or if less than two-thirds of the members are present, a unanimous vote of those members present).
8. Oral Communications:
This portion of the agenda is reserved for Oral Communications by the public for items which are not on the Agenda. Please understand that California law (The Brown Act) limits what the Board can do regarding issues raised during Oral Communication. No action or discussion may occur on issues outside of those already listed on today's agenda. Any person may address the Board of Directors at this time, on any subject that lies within the jurisdiction of the District. Normally, presentations must not exceed three (3) minutes in length, and individuals may only speak once during Oral Communications. Any Director may request that the matter be placed on a future agenda or staff may be directed to provide a brief response.
9. Written Communications:
 - a. Email from Nancy Macy, Environmental Committee chair, SLV Valley Women's Club.
 - b. Email from Debra Loewen, SLVWD customer

10. Consent Agenda:

The Consent Agenda contains items which are considered to be routine in nature and will be adopted by one (1) motion without discussion. Any Board member may request that an item be withdrawn from the Consent Agenda for separate discussion.

- a. MINUTES OF THE SPECIAL BOARD OF DIRECTORS MEETING FROM OCTOBER 13, 2016
Consideration and possible action by the Board to approve minutes for the September 20, 2016 Board of Directors meeting.
- b. MINUTES OF THE BOARD OF DIRECTORS MEETING FROM OCTOBER 20, 2016
Consideration and possible action by the Board to approve minutes for the October 20, 2016 Board of Directors meeting.
- c. BILL LIST FOR PERIOD ENDING November 3, 2016
Consideration and possible action by the Board to approve the Bill List for the period ending November 3, 2016.

11. Unfinished Business: None

Members of the public will be given the opportunity to address each scheduled item prior to Board action. The Chairperson of the Board may establish a time limit for members of the public to address the Board on agendum.

12. New Business:

Members of the public will be given the opportunity to address each scheduled item prior to Board action. The Chairperson of the Board may establish a time limit for members of the public to address the Board on agendum.

- a. PUBLIC HEARING AND POSSIBLE ADOPTION - 2015 URBAN WATER MANAGEMENT PLAN
Discussion and possible action by the Board regarding the 2015 UWMP.
- b. REFINANCING OF SOLAR LEASE
Discussion and possible of action by the Board regarding the Refinancing of the Solar Lease.
- c. LOMPICO OVERSIGHT COMMITTEE
Discussion and possible action by the Board regarding the Lompico Oversight Committee.
- d. FINAL REPORT FOR THE FALL CREEK WATERSHED VIDEO
Discussion and possible action by the Board regarding the Fall Creek Watershed Video-final report.

13. District Manager Reports:

Information reports by the District Manager, Staff, Committee and Board of Directors.

a. MANAGER

- (1) Department Status Reports
Receipt and consideration by the Board of Department Status Reports regarding ongoing projects and other activities.

- (i) Q & A from prior Board Meetings
- (ii) Admin/Engineering
- (iii) Environmental

b. COMMITTEE/DIRECTOR REPORTS:

- (1) Future Committee Agenda Items
- (2) Committee Meeting Notes
 - (i) Lompico Oversight Committee - Oct. 6, 2016
 - (ii) Administration Committee - Oct. 25, 2016

14. Informational Material: None

15. Adjournment

Certification of Posting

I hereby certify that on October 28, 2016 I posted a copy of the foregoing agenda in the outside display case at the District Office, 13060 Highway 9, Boulder Creek, California, said time being at least 72 hours in advance of the meeting of the Board of Directors of the San Lorenzo Valley Water District (Government Code Section 54954.2).

Executed at Boulder Creek, California on October 28, 2016

Holly B. Morrison, Dist. Secretary
San Lorenzo Valley Water Dist.

Dear SLVWD Board Members, Brian and Jen,

We appreciate the District's efforts responding to the Coho Recovery Plan, and commenting on the earlier draft of this newly released Multispecies Plan - and we are grateful that the SLVWD is cognizant and involved in the process, both in policy and in practical matters.

We are looking forward to evaluating the Plan and supporting your efforts to support the fish - and therefore the health of the Watershed and our water supply. And in re-energizing and expanding your efforts and ours in response to this new Recovery effort.

I am also attaching an article here about the health of the San Francisco Bay - regarding the threatened collapse of its biosystem as the rivers that support it are diverted. The diversion of waters from its biosphere has endangered it to a frightening degree. There are many parallels between there and here. ("Scientists at the Bay Institute say there is evidence that the sixth mass extinction is happening in the San Francisco Bay Delta.")

<http://www.sfchronicle.com/news/article/SF-Bay-ecosystem-collapsing-as-rivers-diverted-9953776.php?cmpid=email-premium>)

Thank you for keeping this in your plans for the future.

Best wishes,
Nancy Macy, Chair
Environmental Committee for the SLV
Valley Women's Club
831/338-6578
831/345-1555

From: Erin Seghesio - NOAA Federal <erin.seghesio@noaa.gov>
Subject: Final NOAA Fisheries Coastal Multispecies Recovery Plan Released
Date: October 13, 2016 at 3:54:10 PM PDT
To: Korie Schaeffer - NOAA Federal <korie.schaeffer@noaa.gov>, Julie Weeder - NOAA Federal <julie.weeder@noaa.gov>

Hello,

I am very happy to announce that today NOAA Fisheries released the Final Coastal Multispecies Recovery Plan to guide the recovery of three threatened species in California—California Coastal Chinook salmon, Northern California steelhead, and Central California Coast steelhead. The recovery plan is based on sound science and identifies the actions necessary to recover Chinook salmon and steelhead throughout their broad geographic range that extends from Redwood Creek in Humboldt County, south to Santa Cruz County, including the San Francisco Bay area. Though California is currently experiencing a drought, these dry conditions are not new to the state and salmon have evolved under these environmental variations. Even though the drought poses significant challenges, salmon can recover as long as we are proactive about managing water effectively.

The [recovery plan](#) and supporting materials are now posted, and be sure to check out our [website feature story](#).

We appreciate the many individuals and organizations who contributed to this recovery plan. Those partnerships will continue to be essential to implement the plan and promote species recovery. Much of the habitat needed to recover these species is in private ownership. Landowners will play a vital role in the recovery of salmon and steelhead, serving as

sound stewards by supporting conservation efforts. Salmon and steelhead recovery not only fulfills goals of the Endangered Species Act and benefits the ecosystem, it also provides potential for new or enhanced economic opportunities and social benefits for present and future generations.

Please let me know if you have any questions or would like a CD mailed to you,
Thank you,
Erin Seghesio

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Erin Seghesio
Recovery Coordinator
Fishery Biologist
NOAA Fisheries
West Coast Region

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Erin.Seghesio@noaa.gov

web: <http://www.westcoast.fisheries.noaa.gov>

October 23, 2016

Chairman Brown, Board of Directors and General Manager Brian Lee,

I have concerns and testimony to bring before the board regarding your discussion of Lompico, and the Oversight Committee.

I would like this forwarded to the Administration Committee prior to their meeting posted for Tuesday, and brought before the board for review.

I believe the water district should take responsibility for the error regarding Mr. Lee's accusations about a Brown Act potential violation.

Committee chair, Ms. Norton, was present at the Sept 15 2016 board of directors meeting where I described my letter (under correspondence) in Public Comment, and request for the board to consider adjusting down the Lompico surcharge to reflect payment of Lompico long term debts as described in the merger agreement. Ms. Norton asked if I would give the same presentation at the next Oversight committee meeting, and would put this and a memo of support on the agenda. Ms. Norton told me later that the district had altered her agenda without notifying her, but was told it was generalized to allow wider discussion and was OK.

At the October 20, 2016 board of directors meeting, Mr. Lee claimed he had simply forgotten to include the item and memo in his revised version, which he had posted online. I believe it is ethical for the responsibility of this error to be claimed by the district and staff, not blamed on Ms. Norton.

Prior to the oversight committee meeting, I saw both the oversight committee's agenda and Mr. Lee's revised agenda posted in Lompico, at two sites. I believe Ms. Norton was attempting to correct the district's error. In any case, the cure is to repost for the next committee meeting and easily resolved.

In Lompico water district, the chair of the board, or the chair of a committee had final say on what was to be included on their agenda, not staff. In training seminars the district was told that this is a chair responsibility as practiced in special districts and local government.

I request SLVWD chair director Brown explain why the SLVWD policy differs, if they defer final responsibility of the agenda to staff instead.

If the chair does control the agenda, I would like to know what Director Brown would do if he or other chair of a committee found an agenda item had been altered by staff, to change the intent of an agenda item without the chair's permission. This would be helpful to others for a better understanding of ranking and responsibility.

If the response is that staff is assisting only in form, then I would like to understand why staff did not get final approval from the chair prior to any changes and before final posting.

I also protest the review of the Lompico Oversight Committee and proposed termination going to the Administrative Committee this week. As committee chair Director Bruce has made a public statement on October 20th board meeting, opposing the merger and having ill regard for

Lompico customers, I believe it is not appropriate for Director Bruce to manage this discussion nor make a recommendation, and this item should be removed.

I would like to request the board please consider appointment of a special committee to review all conditions of the Lompico merger and any questions that may arise about its spirit and intent. It could be a Liaison committee such as I suggested in my public comment on October 20th, to assure that objective analysis is done by impartial directors in cooperation with Lompico citizen members. I believe staff should be assigned support role only, as needed to provide specific information, not recommendations.

In my opinion, the general manager remains regrettably misinformed, and appears obstructive in matters about the Lompico merger. Because of this, I believe the board should retain complete oversight and responsibility for such an important item as policies affecting the successful integration of Lompico customers into SLVWD. I am certain that these changes will be beneficial for all concerned.

Thank you for reviewing my protests, requests and suggestions.

Debra Loewen

**SAN LORENZO VALLEY WATER DISTRICT
SPECIAL BOARD MEETING MINUTES**

October 13, 2016

6:00 p.m.

JOINT MEETING WITH SCOTTS VALLEY WATER DISTRICT

CONVENE MEETING/ROLL CALL:

Scotts Valley Water District Board President, Danny Weber, convened the meeting at 6:03 p.m. He welcomed the SLVWD Board of Directors.

San Lorenzo Valley Water District Directors Baughman, Bruce, Ratcliffe and Brown were present. District Manager Lee and Legal Counsel Hynes were also present. Director Hammer was absent.

SVWD Director Stiles led the group in the pledge of allegiance.

SVWD Director Perri led the invocation.

NEW BUSINESS:

3a SAN LORENZO VALLEY WATER DISTRICT 2015 URBAN WATER
MANAGEMENT PLAN UPDATE

SLVWD District Manager Lee thanked the Scotts Valley Water District for allowing us to present our 2015 UWMP to their board. He looks forward to many such shared projects in the future.

DM Lee shared the presentation.

Pres. Brown requested more information on long term storage.

DM Lee said that the only long term storage we have the Santa Margarita Groundwater Basin. He said that he believes that all of the State organizations are willing to work with the District on groundwater issues.

SV Dir. Hodgins said that he was disappointed that a dam is not a possibility.

DM Harmon suggested that the SGMA plan is much larger than just one agency and may be a good fit.

Pres. Brown suggested that water in the forest is also groundwater and preserving Big Basin for water was the plan in the 1900's.

DM Harmon said that groundwater doesn't have any boundaries or water rights at this time. Right now the discussion is who can pump and who can inject, there are no rules.

DM Lee the Felton water rights are the easiest to talk about now. They are limited to the Felton vicinity. The water rights need to be tightened up.

DM Harmon brought up the Loch Lomond water rights.

DM Lee said SLVWD has a 313 acre feed right to Loch Lomond but we are not using it at this time.

Dir. Stiles asked about the fish.

DM Lee said that the recovery effort for the fish isn't helped by the drought or the bureaucracy. We want to show through the temp & flow studies that we are not changing the quality of the San Lorenzo River. SLVWD is all septic systems so all of the water used by the customers goes back into the watershed in some way shape or form. We are actually not in compliance in relation to Fall Creek but historically it never has been. We are probably the first to look at solutions for Fall Creek.

DM Harmon questioned if our water shortage contingency plan is part of the UWMP.

DM Lee said that it is. We have restriction stages, like everyone else, but have never had to go into mandatory restrictions. No changes have been made to our contingency plan.

Dave McNabb, Felton resident, questioned what kind of production can be expected from Bull & Bennett.

DM Lee said that at one time Bull & Bennett sources provided all of the water for Felton. We are planning to study this issue. The infrastructure of the Bull & Bennett pipeline will need attention.

Our draft 2015 UWMP is available on line at www.slvwd.com.

ADJOURNMENT:

Adjourned the meeting at 6:43 p.m.

**SAN LORENZO VALLEY WATER DISTRICT
BOARD MEETING MINUTES**

October 20, 2016

6:00 p.m.

CONVENE MEETING/ROLL CALL:

President Brown convened the meeting at 6:00 p.m.

Dirs. Hammer, Ratcliffe, Bruce and Baughman were present. District Manager Lee, Director of Operation Lee and Legal Counsel Hynes were also present.

ORAL COMMUNICATION: None

ADJOURNMENT TO CLOSED SESSION:

President Brown adjourned to closed session at 6:03 p.m.

RECONVENE TO OPEN SESSION:

Pres. Brown reconvened the meeting to open session at 7:02 p.m.

REPORT ACTIONS TAKEN IN CLOSED SESSION: None

ADDITIONS AND DELETIONS TO AGENDA:

District Manager Lee requested that the Board pull item 10e Conflict of Interest Code deferred to the next BoD agenda under Unfinished Business.

ORAL COMMUNICATIONS:

Pres. Brown reminded the public that they would have to confine their comments to 3 minutes.

John Schneider, customer, noted that 90% of the audience is here for one item and they will be waiting until that time unless the Board wants to move that time.

Lois Henry, noted that the agenda doesn't say what it is going to talk about. She's sure everyone has heard of "implicit bias" but in case you don't know she gave an example from 2014 regarding a cartoon in the Sentinel which she then described and explained. She shared information about the credentials of former board members. She stated that Lompico was not several years behind in their audits. She then described an incident in 2010 of criminal behavior by an employee. (3 minute timer.) She said that the Lompico Board then fired their manager of 29 years and described his management. The Board took over managing the District. They worked hard but they didn't get any respect. She asked when you hear the word Lompico, what do you think, oh jeez, you always came to

San Lorenzo for money. She said they asked for a loan for the CalPERS bill and they paid it back with high interest. SLVWD paid up front for the Intertie Project but was repaid from the grant. She said she feels she doesn't get any respect at all. In 2013 she was named Board President of the Year by CSDA.

Pres. Brown noted for the record that the same cartoon described by Ms. Henry portrayed SLVWD as vampires.

Ed Frech, Felton, said he has 3 things to discuss. He heard that the SLVWD motto is transparency. He asked, is that your motto?

Pres. Brown said it is one of the District's strategic goals.

Ed Frech, said in 2010 he found binders in the SLVWD office with budgets, agendas, etc. and he thought it was a great idea. He took the idea back to Lompico and they used it. He said that 3 weeks ago he visited that office again and there were no binders. He doesn't know when it started but maybe it is because it is on the internet, he said. He requested that, either have a paper copy available or have a computer terminal available. The 2nd item is that over the past weeks he and Debbie asked to meet with each of the Board members, several responded to emails and he appreciated that very much but he said, you are our representatives and what you decide can't be done with a 3 minute bite in this room, it needs to be done face to face. He requested that (3 minute timer) if he requests to meet with you that you honor that. It won't hurt your transparency, because you can come to this meeting and tell that you talked to someone you represent.

Pres. Brown noted that the Board is subject to the Brown Act and private conversations are the decision of each individual.

Debra Loewen, customer, she said that she has observed in the minutes that when people in Lompico come to talk about specific items, the minutes do not reflect that. The minutes that you will shortly approve have me, I spent 11 minutes talking to you on September 15 specifically about the debt portion on the surcharge, in my view the agreement was supposed to come up for, not modification, to be implemented as it was and the minutes just said I spoke for about holes in your understanding. We come, you're paid to come here and listen to the public and make decisions and they are very important but we come here because we consider something really important and I can look at your minutes and see all of the times that Lois spoke specifically, because I was often here when she spoke, and yet the minutes will say something like (unintelligible) the surcharge reduced. We're asking you to implement the agreement as was taken off, that's just my request that the minutes do. Since we have come to the trouble and we care about this, to have the minutes reflect what our concerns are. Thank you.

Pres. Brown noted that the minutes are a summary, this is why we have recordings and cameras. They are accessible on line.

Dir. Baughman said that he tried to make very complete minutes when he was on the COCA Committee. It was extremely time consuming and he understands how difficult it is to try to summarize the idea of what was discussed. The videos are available on line if you want to see and hear what was said.

CONSENT AGENDA:

Dir. Bruce requested that item 10a Minutes from 9.15.16 be removed from the Consent Agenda because she was not present.

Dir. Hammer requester the item 10d Leak Adjustment from the Consent Agenda.

Pres. Brown noted that there are no minutes from the meeting on October 6th because it was a Special Meeting where a video was shown at the elementary school.

10a MINUTES FROM SEPTEMBER 15, 2016 BoD

10b BILL LIST FOR PERIOD ENDNG October 20, 2016

10c FINANCIAL SUMMARY FOR PERIOD ENDING August 31, 2016

10d LEAK ADJUSTMENT REPORT-FIRST QUARTER 2016/17

10e CONFLICT OF INTEREST CODE-deferred to the 11.03.16 BoD meeting

Dir. Baughman moved for approval of the Consent Agenda as stated. (10b & 10c)

ROLL CALL:

Ayes: Hammer, Ratcliffe, Brown, Bruce, Baughman

Noes:

Abstain:

Absent:

Dir. Ratcliffe moved for approval of item 10a.

ROLL CALL:

Ayes: Hammer, Brown, Baughman, Ratcliffe

Noes:

Abstain: Bruce

Absent:

Dir. Hammer would like to recuse himself from item 10d because there is a potential economic conflict as Hammer Construction may be one of the items, since the leaks are not listed by name.

Pres. Brown asked Counsel Hynes if this is appropriate.

Counsel Hynes said it is appropriate for him to say that he will not participate.

Pres. Brown made a motion to approve item 10d.

ROLL CALL:

Ayes: Ratcliffe, Bruce, Baughman, Brown

Noes:

Abstain: Hammer

Absent:

NEW BUSINESS:

12a LOMPICO MERGER AGREEMENT-RESOLUTION NO. 31 (13-14)

Pres. Brown said that due to the number of people in the audience he will limit the amount of time for each person to speak to 5 minutes, one time.

DM Lee warned the Board that there was a potential Brown Act violation by the Lompico Oversight committee chair by submitting a memo to the entire committee by private email. The memo was not provided to the public before the committee voted on it. He said that any action taken tonight that relies, even in part, on that memo has some legal risk associated with it. Please do not rely on that memo.

Pres. Brown requested identification of the specific item.

DM Lee said that it was a memo that was not distributed through the agenda packet. Staff did receive the memo but through oversight, it was not included in the package. It appears that the committee chair distributed it to the members individually through private email.

DM Lee then gave a presentation. (see the website for copy of the presentation)

Pres. Brown added to the history of the merger agreement. The discussion in the Finance Committee revolved around what would happen with the passage of time. It was suggested that the merger start all over but it was decided that the plan fell into the category of "similar instrument". Pat McCormick was brought in for a discussion, he recommended that we stick with the plan to go forward.

Dir. Baughman said that he spoke to Pat McCormick individually during that process. Pat communicated very clearly that if there were any changes outside of the funding mechanism that we would have to go back to the reapplication of the agreement and that would take a lot of time and there was some forbearance of the State Water Resources Control Board quality issues. Motivation was strong to get the situation in Lompico rectified and to accept the existing terms of the agreement. At that time both districts agreed.

Pres. Brown said that SLVWD didn't have any input whatsoever regarding what the rates should be once the bond failed.

Dir. Bruce questioned the discussion with LAFCO. She asked if the intention was that the agreement would be for the benefit of Lompico or SLVWD or both.

Dir. Baughman said that he thought it was much more for the benefit of Lompico. He said that Pat was very protective that the agreement remain as is.

Dir. Ratcliffe commented that the only thing that is really relevant is the actual agreement. She understands that there were meetings and negotiations but in the end the final document was approved. She noted that the agreement says that we can lower the surcharge but not raise it. She said that she thinks that we need to make sure that there are no unknown expenses and wait for the audit results.

Dir. Hammer said that he spent a year prior to getting on the SLVWD Board campaigning for the merger, he then has spent 2 years on this board discussing how we can make it work. He is personally offended when former Lompico Board members come in here and start pointing fingers and chastising SLVWD Board. He said that the individuals on this board went into the public and personally worked to make this agreement pass. At the same time they made sure that the SLVWD rate payers would not have to pay the price. He said he was also disappointed that someone from Lompico would speak in Oral Communication about something on the agenda. You know better, as the leadership from the prior board. He then apologized for not taking the time for a face to face.

Dir. Bruce echoed some of Dir. Hammer's sentiments. She described a meeting regarding a previous BoD meeting regarding the intertie. A Lompico resident said that he would rather let Lompico burn that allow an intertie through his neighborhood. When the state said they would pay for an emergency intertie due to the vulnerability of Lompico's water situation she personally requested that DM Mueller make sure that enough money was requested to build the intertie right. Now you say SLVWD disrespects you or doesn't have your back...its crap.

Dir. Baughman apologized for not reaching out for a personal conversation. He wanted to spend time researching the documents. He believes that we are bound by this agreement but noted that the debts that have been paid off reduces the operating costs, whether it is enough for a reduction of the surcharge, not at this time. He suggests that the Board commit to a yearly review of where the surcharge stands.

Dir. Ratcliffe noted that meter replacement is ahead of schedule and the efficiency of staff is saving money, beyond what was projected. She congratulated the field staff for their efforts.

Pres. Brown said that he is not opposed to revisiting the surcharge, contingent on the audit.

Dir. Ratcliffe noted the frustration from Lompico not receiving personal contact is partially due to the fact that the Board is prohibited from discussions that may be considered serial meetings.

Counsel Hynes said that the rate payer has every right to talk to their elected officials, the problem would come when members of our committees are involved. That's when the question of serial meetings happens. The Brown Act limits communications outside of public meetings.

Dir. Baughman noted that DM Lee never tells him anything other directors have said. The Brown Act doesn't prohibit communication as long as the discussion doesn't include what other directors have said.

Pres. Brown welcomes emails because they are a matter of public record.

Dir. Hammer suggested that we include the public in this discussion.

Dir. Bruce questioned if anyone from Lompico's board ever came to DM Lee because they wanted to reopen discussion regarding the agreement.

DM Lee responded no.

Pres. Brown opened to public comment and said he will limit each individual to 5 minutes.

John Schneider, was a Lompico board member and a member of the citizens advisory before that, said that the Lompico board has always had tremendous respect for the SLVWD board. He said that the issue tonight, in his mind, is not the surcharge. It issue is the unexpected \$200,000 windfall. He said that when the agreement was made it was understood that Lompico didn't have any cash. As a board member, they did not run up any liabilities that were not part of normal operations. They did not try to push anything off on SLVWD at all. The \$200,000 extra is creating the problem. The agreement says that SLVWD needs \$140,000 extra the first year, Lompico gave that money. Now Lompico is paying the same as all customers for improvements. He said that the integrity of this board is on the line, right now. He said that he has always promoted the integrity of this board so he is on the line too.

Lois Henry commented on the January 2016 vote to lower our rates to the surcharge. Her understanding was that 218 doesn't take a vote to lower rates, and she was talking to Brian Lee, asking what's going to happen. We took all our rates to match what the surcharge was, it never meant that it couldn't be lowered again by those debts that we paid. And not only did we have \$219,000 in the bank this is one thing that really bothers me, we are talking about money that we're costing you but I have never heard it said how much money we have. The \$219,000 \$12,305 in reserve for one of those debts was still there. Additional money that was collected by our attorney. Bills that we had billed for but not yet received the money and you got that money. That could be at least \$25,000 or more. If I feel disrespected it's because I feel like I'm getting the run around. SLVWD did so much for Lompico and saved our bacon repeatedly. You can be mad at me because I'm frustrated. I know the Brown Act. I know you can't respond to me but when I'm told to go to the Finance Committee meeting, we'll put this on the agenda you can talk about it. Didn't happen. Yeah, I'm frustrated. It doesn't mean it was a bad idea to merge. We didn't have money, we didn't have water. And yes, we raised our rates right through the

roof. Do you know how much money it takes for 500 people to run a district? We have treatment plants, by the way, one of those treatment plants in 2013/14 we refurbished and we asked SLVWD if what we were doing fit their criteria. Mill Creek Treatment Plant and we have 26 mile of pipe and we have tried to do our best as a board. And that's all I was trying to say here and if I hurt your feelings, I'm sorry but I would like you to be able to say exactly how much money we had. You don't need an audit for that, you don't need an audit to say how much is coming in from Lompico customers. And when that surcharge was done your rates were lower. So how much money are you getting from Lompico? All I want is some things answered, to be treated like I know what is going on. I was there at every meeting. Director Baughman came to meetings, his concern wasn't really the surcharge it was whether there would be enough water for everyone if you took us on. (5 minute timer.) He found out eventually there would be plenty and the other thing that SLVWD said to us is that they didn't want any more wooden tanks. We had to replace our tanks even though some of our tanks didn't need to be replaced. And that is part of the assessment and I expect that as a rate payer to see those tanks replaced for that money used in Lompico to do something for the people in Lompico. You can't say we aren't going to fix that right now and maybe wait 10 years and then charge more. No, it's part of the assessment.

Ed Frech, Felton, said there's been a lot of talk about this \$140,000 you're supposed to get and it's not \$140,000, its \$140,000 less the debt. Because that debt is going to someone else, it's just a pass through from us and the 2350, to you, which you take out that portion and give it to somebody else. That was the way it was figured. So it's not \$140,000 its \$113,000 for the first year and less for the next year. The way this thing was figured out is that the deal about the \$51.00 is Jim Rapoza said to me, and I had to walk out because we had a little tit tat about it. I got upset because he came back down on me, not very professionally, he said it was originally \$52.00. I said, oh you went down \$1.00. That's a big deal, \$6.00 a year. The way it figured is we had these debts we wanted to see how you arrived at this \$52.00 or \$51.00, whatever it's going to be. What they did was, one we didn't have the intertie, and two we didn't have we would have to work alone for five years because it would take 2 years alone to get the SCADA in and the meters in. That's why you see a big reduction in the 3rd year because it was going to be 2 years before a major savings would be done. You've already done it in 2 months, so that's off the board. We would be operating off our wells. 3 wells putting out like 50 gallons a minute, total. Oh and intake from the creek because of the drought. You were going to have to operate us with 3 actually 4 employees working 70% of their time in Lompico. That's how it was calculated. It's all done on a budget sheet using our budget with certain things taken out, that would be redundant and adding in 4 people that would be working 70% of the time. That's not happening now and all those 4 people. Like the electrician. Is there an electrician working up there 70% of the time? No. Is that right Mr. Rogers? If I'm wrong somebody should tell me. We don't have 4 employees working all that time in Lompico now. It would have to work 5 years before we would actually become a part when the intertie was going to be put in. The State changed that because of the drought and because of Jan Sweigert and the rest of you all working very hard, which we really appreciate and the State picked up the cost of that. So how could we arrive? How could LAFCO or anybody arrive at a \$23.50 charge for extras when we don't know what the extras are? It had to be done by a proforma in some aspects, by a budget, part of that

proforma is not a proforma, period. It's an actual cost per month that you have to pay back these two people we owe debts to. That's why the \$23.50 and it drops to \$19.80 because that's the amount of debt that was already paid. We had the extra 2 years so we paid off the debt prior to merger. That's what we're asking for and that's the only thing we've been talking about but now this other stuff is thrown in there. And the \$260,000 in the bank. \$260,000, you don't need an audit to tell you how much money you have, you call up the county and say how much money is in the account. You should know that already. That's your money which can be used to cover any of the debts. I think Debbie will address those more. So the audit is not going to help you because the audit is your figures just being verified and put in the proper sequence that the government requires. (5 minute timer.) Everybody is required to do that, so the audit won't tell you anything more than you already know if you just ask your financial officer what's your condition of your is. And also, do you really need to see revenue figures for Lompico? You need to see those because I think you're going to find a big surprise. Thank you.

Debra Loewen, SLV customer, said that when she spoke on September 15th, I gave a presentation and was asked to come back to the board to explain and give you the backup documentation on what I was talking about and I thought that was going to be what we were talking about tonight. And as far as transparency, I only found out about this other stuff when I looked at the board packet on line on Saturday. So I am not prepared to talk about all these questions. I came prepared to talk about the surcharge. All my stuff is buried in this board packet and it is split up and I'm a really neat person and it really bugged me so I made my own copies. (Ms. Loewen distributed information to the board and public but omitted the District Manager and the District Secretary.) And in my 5 minutes I am not going to be able to have time to go over this step by step but she will really appreciate it if you can read this. It is very important to me and the reason it is important to me is because Ed and I have met with Patrick McCormick (unintelligible) times in the past 2 months. Each time I go in I say, am I giving him the wrong information. He says no and keeps extending an invitation that if you guys asked him, I can't ask him to come, that would be inappropriate. He can't just come and tell you stuff, that would be inappropriate. The board needs to invite him to come and explain this. We were not mistakenly left out of the agreement the charts that are here are all part of the agreement. I got these charts from your website on how the merger works. And how the surcharge works. The first chart shows the debt service. There is the next chart that shows the spread sheet that goes year by year of how the expenses go up by 3%, the surcharge drops off it effects the bottom line of the surcharge each year. It is all clearly explained. The 3rd one is the 4 employees that are going to be paid for by the Lompico surcharge or by Lompico. The surcharge is there because we use less water, we are going to go down to SLV's less water rates or there wasn't going to be adequate water revenue. The spread sheet that said how much we need. That was created by SLV, it was not created by LAFCO. It projected cost of proforma was created right here by staff and board members. So this is not somebody's (unintelligible). It was not planned for worst case, as Ed said. In 2014 the transcript at the time of the February meeting, we had no intertie at all. It was in May of that year. So what you were considering here was, here's Lompico having to use all our wells, surface water, our booster pump, maintain our tanks, everything, operating as an independent system with no water supply from SLV. Later in that year we got an emergency intertie through a grant. That was only able to supply limited water. So

now you may be able to use it on an emergency basis. It was always the question, who declares the emergency? Always a question of how much water. We had the State, the federal, the Fish and Game. I know that Gene Ratcliffe in one of the meetings I heard her talking about the little problem of moving water from one area to another. All of these had to be part of the intertie. It was going to be an estimated 5 year permit process to turn that emergency intertie in a regular one. That's where we were at the time. And we needed the extra staff to operate our wells, that's what the electrician was for and a treatment plant operator because we have 2 treatment plants. (5 minute timer.) Neither of those is running now. Everything changed. One of the big changes was new groundwater rules. As Chuck was saying, do we have enough water to supply Lompico? That was a big change in 2014. The intertie was a big change, everything was a big change. I don't have enough time to go over everything.

Pres. Brown said that she had actually gone over quite a lot. He thinks the board has enough.

Ms. Loewen interjected that she had some suggestions. She said, to me it's like the good news is that money will cover all of these bills. All the bills have been covered in Lompico already. They came to the table with money. They are paying revenue so we are part of your water sales. My suggestion, I notice that your goals and objectives for the District was done in February of this year and was supposed to be revisited in August, I would like you to please add Lompico merger agreement to the objectives to become familiar with them, meet with Patrick McCormick to get a really clear idea of what this agreement is because, quite frankly, I don't agree with your perception. I have 7 people who were not involved in creating the merger agreement and you all are telling me your opinions but it is not what the merger is. When I talk to LAFCO it is not what he is saying. So I would like that added to the managers goals and objectives, I don't know if the board has any kind of goals and objectives that you set up for yourselves that I would like to add that for you all. I really want this to be a success and I think it will be. And I think once everybody understands all of the details and gets the right information it's going to move forward a lot easier. We're in a roadblock now. As to the Oversight Committee I know that you are changing their area. I would like to ask that you resurrect the Liaison Committee if you're going to limit the Oversight Committee to just the assessment. I think there needs to be a Liaison. I would like to see 2 board members on this committee. Board members who are committed to making the transition of Lompico to SLV and not seeing us as Lompico customers but as SLV customers. I really need that. Somebody that we can have access to where you can see us as your customers and fight for us. And when questions like this come up maybe there's a problem in how we interpret the merger agreement, somebody is going to say, I want to find out, instead of now go away. This is what it feels like.

Pres. Brown said that's a good suggestion. He asked if there are any other comments.

Toni Norton, chair of the Lompico Oversight Committee, said that she did sent the letter to be included in the committee packet. When she saw that the agenda came out without the letter and that is why she sent it out to her fellow committee members. She is sorry that she violated the Brown Act. She pointed out that in the material in the board packet it says, "during the 16 month period LCWD continued to accumulate debt and liabilities,

based on the language of the Lompico surcharge would be used to settle that debt". Ms. Norton noted that nowhere does it say anything about Lompico coming to SLVWD with assets. When the bond didn't pass, the board had to move forward as if we weren't going to merge and so they raised our rates and so we came to SLVWD with \$219,000. She requested that when the audit is completed we make sure that all of the Lompico assets are included. She thinks you'll find that they will come out ahead, especially because the Operations staff did such a wonderful job installing new meters and SCADA ahead of schedule and under budget. She added that it was at her request that the DM Lee change the purpose of the committee. She said that her committee is happy to take on additional responsibilities but she wants to be sure that it is known that their primary obligation is to oversee the assessment. She emailed Pat McCormick and said that he agreed with her suggestion to change the purpose of the committee to oversee the assessment. He also said that a request from LAFCO should come from the District Manager or the board. She added that she and 2/3 of Lompico is grateful to SLVWD and doesn't want to be a burden but asks that SLVWD be fair to Lompico.

Dir. Ratcliffe said that her understanding is the 4 page document is the merger agreement in its entirety. There are no attachments or appendices, is that correct? As far as she knows this is the agreement. Maybe it's not satisfactory but this is the document. She also said that she agrees that the audit is needed. She noted that the unfunded pension liability was an item that no one was aware of.

Pres. Brown said that the rules changed since the bond was voted down and now SLVWD is responsible for Lompico pension liability. The SLVWD business model is not to make a lot of money, it's to break even.

Dir. Hammer questioned if any of the money brought by Lompico has been spent on anything other than Lompico. DM Lee said it has not. Dir. Hammer said that the Lompico money is safe. The DM is doing exactly what needs to be done. It would be short-sighted to think that a 3 month period of time is a trend. The surcharge can be lowered or returned if it is not needed.

Dir. Bruce noted that the community members are concerned about the audit. The audit will show both assets and liabilities. Efficiencies will be taken into consideration.

Dir. Baughman questioned if the capital costs came in under budget how we would handle that.

DM Lee said that it all comes down to timing. If all projects on the engineer's report are completed by year 7, we could either terminate the assessment district early or going back out to the assessment and ask if they would like to add projects.

Pres. Brown said that grants can also lower the amount of assessment.

Dir. Baughman questioned the overrun on the capital projects. Can banked funds be used for overruns?

DM Lee said that is a possibility. The District is keeping track of all costs. At this time the District has not received any assessment district funds and has extended a loan to the Lompico for the assessment costs.

John Schneider, Felton, disagreed with DM Lee.

DM Lee said that he had his chance to speak and it is time for discussion between the Board and staff.

Dir Ratcliffe attempted to talk to Mr. Schneider explaining that this is the only place the Board can talk about this because of the Brown Act.

Mr. Schneider left the meeting.

Dir. Bruce noted that behavior like that makes her regret this merger.

Dir. Baughman said that he does not regret this merger, he thinks it was and is a good idea. He believes that 5 years down the road, the difficulties will be forgotten.

Dir. Hammer said that he agreed completely with Dir. Baughman and added that anyone there that didn't expect a major amount of hiccups is being unrealistic.

Dir. Bruce said that she had hoped to get through the "hiccups" with patience.

Dir. Ratcliffe said that the situation is very confusing. The same documents are being interpreted differently. She believes that everybody has good intentions. The audit is the first step to getting an outside, professional opinion.

Pres. Brown agreed that patience is necessary. The lack of courtesy is irritating. The Board is trying to conduct business in a businesslike manner.

Dir. Hammer noted that the Board needs to put together some kind of an action on this matter. He thinks it is valuable to have as a mission of the Board and the DM better understanding of the issue. He believes that a chain of communication should be put in place instead of another committee. He would like to take the recommendation of staff.

Dir. Bruce would like to include a study session with Pat McCormick.

Dir. Hammer thinks that trust is lacking. Maybe the Board chair, Brian and Debra should meet with Pat.

Dir. Baughman thinks the meeting with LAFCO should include the entire Board.

Pres. Brown said he would like to see the process defined. The past isn't pertinent, it's over. He would like the process clarified.

Dir. Bruce noted that a lot of what is being said was framed by conversations that were held in private, are no longer on the Board, no one on the current Board was present.

Dir. Ratcliffe noted that there was concern in Lompico that the surcharge would be applied to regular maintenance. The rest of the District is concerned that they will be stuck with the costs of bringing Lompico up to date. We are all the same District, just different zones. Meeting with the full board is essential.

Pres. Brown said that this discussion has been valuable as education.

Dir. Baughman would like to hear what DM Lee has to say about how soon after the completed audit he can address the surcharge issue.

DM Lee said that the audit will be complete in February 2017.

Pres. Brown questioned if the first meeting in March 2017 would be a good time to bring this back before the Board.

Dir. Ratcliffe questioned if LAFCO should be included.

Dir. Baughman said that the review of operations should be purely internal. Perhaps several motions need to be made.

Pres. Brown said that he would like to commit to be specific about the 2 financial issues. Assets and liabilities, revenues and actual spending need to be discussed.

Dir. Bruce questioned if LAFCO would need to be involved in a modification of the agreement.

DM Lee pointed out that Mr. McCormick's involvement in the discussion would only be from an historical context. Mr. McCormick did not anticipate 16 months between the bond failure and the assessment district vote. He said that the first meeting in March or as soon as possible thereafter would be a good time to discuss this.

Dir. Bruce requested a clear timeline for revisiting this issue.

DM Lee suggested that the meeting be set within 4 weeks of the completion of the audit.

Dir. Hammer said that he thought that may be the only action to come out of this meeting.

Dir. Baughman said that the Board should also consider the restructuring of the charter for the Lompico Oversight Committee.

DM Lee said that the District has twice be accused of not following the agreement. Staff's recommendation is to revert back to the true language of the agreement, a Bond Oversight Committee as stated in the agreement.

Pres. Brown said that perhaps there should be a Liaison Committee.

Dir. Baughman said that this is the Liaison Committee.

Dir. Ratcliffe agreed with Dir. Baughman, they are like everyone else in the District now, no liaison is needed.

Dir. Bruce noted that the Bond Oversight Committee is supposed to take its place after the District receives its bond proceeds. There are no bond proceeds. There is an assessment district.

Dir. Baughman agreed and said that this committee would not be reviewing the surcharge. The surcharge is the domain of the Board.

Dir. Bruce questioned if the Bond Committee need to be re-titled and re-chartered.

Toni Norton weighed in with a conversation she had with LAFCO.

Dir. Bruce said that in the interest of clarity the Board should make sure that everybody is on the same page regarding this committee, its scope, its intent and function, its duration.

DM Lee said that LAFCO is not the arbiter of the Bond Oversight Committee, you are. Anything that Mr. McCormick says is historical, it is not relevant to the discussion. The agreement says Bond Oversight Committee. Staff would be happy to conform to the language of the agreement and as soon as the District receives bond proceeds, he will call a meeting. He added that if the Board wishes to expand that agreement's understanding and revert from a bond oversight to an assessment oversight committee he is also happy to do that.

Dir. Bruce noted that we have another assessment district and we do not have an assessment oversight committee for that entity. She questioned why we would have an oversight committee of Lompico and not Bear Creek Estates.

Dir. Baughman said that the Lompico agreement specifically included an oversight committee.

Dir. Hammer noted that the Board has to manage staff time too. He questioned why more time should be spent on Lompico than any other part of the District. He doesn't think this can be solved tonight.

Dir. Ratcliffe said that this is something the customers in Lompico really wanted.

Dir. Bruce suggested that this item be sent to the Administration Committee at the October 25th meeting. She thanked the public for sitting through garrulous, long, sometimes convoluted conversation. Direction to staff is to bring the Lompico Agreement back to the Board within 4 weeks of the completion of the audit and to refer the oversight committee to the Oct. 25th Admin Committee meeting.

DISTRICT MANAGER REPORTS

Finance

DM Lee shared highlights from the status report. He noted that there is an item in the bill list for \$1000. The individual had made an error with a decimal point and overpaid by \$1000 so that is a refund.

Operations

Director of Operations Rogers shared highlights from the status report. He noted that there is a significant drop in surface water due to the Lyon treatment plant being taken off-line for SCADA upgrade.

INFORMATIONAL MATERIAL:

Pres. Brown noted the intertie article.

ADJOURNMENT:

President Brown adjourned the meeting at 9:36 p.m.

Accounts Payable

Outstanding Invoices

User: KendraNegro
 Printed: 10/27/2016 - 8:23 AM
 Date Type: JE Date
 Date Range: 10/07/2016 to 10/27/2016

BILL LIST SUMMARY
 Check Register Total : \$193,233.16
 AP Outstanding Total: \$137,803.11
 Payroll 10/12: \$93,789.69
 Payroll 10/26: \$93,249.41
TOTAL FOR APPROVAL: \$518,075.37



13060 Highway 9
 Boulder Creek, CA 95006-9119
 (831) 338-2153 phone
 (831) 338-7986 fax

Vendor

Account Number	JE Date	Invoice Date	Invoice No	Journal Entry	Amount	Description
00016 - GREENWASTE RECOVERY,INC						
01-100-5420	10/20/2016	10/1/2016	2363289	00125-04-2017	270.65	TRASH/RECYCLE/YARDWASTE SERVICE
Task Label:		Type:	PO Number:	0000100734		
Total for Vendor 00016 - GREENWASTE RECOVERY,INC:					270.65	
00020 - HARO, KASUNICH & ASSOCIATES						
01-000-1565	10/25/2016	10/20/2016	16100	00153-04-2017	631.95	INTERTIES 3 & 4
Total for Vendor 00020 - HARO, KASUNICH & ASSOCIATES:					631.95	
00032 - SENSUS						
01-400-5200	10/25/2016	10/13/2016	ZA17009441	00153-04-2017	1,240.27	REPAIR METER READING EQUIPMENT
Total for Vendor 00032 - SENSUS:					1,240.27	
00046 - RED WING SHOE STORE						
01-400-5171	10/20/2016	10/7/2016	822	00125-04-2017	203.35	UNIFORM_SAFETY BOOTS_D LONG
Total for Vendor 00046 - RED WING SHOE STORE:					203.35	
00047 - SOIL CONTROL LAB						
01-800-5202	10/20/2016	10/12/2016	6090904	00125-04-2017	78.00	WATER ANALYSIS_TOTAL PHOSPHATE
Task Label:		Type:	PO Number:	0000100704		
01-800-5202	10/20/2016	10/4/2016	6090905	00125-04-2017	24.00	WATER ANALYSIS_NITRATE BY EPA
Task Label:		Type:	PO Number:	0000100704		
01-800-5202	10/20/2016	10/12/2016	6100160	00125-04-2017	145.00	WATER ANALYSIS_GEN PHYSICAL
Task Label:		Type:	PO Number:	0000100704		
01-800-5202	10/20/2016	10/12/2016	6100161	00125-04-2017	39.00	WATER ANALYSIS_TOTAL PHOSPHATE
Task Label:		Type:	PO Number:	0000100704		
01-800-5202	10/25/2016	10/17/2016	6100391	00153-04-2017	39.00	TOTAL PHOSPHATE
Task Label:		Type:	PO Number:	0000100704		
01-800-5202	10/25/2016	10/24/2016	6100606	00153-04-2017	145.00	WATER ANALYSIS_GENERAL PHYSICAL

Vendor

Account Number	JE Date	Invoice Date	Invoice No	Journal Entry	Amount	Description
00047 - SOIL CONTROL LAB						
Task Label:		Type:	PO Number:	0000100704		
Total for Vendor 00047 - SOIL CONTROL LAB:					470.00	
00057 - AFSCME COUNCIL 57						
01-000-2205	10/21/2016	10/21/2016	NOV 2016	00139-04-2017	897.96	UNION DUES
Total for Vendor 00057 - AFSCME COUNCIL 57:					897.96	
00076 - ERNIE'S AUTO CENTER						
01-400-5410	10/25/2016	10/11/2016	675732	00153-04-2017	55.53	TAIL LIGHT REPAIR V#275
Total for Vendor 00076 - ERNIE'S AUTO CENTER:					55.53	
00080 - GRANITE CONSTRUCTION CO						
01-400-5300	10/25/2016	10/3/2016	1062403	00153-04-2017	47.41	BASE ROCK_LEWIS TANK
Task Label: EXP-1516004A		Type: M	PO Number:			
Total for Vendor 00080 - GRANITE CONSTRUCTION CO:					47.41	
00082 - MID VALLEY SUPPLY						
01-100-5600	10/20/2016	10/14/2016	204162	00125-04-2017	110.42	PAPER SUPPLIES
Total for Vendor 00082 - MID VALLEY SUPPLY:					110.42	
00099 - JOEL BUSA						
01-100-5147	10/21/2016	10/21/2016	NOV 2016	00139-04-2017	125.00	CALPERS MEDICAL
Total for Vendor 00099 - JOEL BUSA:					125.00	
00115 - ATKINSON-FARASYN						
01-100-5210	10/20/2016	10/4/2016	091316	00125-04-2017	600.00	LEGAL SERVICES 08/08/16 THROUGH 9/13/16
01-100-5210	10/20/2016	10/4/2016	092216	00125-04-2017	137.50	LEGAL SERVICES THROUGH 9/22/16
01-100-5210	10/20/2016	10/4/2016	100416	00125-04-2017	10,829.60	LEGAL SERVICES 7/26/16 THROUGH 9/30/16
01-100-5210	10/21/2016	10/21/2016	NOV 2016	00139-04-2017	3,500.00	LEGAL SERVICES
Total for Vendor 00115 - ATKINSON-FARASYN:					15,067.10	
00118 - FARMER BROTHERS COFFEE						
01-400-5600	10/25/2016	10/19/2016	64578039	00153-04-2017	325.98	COFFEE & SUPPLIES

Vendor	Account Number	JE Date	Invoice Date	Invoice No	Journal Entry	Amount	Description
Total for Vendor 00118 - FARMER BROTHERS COFFEE:						325.98	
00124 - BRUCE BARTON PUMP							
	01-800-5300	10/20/2016	10/3/2016	90142	00125-04-2017	530.09	460v 97 AMP LINE REACTOR_PASO 5A
Total for Vendor 00124 - BRUCE BARTON PUMP:						530.09	
00213 - CHESTNUT IDENTITY							
	01-400-5171	10/25/2016	10/11/2016	1005600	00153-04-2017	3,047.55	UNIFORMS_OPS
	01-800-5171	10/25/2016	10/11/2016	1005600	00153-04-2017	1,440.28	UNIFORMS_WTP
	01-800-5171	10/25/2016	10/11/2016	105601	00153-04-2017	100.35	UNIFORMS_WTP
Total for Vendor 00213 - CHESTNUT IDENTITY:						4,588.18	
00220 - BAY BUILDING JANITORIAL,INC							
	01-100-5420	10/25/2016	10/14/2016	29029	00153-04-2017	424.42	JANITORIAL SERVICES_OCT 16
	Task Label:		Type:	PO Number:	0000100672		
Total for Vendor 00220 - BAY BUILDING JANITORIAL,INC:						424.42	
00236 - IDEXX DISTRIBUTION CORP							
	01-800-5300	10/25/2016	10/18/2016	3008411281	00153-04-2017	2,044.62	Bacteriological sample bottles and media
	Task Label:		Type:	PO Number:	0000100699		
Total for Vendor 00236 - IDEXX DISTRIBUTION CORP:						2,044.62	
00247 - INDEPENDENT ELECTRIC SUPPLY							
	01-800-5311	10/25/2016	10/7/2016	S102988460.001	00153-04-2017	124.02	SCREWDRIVER SETS
Total for Vendor 00247 - INDEPENDENT ELECTRIC SUPPLY:						124.02	
00265 - COMMUNITY TELEVISION							
	01-100-5200	10/20/2016	10/6/2016	2332	00125-04-2017	177.00	MEETING COVERAGE_9/1/16
	01-100-5200	10/20/2016	10/6/2016	2332	00125-04-2017	236.00	MEETING COVERAGE_9/15/16
Total for Vendor 00265 - COMMUNITY TELEVISION:						413.00	
00273 - CORELOGIC, INC.							
	01-200-5200	10/20/2016	9/30/2016	81733280	00125-04-2017	93.75	REALQUEST SERVICE_FINANCE
	Task Label:		Type:	PO Number:	0000100771		
	01-300-5200	10/20/2016	9/30/2016	81733280	00125-04-2017	93.75	REALQUEST SERVICE_ENG
	Task Label:		Type:	PO Number:	0000100771		

Vendor	Account Number	JE Date	Invoice Date	Invoice No	Journal Entry	Amount	Description
Total for Vendor 00273 - CORELOGIC, INC.:						187.50	
00312 - DOCTORS ON DUTY	01-100-5200	10/25/2016	10/7/2016	685903	00153-04-2017	75.00	NEW EMPLOYEE PHYSICAL
Total for Vendor 00312 - DOCTORS ON DUTY:						75.00	
00317 - D C TAPPING	01-400-5300	10/25/2016	10/11/2016	330563	00153-04-2017	470.00	6" HOT TAP_LOMPICO
	Task Label: EXP-1516004A		Type: L	PO Number:			
Total for Vendor 00317 - D C TAPPING:						470.00	
00336 - LAND TRUST OF SANTA CRUZ CNTY	01-500-5200	10/20/2016	9/30/2016	SEPT 2016	00125-04-2017	652.95	OLYMPIA PATROL SERVICE_SEPT
	Task Label:		Type:	PO Number: 0000100698			
Total for Vendor 00336 - LAND TRUST OF SANTA CRUZ CNTY:						652.95	
00342 - BRASS KEY LOCKSMITH	01-400-5300	10/25/2016	10/13/2016	945383	00153-04-2017	233.70	DISTRICT LOCK
Total for Vendor 00342 - BRASS KEY LOCKSMITH:						233.70	
00343 - ERNIE'S SERVICE CENTER	01-400-5410	10/20/2016	10/7/2016	54846	00125-04-2017	115.89	MAINT_V#224
Total for Vendor 00343 - ERNIE'S SERVICE CENTER:						115.89	
00384 - D.W. ALLEY & ASSOCIATES	01-500-5200	10/25/2016	10/16/2016	1016-02	00153-04-2017	4,316.20	STREAM MONITORING PROJECT
	Task Label: EXP-1516001A		Type: E	PO Number:			
	01-500-5200	10/25/2016	9/16/2016	916-05	00153-04-2017	1,626.70	STREAM MONITORING PROJECT
	Task Label: EXP-1516001A		Type: E	PO Number:			
Total for Vendor 00384 - D.W. ALLEY & ASSOCIATES:						5,942.90	
00415 - CA BANK & TRUST/GOV SVC DEPT	01-000-1130	10/25/2016	10/21/2016	102116	00153-04-2017	3,635.46	1976 SAFE DRINKING WATER BOND INTEREST
	01-000-1130	10/25/2016	10/21/2016	102116	00153-04-2017	11,930.97	1976 SAFE DRINKING WATER BOND PRINCIPAL
	01-000-1130	10/25/2016	10/21/2016	102116	00153-04-2017	15.00	1976 SAFE DRINKING WATER BOND BANK CHARGES

Vendor	Account Number	JE Date	Invoice Date	Invoice No	Journal Entry	Amount	Description
Total for Vendor 00415 - CA BANK & TRUST/GOV SVC DEPT:						15,581.43	
00550 - HACH COMPANY							
	01-800-5300	10/20/2016	9/29/2016	10130797	00125-04-2017	900.21	WTP SUPPLIES
	Task Label:		Type:	PO Number:	0000100702		
	01-800-5300	10/20/2016	9/29/2016	10131171	00125-04-2017	104.06	WTP SUPPLIES
	Task Label:		Type:	PO Number:	0000100702		
	01-800-5300	10/20/2016	10/5/2016	10137932	00125-04-2017	2,270.36	WTP SUPPLIES
	Task Label:		Type:	PO Number:	0000100702		
Total for Vendor 00550 - HACH COMPANY:						3,274.63	
00574 - SEIFERT PLUMBING							
	01-100-5420	10/20/2016	10/15/2016	604060	00125-04-2017	425.00	JOHNSON PROPERTY WEED CONTROL
Total for Vendor 00574 - SEIFERT PLUMBING:						425.00	
00608 - LLOYD'S TIRE SERVICE, INC							
	01-800-5410	10/20/2016	10/3/2016	312407	00125-04-2017	1,072.10	TIRES FOR V# 181
	01-800-5410	10/25/2016	10/13/2016	313047	00153-04-2017	1,072.10	TIRES FOR V#264
Total for Vendor 00608 - LLOYD'S TIRE SERVICE, INC:						2,144.20	
00609 - BALANCE HYDROLOGICS, INC							
	01-500-5200	10/20/2016	9/30/2016	216018-0916	00125-04-2017	15,787.25	STREAM GAGE CALIBRATION & DATA WORK
	Task Label: EXP-1516001A		Type: E	PO Number:			
Total for Vendor 00609 - BALANCE HYDROLOGICS, INC:						15,787.25	
00662 - JAMES A. MUELLER							
	01-100-5147	10/21/2016	10/21/2016	NOV 2016	00139-04-2017	50.00	CALPERS MEDICAL
Total for Vendor 00662 - JAMES A. MUELLER:						50.00	
00729 - ALPHA ANALYTICAL LABS							
	02-600-5202	10/20/2016	10/7/2016	6101604	00125-04-2017	234.00	BCEWW MONITORING
	Task Label:		Type:	PO Number:	0000100700		
	02-600-5202	10/25/2016	10/17/2016	6102486	00153-04-2017	926.00	BCEWW MONITORING
	Task Label:		Type:	PO Number:	0000100700		
Total for Vendor 00729 - ALPHA ANALYTICAL LABS:						1,160.00	
00768 - HD SUPPLY FACILITIES MAINTENANCE							

Vendor	Account Number	JE Date	Invoice Date	Invoice No	Journal Entry	Amount	Description
00768 - HD SUPPLY FACILITIES MAINTENANCE							
	01-400-5311	10/20/2016	10/10/2016	80979	00125-04-2017	337.76	SHOVELS
	01-800-5200	10/25/2016	10/18/2016	87935	00153-04-2017	531.95	WTP SUPPLIES
Total for Vendor 00768 - HD SUPPLY FACILITIES MAINTENANCE:						869.71	
00782 - MONTEREY PENINSULA ENGINEERING							
	01-000-1565	10/20/2016	9/13/2016	08-33	00125-04-2017	55,005.00	LOMPICO / CREEKWOOD PIPELINE RELOCATION
	Task Label: CAP-1516009A		Type: E	PO Number:			
Total for Vendor 00782 - MONTEREY PENINSULA ENGINEERING:						55,005.00	
00944 - PHIL NEUMAN							
	01-100-5200	10/20/2016	9/30/2016	2075	00125-04-2017	415.00	MONTHLY MANAGED ANTI-VIRUS
Total for Vendor 00944 - PHIL NEUMAN:						415.00	
10001 - RUTAN AND TUCKER, LLP							
	01-100-5210	10/25/2016	10/10/2016	759106	00153-04-2017	6,078.50	PROFESSIONAL SERVICES RENDERED THROUGH 9/30/16
Total for Vendor 10001 - RUTAN AND TUCKER, LLP:						6,078.50	
10081 - INFRASTRUCTURE ENGINEERING CORP.							
	01-000-1565	10/25/2016	9/30/2016	9310	00153-04-2017	328.00	BCEWW IMPROVEMENTS
	Task Label: CAP-1617001A		Type: S	PO Number:			
Total for Vendor 10081 - INFRASTRUCTURE ENGINEERING CORP.:						328.00	
10095 - CHRIS ST. GERMAIN							
	01-100-5200	10/25/2016	10/12/2016	2	00153-04-2017	202.50	ACCOUNTING SERVICES_LOMPICO
	Task Label: EXP-1516004A		Type: S	PO Number:			
Total for Vendor 10095 - CHRIS ST. GERMAIN:						202.50	
10100 - SANTA CRUZ METRO TRANSIT DISTRICT							
	01-100-5640	10/20/2016	10/4/2016	100416	00125-04-2017	1,234.00	ADVERTISING_7/5 - 10/4/16
Total for Vendor 10100 - SANTA CRUZ METRO TRANSIT DISTRICT:						1,234.00	
Report Total:						137,803.11	

Accounts Payable

Checks by Date - Detail by Check Number

User: KendraNegro
Printed: 10/27/2016 8:21 AM



13060 Highway 9
Boulder Creek, CA 95006-9119
(831) 338-2153 phone
(831) 338-7986 fax

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
11874	00729 6093534	ALPHA ANALYTICAL LABS BCEWW MONITORING	10/14/2016		280.00
				Total for Check Number 11874:	0.00 280.00
11875	00418 125852	DATCO SERVICES CORP 4TH QUARTER SERVICE FEE	10/14/2016		25.50
				Total for Check Number 11875:	0.00 25.50
11876	00181 121291	LAS ANIMAS CONCRETE SLURRY FOR MAIN REPAIR	10/14/2016		467.64
				Total for Check Number 11876:	0.00 467.64
11877	00054 092816 092816 092816 092816	PACIFIC GAS & ELECTRIC GAS & ELECTRIC CHARGES_WTP GAS & ELECTRIC CHARGES_ADMIN GAS & ELECTRIC CHARGES_OPS GAS & ELECTRIC CHARGES_BCEWW	10/14/2016		31,012.18 803.20 9,542.65 278.55
				Total for Check Number 11877:	0.00 41,636.58
11878	00142 77075 77947	SAN LORENZO LUMBER BATTERY PACK SUPPLIES FOR MAIN REPAIRS	10/14/2016		14.06 31.70
				Total for Check Number 11878:	0.00 45.76
11879	00399 OCT 2016 OCT 2016 OCT 2016 OCT 2016 OCT 2016	VISION SERVICE PLAN VISION INSURANCE_W.SHED VISION INSURANCE_FINANCE VISION INSURANCE_OPS VISION INSURANCE_ADMIN VISION INSURANCE_WTP	10/14/2016		16.96 142.50 275.95 43.86 121.53
				Total for Check Number 11879:	0.00 600.80
11880	10023 2997212	AT & T CAPITAL SERVICES, INC TELEPHONE MAINTENANCE	10/19/2016		396.07
				Total for Check Number 11880:	0.00 396.07
11881	UB*00179	Kathryn Cullen Refund Check Refund Check Refund Check Refund Check	10/19/2016		19.79 1.13 75.40 0.78
				Total for Check Number 11881:	0.00 97.10

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
11882	UB*00180	Raziel Davison Refund Check Refund Check	10/19/2016		3.21 27.20
Total for Check Number 11882:				0.00	30.41
11883	UB*00178	MARLO PREIS Refund Check	10/19/2016		17.73
Total for Check Number 11883:				0.00	17.73
11884	00711	ROBERTS & BRUNE CO. 8 HYMAX FLEX CPLG 8.54-9.84 FULL CIRCLE 8.99-9.79 12.50" 7 HYMAX FLEX CPLG 7.48-8.74 PIPE GALV SCHED 40 3/4" (21') METER BOX B9 HYDRANT REPAIR_HWY 9/CALIFORNIA D HYDRANT REPLACEMENT_11140 LOMPIC	10/19/2016		928.87 169.07 445.89 58.90 1,323.82 804.12 3,420.58
Total for Check Number 11884:				0.00	7,151.25
11885	UB*00177	Brian Vargas Refund Check	10/19/2016		41.00
Total for Check Number 11885:				0.00	41.00
11886	00378	BANK OF THE WEST LUNCHEON MEETING DIGITAL WATER FLOW METER ACADEMY-X TRAINING SEMINAR AD_SANTACRUZJOBS.COM CLOUD SERVICES LUNCHEON MEETING AD_SANTACRUZJOBS.COM CREDIT LUNCHEON MEETING AD_TANK TOWN MEDIA AD_BROWN & CALDWELL LUNCHEON MEETING MAILCHIMP.COM	10/20/2016		23.74 229.47 250.00 299.00 153.45 13.79 -98.67 9.16 67.20 200.00 21.96 50.00
Total for Check Number 11886:				0.00	1,219.10
11887	00145 2061201	BATTERIES PLUS CELL PHONE SCREEN REPAIR	10/20/2016		125.05
Total for Check Number 11887:				0.00	125.05
11888	00054 100416	PACIFIC GAS & ELECTRIC ELECTRIC CHARGES_MANANA WOODS	10/20/2016		10.52
Total for Check Number 11888:				0.00	10.52
11889	00711	ROBERTS & BRUNE CO. CREDIT_FL16P-F_SENSUS METER LID FLO9-BO BADGER LID	10/20/2016		-1,769.06 13,945.61
Total for Check Number 11889:				0.00	12,176.55
11890	UB*00181	Christine Tribble Refund Check	10/20/2016		66.79

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
			Total for Check Number 11890:	0.00	66.79
11891	10005	ICMA RETIREMENT C/O M & T RETIRI	10/20/2016		
	102246598	RETIREMENT WITHHOLDINGS_09/28/16			1,635.00
	102246599	RETIREMENT WITHHOLDINGS_10/18/16			1,635.00
			Total for Check Number 11891:	0.00	3,270.00
11892	00367	INFOSEND, INC	10/20/2016		
	111340	MAILING SERVICES			1,171.80
	111340	POSTAGE			2,717.79
	111835	PROGRAMMING			175.00
			Total for Check Number 11892:	0.00	4,064.59
11893	00625	OFFICE DEPOT	10/20/2016		
	868512784001	SUPPLIES_ADMIN			27.17
	868512784001	SUPPLIES_FINANCE			63.28
			Total for Check Number 11893:	0.00	90.45
11894	00555	STORDOK	10/20/2016		
	5353519	DOCUMENT SHREDDING			45.00
			Total for Check Number 11894:	0.00	45.00
11895	00055	AT&T	10/21/2016		
	100116	TELEPHONE SERVICE_ADMIN			148.38
	100116	TELEPHONE SERVICE_BCEWW			330.62
	100116	TELEPHONE SERVICE_OPS			3,221.99
	100116	TELEPHONE SERVICE_WT			2,022.07
			Total for Check Number 11895:	0.00	5,723.06
11896	00687	AT&T U-VERSE	10/21/2016		
	100516	INTERNET SERVICE_13057 HWY 9			70.00
	100616	INTERNET SERVICE_MANANA WOODS			80.00
	100716	INTERNET SERVICE_345 QUAIL TERRACE			70.00
			Total for Check Number 11896:	0.00	220.00
11897	00788	COMCAST	10/21/2016		
	101116	INTERNET SERVICE_23 SUMMIT AVE			138.92
			Total for Check Number 11897:	0.00	138.92
11898	00166	COUNTY OF SANTA CRUZ	10/21/2016		
	101216A	PROPERTY TAXES_195 KIRBY			100.98
	101216B	PROPERTY TAXES_13060 HWY 9			166.98
			Total for Check Number 11898:	0.00	267.96
11899	00573	STEPHANIE HILL	10/21/2016		
	101816	REIMBURSEMENT_TRAVEL, EXPENSES			1,481.23
			Total for Check Number 11899:	0.00	1,481.23
11900	10018	HOLLY MORRISON	10/21/2016		
	101816	EMPLOYEE REIMBURSEMENT_TRAVEL, S			299.55
			Total for Check Number 11900:	0.00	299.55

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
11901	10101 101816	KENDRA NEGRO REIMBURSEMENT_TRAVEL, EXPENSES	10/21/2016		247.30
			Total for Check Number 11901:	0.00	247.30
11902	10097 092816	JOSEPH BEASLEY HAUL OUT CHARGES	10/21/2016		1,350.00
			Total for Check Number 11902:	0.00	1,350.00
11903	00342 946325	BRASS KEY LOCKSMITH DITRICT LOCKS_VARIOUS LOCATIONS	10/21/2016		393.51
			Total for Check Number 11903:	0.00	393.51
11904	00234 092816	CITY OF SCOTTS VALLEY SEWER CHARGES_07/15/16 - 09/15/16	10/21/2016		79.00
			Total for Check Number 11904:	0.00	79.00
11905	00450 284638 284875	EUROFINS EATON ANALYTICAL, INC LOMPICO CREEK WATER ANALYSIS ARSENIC TOTALS_PASO, BOB'S LN	10/21/2016		605.00 60.00
			Total for Check Number 11905:	0.00	665.00
11906	00750 093016 93016	FEDAK & BROWN, LLP AUDIT SERVICES_SEPT 2016_LOMPICO AUDIT SERVICES_SEPT 2016_SLVWD	10/21/2016		8,000.00 5,000.00
			Total for Check Number 11906:	0.00	13,000.00
11907	00365 16009	FREITAS + FREITAS LOMPICO/CREEKWOOD MAIN REPLACEM	10/21/2016		2,684.52
			Total for Check Number 11907:	0.00	2,684.52
11908	00080 1054414	GRANITE CONSTRUCTION CO HOT MIX., AGG BASE	10/21/2016		185.11
			Total for Check Number 11908:	0.00	185.11
11909	00550 10118110	HACH COMPANY WTP SUPPLIES	10/21/2016		85.80
			Total for Check Number 11909:	0.00	85.80
11910	00058 12206	IHWY, INC. BUSINESS HOSTING	10/21/2016		25.00
			Total for Check Number 11910:	0.00	25.00
11911	10067 916000003 916000135 916000135 916000345	NBS ADMIN CONSULTING SERVICES QUARTERLY ADMIN FEES 10/1-12/31/16 QUARTERLY ADMIN FEES 10/1-12/31/16 CONSULTING SERVICES THROUGH 9/30/16	10/21/2016		1,250.00 770.93 1,156.42 5,580.00
			Total for Check Number 11911:	0.00	8,757.35
11912	00263 093016	RAYNE WATER CONDITIONING WATER CONDITIONER SVC	10/21/2016		31.75

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
			Total for Check Number 11912:	0.00	31.75
11913	00711 S1593263.001 S1597222.002	ROBERTS & BRUNE CO. MATCO FLG SWING CHECK VALVE MATCO FLG SWING CHECK VALVE	10/21/2016		588.25 695.61
			Total for Check Number 11913:	0.00	1,283.86
11914	00171 32	SCOTTS VALLEY WATER DISTRICT HYDROMETRICS INV 2016183_SANTA MAI	10/21/2016		1,196.81
			Total for Check Number 11914:	0.00	1,196.81
11915	00047 6090903	SOIL CONTROL LAB GENERAL PHYSICAL	10/21/2016		145.00
			Total for Check Number 11915:	0.00	145.00
11916	00953 391081	THE HOSE SHOP MISC WTP PARTS	10/21/2016		25.08
			Total for Check Number 11916:	0.00	25.08
11917	00721 4465015	UNITED SITE SVCS.,INC PORTO-TOILET	10/21/2016		157.18
			Total for Check Number 11917:	0.00	157.18
11918	10099 0000001	DAWN WASHBURN DRAFT, PRINT EMPLOYEE HANDBOOK	10/21/2016		3,823.57
			Total for Check Number 11918:	0.00	3,823.57
11919	00599 47063143 47063143	WEX BANK FUEL_WTP FUEL_OPS	10/21/2016		1,365.86 2,908.44
			Total for Check Number 11919:	0.00	4,274.30
11920	10094 660959 660959 660959 660959	YSI INCORPORATED, A XYLEM BRAN PRO 20 DUSSIKVED 02 METER PRO SERIES DO SENSOR4 ECO-SENSE PH PEN TESTER PRO SERIES DO CABLE	10/21/2016		614.36 197.47 127.26 290.72
			Total for Check Number 11920:	0.00	1,229.81
11921	UB*00190	GAROLD DERWOOD RAFF TRUST Refund Check Refund Check	10/25/2016		38.36 10.07
			Total for Check Number 11921:	0.00	48.43
11922	UB*00099	Bonny Doon Environmental Systems Refund Check	10/25/2016		14.00
			Total for Check Number 11922:	0.00	14.00
11923	UB*00192	C4 ORGANICS Refund Check	10/25/2016		15.59

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
			Total for Check Number 11923:	0.00	15.59
11924	UB*00189	ESTATE OF SHIRLEY CLANCY Refund Check	10/25/2016		82.80
			Total for Check Number 11924:	0.00	82.80
11925	UB*00193	PAMELA CLINE Refund Check	10/25/2016		17.00
			Total for Check Number 11925:	0.00	17.00
11926	UB*00184	MICHAEL CLYATT Refund Check Refund Check Refund Check	10/25/2016		22.72 20.37 5.34
			Total for Check Number 11926:	0.00	48.43
11927	UB*00185	ROBERT COURAND Refund Check Refund Check Refund Check	10/25/2016		8.47 4.99 18.99
			Total for Check Number 11927:	0.00	32.45
11928	UB*00191	DEBORAH HAWKINS Refund Check Refund Check Refund Check Refund Check	10/25/2016		10.79 2.83 3.20 2.21
			Total for Check Number 11928:	0.00	19.03
11929	UB*00183	RUTH MADANI Refund Check Refund Check Refund Check	10/25/2016		49.75 4.41 16.77
			Total for Check Number 11929:	0.00	70.93
11930	UB*00187	MARGARET OLSON Refund Check	10/25/2016		46.60
			Total for Check Number 11930:	0.00	46.60
11931	UB*00042	CHRIS PERRI Refund Check	10/25/2016		61.29
			Total for Check Number 11931:	0.00	61.29
11932	UB*00182	Ronald Randazzo Refund Check Refund Check	10/25/2016		0.12 0.46
			Total for Check Number 11932:	0.00	0.58
11933	UB*00154	Tobias Seltsam Refund Check	10/25/2016		46.33
			Total for Check Number 11933:	0.00	46.33

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
11934	UB*00186	STEPHANIE SHEPHERD	10/25/2016		
		Refund Check			3.08
		Refund Check			11.73
		Refund Check			19.19
			Total for Check Number 11934:	0.00	34.00
11935	UB*00188	MARY SULLIVAN	10/25/2016		
		Refund Check			28.61
			Total for Check Number 11935:	0.00	28.61
11936	00362 ACC24073 ACC24073	ACCELA, INC #774375 BANK CHARGES CONTRACT SERVICES	10/26/2016		
					2,156.00
					185.00
			Total for Check Number 11936:	0.00	2,341.00
11937	00589 7216	ALLARD'S SEPTIC HOLDING TANK/HAUL AWAY	10/26/2016		
					300.00
			Total for Check Number 11937:	0.00	300.00
11938	10025 80008597	BADGER METER, INC BEACON SERVICES FOR SEPT 2016	10/26/2016		
					515.31
			Total for Check Number 11938:	0.00	515.31
11939	00124 90093	BRUCE BARTON PUMP INVERTER FOR PASO WELL 5	10/26/2016		
					6,242.92
			Total for Check Number 11939:	0.00	6,242.92
11940	00012 69989	C & N TRACTORS REPAIRS TO KUBOTA TRACTOR	10/26/2016		
					1,523.10
			Total for Check Number 11940:	0.00	1,523.10
11941	00788 100316 100416	COMCAST INTERNET SERVICE_545 FALL CREEK DR INTERNET SERVICE_11225 LOMPICO RD	10/26/2016		
					162.12
					86.13
			Total for Check Number 11941:	0.00	248.25
11942	00343 54743	ERNIE'S SERVICE CENTER REPAIRS TO V#181	10/26/2016		
					270.21
			Total for Check Number 11942:	0.00	270.21
11943	00080 1056706 1058529 1058827	GRANITE CONSTRUCTION CO BASR ROCK/MAIN REPAIRS HOT MIX/REPAIRS 3/4" AGG BASE_LEWIS TANK_LOMPICO	10/26/2016		
					48.84
					164.54
					44.95
			Total for Check Number 11943:	0.00	258.33
11944	00756 105137 105137 105137	KENNEDY/JENKS CONSULTANTS INTERTIE 2 INTERTIE 4 INTERTIE 3	10/26/2016		
					1,419.16
					1,419.17
					1,419.17
			Total for Check Number 11944:	0.00	4,257.50

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
11945	00953 391285	THE HOSE SHOP V#310 HYDRAULIC HOSE REPAIR	10/26/2016		172.61
Total for Check Number 11945:				0.00	172.61
11946	10072 2242	WATER SYSTEMS CONSULTING, INC SLVWD 2015 UWMP PROJECT_9/1 - 9/30/16	10/26/2016		6,470.00
Total for Check Number 11946:				0.00	6,470.00
11947	00545 440518	AFLAC SUPPLEMENTAL INSURANCE_NOV 2016	10/26/2016		445.52
Total for Check Number 11947:				0.00	445.52
11948	00162 100116	ANTHEM BLUE CROSS RETIRED EMPLOYEE MEDICAL_11/1 - 12/1.	10/26/2016		315.07
Total for Check Number 11948:				0.00	315.07
11949	00767 932420231	ANTHEM BLUE CROSS MEDICARERX_RETIRED EMPLOYEE	10/26/2016		132.00
Total for Check Number 11949:				0.00	132.00
11950	00309 101116 101116 101116	AT&T IP SERVICES IP SERVICES_WT IP SERVICES_ADMIN IP SERVICES_OPS	10/26/2016		242.22 242.21 242.21
Total for Check Number 11950:				0.00	726.64
11951	00686 091316 101316 101316 101316	AT&T LONG DISTANCE LONG DISTANCE LONG DISTANCE LONG DISTANCE LONG DISTANCE	10/26/2016		328.60 23.75 3.12 158.20
Total for Check Number 11951:				0.00	513.67
11952	00687 101516A 101516B	AT&T U-VERSE INTERNET SERVICE_GRAHAM HILL INTERNET SERVICE_365 MADRONE	10/26/2016		70.00 57.00
Total for Check Number 11952:				0.00	127.00
11953	00178 10948 2143 2143 2143 2143 2143 2143 2143	CALPERS LOMPICO MERGER REIMBURSEMENT MEDICAL INSURANCE_WTP MEDICAL INSURANCE_ADMIN MEDICAL INSURANCE_OPS MEDICAL INSURANCE_DEPENDENT MEDICAL INSURANCE_FINANCE MEDICAL INSURANCE_W.SHED MEDICAL INSURANCE_RETIRED EMPLOY	10/26/2016		300.00 7,438.40 3,201.23 18,053.60 3,909.40 5,645.00 1,708.00 600.00
Total for Check Number 11953:				0.00	40,855.63
11954	00363 090116	CINCINNATI LIFE INSURANCE CO LIFE INSURANCE	10/26/2016		28.00

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Void Checks	Check Amount
			Total for Check Number 11954:	0.00	28.00
11955	00788	COMCAST	10/26/2016		
	101616	INTERNET SERVICE_264 ORCHARD			136.08
	101916	INTERNET SERVICE_740 HWY 9			141.08
			Total for Check Number 11955:	0.00	277.16
11956	00313	MET LIFE	10/26/2016		
	NOV 2016	LIFE INSURANCE_WTP			139.86
	NOV 2016	LIFE INSURANCE_FINANCE			83.25
	NOV 2016	LIFE INSURANCE_ADMIN			33.30
	NOV 2016	LIFE INSURANCE_WTP			275.95
	NOV 2016	LIFE INSURANCE_OPS			209.79
	NOV 2016	LIFE INSURANCE_OPS			353.64
	NOV 2016	LIFE INSURANCE_W.SHED			41.61
	NOV 2016	DENTAL_FINANCE			731.26
	NOV 2016	DENTAL_ADMIN			243.49
	NOV 2016	LIFE INSURANCE_W.SHED			16.65
	NOV 2016	DENTAL_OPS			1,951.26
	NOV 2016	DENTAL_W.SHED			122.14
	NOV 2016	LIFE INSURANCE_ADMIN			75.95
	NOV 2016	DENTAL_WTP			1,025.99
	NOV 2016	LIFE INSURANCE_FINANCE			145.24
			Total for Check Number 11956:	0.00	5,449.38
11957	00011	VERIZON WIRELESS	10/26/2016		
	101316	CELL PHONE CHARGES_OPS			626.08
	101316	CELL PHONE CHARGES_ADMIN			74.18
	101316	CELL PHONE CHARGES_WT			457.91
	101316	CELL PHONE CHARGES_ENG			85.43
	101316A	TABLET CHARGES			325.63
			Total for Check Number 11957:	0.00	1,569.23
			Report Total (84 checks):	0.00	193,233.16

CASH REQUIREMENTS

THIS REPORT SUMMARIZES YOUR PAYROLL TRANSACTIONS FOR THE CHECK DATE 10/12/16. IT DOES NOT REFLECT MISCELLANEOUS ADMINISTRATIVE CHARGES. PLEASE REFER TO YOUR INVOICE(S) FOR THE TOTAL CASH REQUIRED FOR THIS CHECK DATE.

TRANSACTION DETAIL

ELECTRONIC FUNDS TRANSFER - Your financial institution will initiate transfer to Paychex *at or after 12:01 A.M.* on transaction date.

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>		BANK DRAFT AMOUNTS & OTHER TOTALS
10/11/16	WELLS FARGO BANK, NA	xxxxxx1358	Direct Deposit	Net Pay Allocations	42,019.59	42,019.59
10/11/16	WELLS FARGO BANK, NA	xxxxxx1358	Taxpay®	Employee Withholdings		
				Social Security	5,160.18	
				Medicare	1,383.42	
				Fed Income Tax	10,805.72	
				CA Income Tax	3,301.53	
				CA Disability	749.07	
				Total Withholdings	21,399.92	
				Employer Liabilities		
				Social Security	5,160.20	
				Medicare	1,383.42	
				Total Liabilities	6,543.62	27,943.54
10/11/16	WELLS FARGO BANK, NA	xxxxxx1358	401(k) Traditional	PXROTH 401 EEPO		
				PX401 EECU		
				PX401 ERMTCH		
				PXROTH 401 EECU		
				PX401 ERCUM		
				PX401 EEPRE	898.56	898.56
10/11/16	WELLS FARGO BANK, NA	xxxxxx1358	Section 125	PXDCA EE PRE	443.16	
				PXUME EE PRE	350.00	793.16
				EFT FOR 10/11/16		71,654.85
				TOTAL EFT (Does not reflect administrative charges)		71,654.85

NEGOTIABLE CHECKS - Check amounts will be debited when payees cash checks. Funds must be available on check date.

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>		<u>TOTAL</u>
10/12/16	WELLS FARGO BANK, NA	xxxxxx1358	Payroll	Check Amounts	22,134.84	
				TOTAL NEGOTIABLE CHECKS		22,134.84

CASH REQUIREMENTS

THIS REPORT SUMMARIZES YOUR PAYROLL TRANSACTIONS FOR THE CHECK DATE 10/12/16. IT DOES NOT REFLECT MISCELLANEOUS ADMINISTRATIVE CHARGES. PLEASE REFER TO YOUR INVOICE(S) FOR THE TOTAL CASH REQUIRED FOR THIS CHECK DATE.

REMAINING DEDUCTIONS / WITHHOLDINGS / LIABILITIES - Paychex does not remit these funds. You must ensure accurate and timely payment of applicable items.

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>	<u>TOTAL</u>
10/12/16	Refer to your records for account	Information	Payroll	Employee Deductions	
				Advance	580.58
				Aflc/Col Post	55.11
				Aflc/Col Pre	302.75
				Calper 457	125.00
				DPer	6,117.77
				Health	2,007.78
				ICMA	1,635.00
				Life Ins	14.00
				Union dues	427.60
				Total Deductions	11,265.59
TOTAL REMAINING DEDUCTIONS / WITHHOLDINGS / LIABILITIES (Does not reflect administrative charges)					11,265.59

PAYCHEX WILL MAKE THESE TAX DEPOSIT(S) ON YOUR BEHALF - This information serves as a record of payment.

<u>DUE DATE</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>	
10/19/16	Taxpay®	FED IT PMT Group	23,892.94
10/19/16	Taxpay®	CA IT PMT Group	4,050.60

CASH REQUIREMENTS

THIS REPORT SUMMARIZES YOUR PAYROLL TRANSACTIONS FOR THE CHECK DATE 10/26/16. IT DOES NOT REFLECT MISCELLANEOUS ADMINISTRATIVE CHARGES. PLEASE REFER TO YOUR INVOICE(S) FOR THE TOTAL CASH REQUIRED FOR THIS CHECK DATE.

TRANSACTION DETAIL

ELECTRONIC FUNDS TRANSFER - Your financial institution will initiate transfer to Paychex **at or after 12:01 A.M.** on transaction date.

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>		BANK DRAFT AMOUNTS & OTHER TOTALS
10/25/16	WELLS FARGO BANK, NA	xxxxxx1358	Direct Deposit	Net Pay Allocations	44,290.59	44,290.59
10/25/16	WELLS FARGO BANK, NA	xxxxxx1358	Taxpay@	Employee Withholdings		
				Social Security	5,187.64	
				Medicare	1,384.73	
				Fed Income Tax	10,439.86	
				CA Income Tax	3,109.37	
				CA Disability	753.05	
				Total Withholdings	20,874.65	
				Employer Liabilities		
				Social Security	5,187.60	
				Medicare	1,384.73	
				Fed Unemploy	18.36	
				Total Liabilities	6,590.69	27,465.34
10/25/16	WELLS FARGO BANK, NA	xxxxxx1358	401(k) Traditional	PXROTH 401 EEPO		
				PX401 EECU		
				PX401 ERMTCH		
				PXROTH 401 EECU		
				PX401 ERCUM		
				PX401 EEPRE	930.31	930.31
10/25/16	WELLS FARGO BANK, NA	xxxxxx1358	Section 125	PXDCA EE PRE	443.16	
				PXUME EE PRE	350.00	793.16
EFT FOR 10/25/16						73,479.40
TOTAL EFT (Does not reflect administrative charges)						73,479.40

NEGOTIABLE CHECKS - Check amounts will be debited when payees cash checks. Funds must be available on check date.

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>		<u>TOTAL</u>
10/26/16	WELLS FARGO BANK, NA	xxxxxx1358	Payroll	Check Amounts	19,770.01	
TOTAL NEGOTIABLE CHECKS						19,770.01

CASH REQUIREMENTS

THIS REPORT SUMMARIZES YOUR PAYROLL TRANSACTIONS FOR THE CHECK DATE 10/26/16. IT DOES NOT REFLECT MISCELLANEOUS ADMINISTRATIVE CHARGES. PLEASE REFER TO YOUR INVOICE(S) FOR THE TOTAL CASH REQUIRED FOR THIS CHECK DATE.

REMAINING DEDUCTIONS / WITHHOLDINGS / LIABILITIES - Paychex does not remit these funds. You must ensure accurate and timely payment of applicable items.

<u>TRANS. DATE</u>	<u>BANK NAME</u>	<u>ACCOUNT NUMBER</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>	<u>TOTAL</u>
10/26/16	Refer to your records for account	Information	Payroll	Employee Deductions	
				Advance	878.72
				Aflc/Col Post	55.11
				Aflc/Col Pre	302.75
				Calper 457	125.00
				DPer	6,477.62
				Health	2,007.78
				ICMA	1,635.00
				Life Ins	14.00
				Union dues	448.98
				Total Deductions	11,944.96
TOTAL REMAINING DEDUCTIONS / WITHHOLDINGS / LIABILITIES (Does not reflect administrative charges)					11,944.96

PAYCHEX WILL MAKE THESE TAX DEPOSIT(S) ON YOUR BEHALF - This information serves as a record of payment.

<u>DUE DATE</u>	<u>PRODUCT</u>	<u>DESCRIPTION</u>	
11/02/16	Taxpay®	FED IT PMT Group	23,584.56
11/02/16	Taxpay®	CA IT PMT Group	3,862.42

MEMO

To: Board of Directors

From: District Manager
Prepared by: Environmental Programs Manager

SUBJECT: PUBLIC HEARING FOR THE 2015 URBAN WATER MANAGEMENT PLAN UPDATE

DATE: November 3, 2016

RECOMMENDATION

It is recommended that the Board of Directors hold a hearing to receive public input regarding the Districts 2015 Urban Water Management Plan (UWMP) update. It is recommended that by motion of the Board Adopt the Resolution No. X (16-17) 2015 Urban Watershed Management Plan Update.

BACKGROUND

Water Systems Consulting prepared an update to the 2015 Urban Water Management Plan in accordance with the requirements identified in the California Department of Water Resources (DWR) Water Code, Sections §10608- 10656. Prior to submitting the 2015 UWMP the District is required to hold a public hearing and accept comments and consider revisions to the subject Plan. The Board set a public hearing for November 3, 2016. The draft Plan was posted to the District's website and has been available in paper form at the District Office. Surrounding agencies and the County of Santa Cruz were notified that the Plan was available for review and a joint board meeting was held on October 13, 2016 with Scott's Valley to discuss the Plan update and conservation measures included in the Plan. A public notice was posted in the Santa Cruz Sentinel on October 17th and October 24th.

As of the writing of this memo, October 27, 2016, no public comments have been received. Following the public hearing and adoption of the Final Draft, responses will be made to all comments submitted and the final report will be submitted to DWR for review.

STRATEGIC PLAN

Element 3.1 - Capital Improvement Program
Element 5.1 - Fiscal Plan for Support of Strategy
Element 5.2 - Funding Infrastructure Replacement
Element 5.3 - Provide Support for Applying for and Securing Grants & Loans

FISCAL IMPACT

\$41,954 Contract and Professional Services

SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. 14 (16-17)

SUBJECT: APPROVAL OF THE 2015 URBAN WATER MANAGEMENT PLAN

WHEREAS, the California Legislature enacted Assembly Bill No 797 during the 1983-1984 Regular Session of the California Legislature (Water Code 10610, et. Seq.), known as the Urban Water Management Planning Act, and as amended subsequently, which mandates that every supplier providing water for municipal purposes to more than 3,000 service connections or supplying more than 3,000 acre feet of water annually, prepare an Urban Water Management Plan, the primary objective of which is to plan for the conservation and efficient use of water; and

WHEREAS, AB 797 requires that said Plan be adopted by December 31, 1985, after public review and hearing, and filed with the California Department of Water Resources within thirty days of adoption; and

WHEREAS, AB 797 requires that said Plan be periodically reviewed at least once every five years, and that the urban water supplier shall make any amendments or changes to its Plan which are indicated by the review; and

WHEREAS, the District provided water to over 3,000 service connections, and has, therefore, prepared and circulated for public review a Draft 2015 Urban Water Management Plan, in compliance with the requirements of AB 797, and a properly noticed public hearing regarding said Draft Plan was held by the District Board on November 3, 2016;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District as follows:

1. The 2015 Urban Water Management Plan is hereby adopted.
2. The District Manager is hereby authorized and directed to file the Plan with the California Department of Water Resources within 30 days after this date, in accordance with AB 797;

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 3rd day of November, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

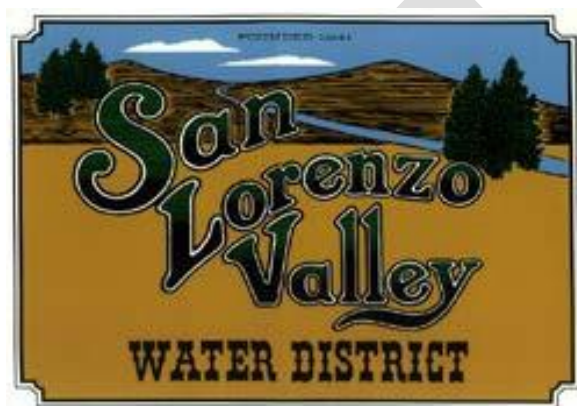
Holly Morrison, District Secretary
San Lorenzo Valley Water District

Final Draft

2015 Urban Water Management Plan

for the

San Lorenzo Valley Water District



Prepared by



10/12/2016

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LIST OF TERMS AND ACRONYMS

Acronym, Term or Abbreviation	Definition
AF	Acre-feet
AFY	Acre-feet per year
AMBAG	Association of Monterey Bay Area Governments
AWWA	American Water Works Association
BMP	Best Management Practice
CAW	California American Water Company
CCF	Hundred Cubic Feet
CDDW	California Division of Drinking Water
CII	Commercial, Industrial, and Institutional
CIMIS	California Irrigation Management Information System
County	County of Santa Cruz
CUWCC	California Urban Water Conservation Council
CWC	California Water Code
DMM	Demand Management Measure
DOF	California Department of Finance
DWR	California Department of Water Resources
EPA	Environmental Protection Agency
ETo	Reference Evapotranspiration

Acronym, Term or Abbreviation	Definition
GAC	Granular activated carbon
GHG	Greenhouse Gas
GIS	Geographic Information Systems
GPCD	gallons per capita per day
gpm	Gallons per minute
HCF	Hundred Cubic Feet
HECW	High Efficiency Clothes Washer
HET	High Efficiency Toilets
IRWMP	Integrated Regional Water Management Plan
ITP	Independent Technical Panel
IWA	International Water Association
LAFCO	Local Agency Formation Commission
MCLs	Maximum Contaminant Levels
MG	Million Gallons
MGD	Million Gallons per Day
MGY	Million Gallons per Year
NRW	Non-Revenue Water
SB7	Senate Bill x 7-7
SB7 Guidebook	the California Department of Water Resources' <i>Methodologies for Calculating Baseline and Compliance Urban Per Capita Water Use</i>
SCCWD	Santa Cruz City Water District
SGMA	Sustainable Groundwater Management Act
SLVWD	San Lorenzo Valley Water District
SWRCB	State Water Resources Control Board
SVWD	Scotts Valley Water District
SWTR	Surface Water Treatment Rule
TAZ	Transportation Analysis Zone
TDS	Total Dissolved Solids
UWMP	Urban Water Management Plan
UWMP Act	Urban Water Management Planning Act
UWMP Guidebook	DWR's <i>Guidebook to Assist Water Suppliers in the Preparation of a 2015 Urban Water Management Plan</i>
WEWAC	Water Education–Water Awareness Committee
WRF	Water Reclamation Facility
WTP	Water Treatment Plant

EXECUTIVE SUMMARY

The San Lorenzo Valley Water District (SLVWD or District) has prudently monitored and managed its water resources for many years. Faced with increasingly restrictive budgets, population growth, limited resources, and its commitment to serving the needs of the communities it serves, the District has fostered a management style which is pro-active rather than reactive, with an emphasis on actions that achieve practical results. This philosophy is the foundation for the District's development of the Urban Water Management Plan (UWMP).

The District has undertaken the preparation of this document to evaluate current water supply and delivery systems and to plan for needed expansion and improvements through the year 2035. The purposes of the UWMP are to assess current and future water use trends in the community, describe the sources of water supply and the water system, and document the water demand management measures in place to balance supply and demand. The UWMP is consistent with the goals and policies presented in the District's Water Supply Master Plan (Johnson, May 2009) and works in conjunction with that plan to provide adequate water resources to meet the District's future planned growth.

The District's UWMP has been prepared in accordance with the Urban Water Management Planning Act (UWMP Act). The UWMP Act is defined by the California Water Code, Division 6, Part 2.6, and Sections 10610 through 10657. The UWMP Act became part of the California Water Code (CWC) with the passage of Assembly Bill 797 during the 1983-1984 regular session of the California legislature. The UWMP Act requires every urban water supplier that provides water for municipal purposes to more than 3,000 connections, or supplies more than 3,000 acre-feet (AF) of water annually, to adopt and submit a plan every five years to the California Department of Water Resources (DWR). Subsequent assembly bills have amended the UWMP Act. This plan serves as a long-range planning document for water supply and includes the following sections:

1. Introduction and Overview
2. Plan Preparation
3. System Description
4. Baselines and Targets
5. System Water Use
6. System Supplies
7. Water Supply Reliability
8. Water Shortage Contingency Planning
9. Demand Management Measures
10. References

In summary, based on the water supply and demand analysis provided in this UWMP and with continued proactive management of its water resources, the District’s water supply is adequate to meet both current and future water demands as shown in Table E-0-1.

E-0-1 Future Water Supply and Demand Summary, AFY

	2020	2025	2030	2035
Supply totals (AFY) ⁽¹⁾	2,107	2,132	2,180	2,216
Demand totals (AFY) ⁽²⁾	2,107	2,132	2,180	2,216
Difference (AFY)	0	0	0	0
Difference as % of Supply	0%	0%	0%	0%
Difference as % of Demand	0%	0%	0%	0%
¹ Based on combined well production capabilities and pumping records from 2000-2015. ² Demand totals are calculated by multiplying projected population by 84 GPCD (the District’s SB7 water use target)				

DRAFT

1 INTRODUCTION AND OVERVIEW

The California Water Code requires urban water suppliers within the state to prepare and adopt Urban Water Management Plans (UWMPs) for submission to the California Department of Water Resources (DWR). The UWMPs, which are required to be filed every five years, must satisfy the requirements of the Urban Water Management Planning Act (UWMP Act) of 1983, including amendments that have been made to the Act and other applicable regulations. The UWMP Act requires urban water suppliers servicing 3,000 or more connections, or supplying more than 3,000 acre-feet (AF) of water annually, to prepare an UWMP. Thus, the San Lorenzo Valley Water District (SLVWD or District) is required to prepare an UWMP.

The purpose of the UWMP is for water suppliers to evaluate their long-term resource plans and establish management measures to ensure adequate water supplies are available to meet existing and future demands. The UWMP provides a framework to help water suppliers maintain efficient use of urban water supplies, continue to promote conservation programs and policies, ensure that sufficient water supplies are available for future beneficial use, and provide a mechanism for response during drought conditions.

The UWMP is a valuable planning tool used for multiple purposes including:

- Serving as a valuable resource to the communities the District serves and other interested parties regarding water supply and demand, conservation and other water related information;
- Meeting a statutory requirement of the California Water Code (CWC);
- Providing a key source of information for Water Supply Assessments (WSAs) and Written Verifications of Water Supply;
- Supporting regional long-range planning documents including District and County General Plans;
- Providing a standardized methodology for water utilities to assess their water resource needs and availability;
- Serving as a critical component of developing Integrated Regional Water Management Plans (IRWMPs); and
- Providing a resource for regional involvement in the California Water Plan.

This plan, which was prepared in compliance with the CWC and as set forth in the 2015 guidelines and format established by the DWR, constitutes the District's 2015 UWMP.

2 PLAN PREPARATION

This plan was prepared following guidance from DWR’s *Guidebook to Assist Water Suppliers in the Preparation of a 2015 Urban Water Management Plan* (UWMP Guidebook): (California Department of Water Resources, March 2016), DWR Urban Water Management Plans Public Workshops and Webinars, *Methodologies for Calculating Baseline and Compliance Urban Per Capita Water Use* (SB7 Guidebook) (California Department of Water Resources, February 2016), and the 2015 DWR Review Sheet Checklist (Appendix A).

The 2015 UWMPs must be submitted to DWR by the water purveyors by July 1, 2016. Usually, UWMPs are due on December 31 of years ending in ‘0’ and ‘5’, but a six-month extension has been granted for submittal of the 2015 UWMPs. The draft 2015 UWMP Guidebook became available in November 2015 and was finalized in February 2016. DWR’s 2015 UWMP schedule is summarized in Table 2-1.

Table 2-1 DWR Schedule

Date	Event/Task
November, 2015	Draft Guidebook released
December, 2015	Workshops
January, 2016	Final Draft Guidebook released
March, 2016	Final Guidebook, materials and tools released
July, 2016	UWMPs due to DWR

A DWR Review Sheet checklist is provided in Appendix A as a reference for the various sections within this UWMP that address the requirements of the UWMP Act.

Table 2-2 summarizes changes to the UWMP Act since 2010 that have been addressed in this UWMP.

Table 2-2 Summary of Changes in the UWMP Act Since 2010

Change	CWC Section	Legislative Bill	Summary
Demand Management Measures	10631 (f)(1) and (2)	AB 2067, 2014	Requires water suppliers to provide narratives describing their water demand management measures, as provided. Requires retail water suppliers to address the nature and extent of each water demand management measure implemented over the past 5 years and describe the water demand management measures that the supplier plans to implement to achieve its water use targets.
Submittal Date	10621 (d)	AB 2067, 2014	Requires each urban water supplier to submit its 2015 plan to the Department of Water Resources by July 1, 2016.

Change	CWC Section	Legislative Bill	Summary
Electronic Submittal	10644 (a) (2)	SB 1420, 2014	Requires the plan, or amendments to the plan, to be submitted electronically, including any standardized forms, tables, or displays specified by the department.
Standardized Forms	10644 (a) (2)	SB 1420, 2014	Requires the plan, or amendments to the plan, to include any standardized forms, tables, or displays specified by the department.
Water Loss	10631 (e) (1) (J) and (e) (3) (A) and (B)	SB 1420, 2014	Requires a plan to quantify and report on distribution system water loss.
Estimating Future Water Savings	10631 (e) (4)	SB 1420, 2014	Provides for water use projections to display and account for the water savings estimated to result from adopted codes, standards, ordinances, or transportation and land use plans, when that information is available and applicable to an urban water supplier.
Voluntary Reporting of Energy Intensity	10631.2 (a) and (b)	SB 1036, 2014	Provides for an urban water supplier to include certain energy related information, including, but not limited to, an estimate of the amount of energy used to extract or divert water supplies.
Defining Water Features	10632	AB 2409, 2010	Requires urban water suppliers to analyze and define water features that are artificially supplied with water, including ponds, lakes, waterfalls, and fountains, separately from swimming pools and spas.

2.1 COORDINATION

To prepare this UWMP, the District coordinated with multiple neighboring and stakeholder agencies. The coordination efforts were conducted to: 1) inform the agencies of the District's efforts and activities; 2) gather high quality data for use in the development of this UWMP; and 3) coordinate planning activities with other related regional plans and initiatives. SLVWD staff attended the 2015 UWMP Santa Cruz Local Agency Formation Commission (LAFCO) Meeting in February 2016 and hosted a Joint Board Meeting with Scotts Valley Water District in May 2016 to coordinate UWMP efforts. The coordination activities conducted by the District are summarized in Table 2-3. The coordination notification letters and meeting agendas can be found in Appendix B.

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Table 2-3 Agency Coordination

Agency / Organization	Participated in developing the plan	Commented on the draft	Attended public meetings	Was contacted for assistance	Was sent a copy of the draft plan	Was sent a notice of intention to adopt
Water Suppliers						
City of Santa Cruz Water Dept.						X
Scotts Valley Water District			X	X		X
Mount Hermon Association						
Big Basin Water Company						X
Soquel Creek Water District						X
Water Management Agencies						
Santa Cruz Co. Health Services Agency, Environmental Health Services, Water Resources Division						X
Other Relevant Public Agencies						
City of Scotts Valley				X		
Santa Cruz Co. Public Works Dept.						
Resource Conservation District of Santa Cruz Co.						
AMBAG				X		
Santa Cruz Co. Board of Supervisors						X
Table to be updated upon completion of each notification and finalization of UWMP.						

2.2 PLAN ADOPTION, SUBMITTAL, AND IMPLEMENTATION

To fulfill the requirements of Water Code Section 10621(c), the District sent letters of notification of preparation of the 2015 UWMP to all neighboring water agencies and Santa Cruz County 60 days prior to the public hearing. Copies of the 60-day notification letters are attached as Appendix B.

To fulfill the requirements of Water Code Section 10642 of the UWMP Act, the District made the draft 2015 UWMP available for public review and held a public hearing on **November 3, 2016**. The public hearing was noticed starting on **October 17, 2016**. The hearing notice is attached in Appendix B. In addition, the District maintained a copy of the draft UWMP in its office prior to the public hearing.

The Final 2015 UWMP was formally adopted by the District's Board of Directors (Board) on **XXXXX, 2016**. A copy of the Adoption Resolution is included in Appendix C. A copy of the Final 2015 UWMP was sent to the California State Library, DWR (electronically using the WUEdata reporting tool), and other appropriate agencies within 30 days of adoption. The District will make the 2015 UWMP available for public review in its offices during normal hours no later than 30 days after the adoption of the plan by the District Board and filing with DWR.

The implementation of this plan shall be carried out as described unless significant changes occur between the adoption of this plan and the 2020 plan. If such significant changes do occur, the District will amend and readopt the plan as required by the CWC.

3 SYSTEM DESCRIPTION

3.1 SERVICE AREA DESCRIPTION AND BOUNDARIES

Established in 1941, SLVWD continues to serve several communities within the 136 square-mile San Lorenzo River watershed (Figure 3-1). The District owns, operates, and maintains three water systems that supply separate service areas from separate water sources (Figure 3-1). The North Service Area includes the unincorporated communities of Boulder Creek, Brookdale, and Ben Lomond. The South Service Area encompasses portions of the City of Scotts Valley and adjacent unincorporated neighborhoods. The Mañana Woods subdivision became part of the South Service Area as a result of the District's annexation of the Mañana Woods Mutual Water Company in July 2006. The Felton Service Area was acquired by the District from California American Water (CAW or Cal-Am) in September 2008 and includes the town of Felton and adjacent unincorporated areas. It was owned and operated by Citizen Utilities Company of California prior to 2002.

The District's legal boundaries encompass three service areas, referred to as North, South, and Felton systems, with a combined area of approximately 61 square miles (39,042 acres) (Figure 3-1). The individual areas are as follows:

- North Service Area (57 square miles or 36,648 acres)
- South Service Area (0.8 square mile or 511 acres)
- Felton Service Area (2.9 square miles or 1,884 acres)

The San Lorenzo River watershed extends 21 miles from the river's mouth at Monterey Bay in Santa Cruz to the river's headwaters along Santa Cruz County's northern boundary (Figure 3-1). The valley is framed by the crest of the Santa Cruz Mountains along the north and northeast (maximum elevation 3,200 feet above mean sea level [ft msl]), and Ben Lomond Mountain along the west (2,600 ft msl). The District's service areas range in elevation from approximately 200 ft msl near Felton to as high as 1,400 ft msl along the eastern flank of Ben Lomond Mountain.

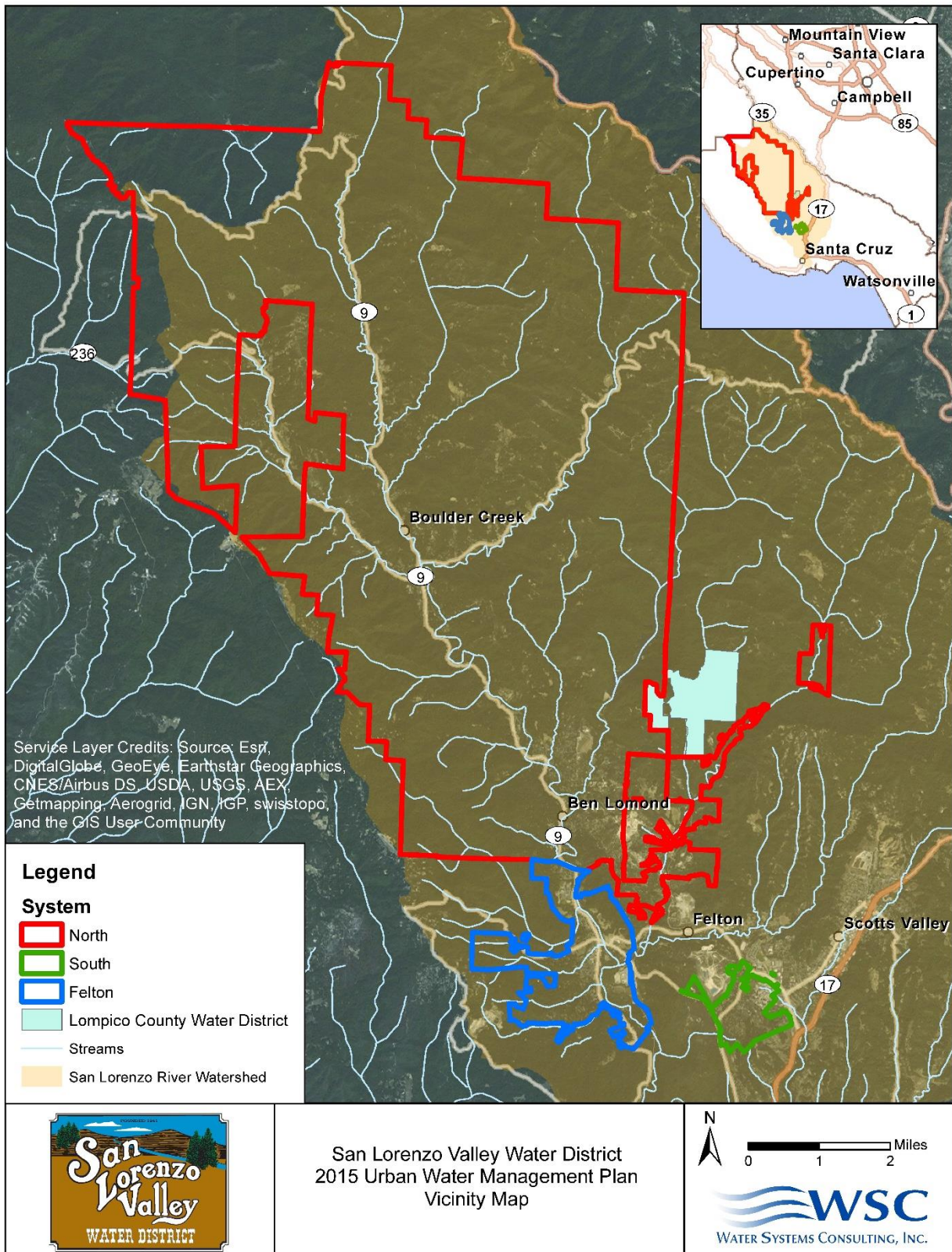


Figure 3-1 SLVWD Boundaries and Service Areas

3.2 SERVICE AREA CLIMATE

The District occupies a coastal valley climate zone that receives significant winter precipitation and relatively little summer coastal fog. The mean annual temperature at Ben Lomond is 57 degrees Fahrenheit (°F) and monthly mean temperatures range from 50°F in December and January to 63°F in August. This report refers to precipitation generally as rainfall, although snow occurs infrequently at higher elevations. Table 3-1 summarizes monthly average reference evapotranspiration (Eto) rates, rainfall, and temperature.

Table 3-1 Climate Data

	Jan	Feb	March	April	May	June	Annual
Standard Monthly Reference Evapotranspiration (Eto) (inches) ¹	1.61	2.11	3.56	4.43	5.18	5.48	
Average Total Precipitation (inches) ²	6.14	5.42	4.33	1.92	0.8	0.22	
Average Temperature (Fahrenheit) ²	49.7	51.7	53.52	55.75	58.38	61.43	
	July	Aug	Sept	Oct	Nov	Dec	Annual
Standard Monthly Reference Evapotranspiration (Eto) (inches) ¹	5.18	4.86	3.91	2.96	1.72	1.35	42.35
Average Total Precipitation (inches) ²	0.06	0.07	0.42	1.39	3.31	5.24	29.33
Average Temperature (Fahrenheit) ²	63.01	63.38	63.11	59.92	54.5	50.1	57.1

¹ Standard monthly reference evapotranspiration (Eto) data are from the California Irrigation Management Information System (CIMIS) web site at <http://www.cimis.water.ca.gov/WSNReportCriteria.aspx>. Data from the Santa Cruz, CA station No. 104 over the time period September 1990 through May 2016.

² Average total precipitation and average temperature data are from the Western Regional Climatic Center administrated by NOAA at web site <http://www.wrcc.dri.edu/cgi-bin/cliMAIN.pl?ca7916>. Data from the Santa Cruz, CA station No. 047916 recorded from January 1, 1893 to January 20, 2015. Temperature data from the Santa Cruz, CA station No. 047916 recorded from January 1, 1893 to May 2015. <http://www.wrcc.dri.edu/cgi-bin/cliMAIN.pl?ca7916>

3.3 SERVICE AREA POPULATION

The population within the areas directly served by the District's distribution systems was approximately 21,924 in 2015. The Association of Monterey Bay Area Governments (AMBAG) estimated historical and forecasted population, housing and employment from 2010 through 2035 based on analysis of 2010 United States Census (US Census) data, California Department of Finance (DOF) data, and AMBAG's forecast data developed with the Santa Cruz Local Agency Formation Commission (LAFCO), cities, counties, and other agencies. (Association of Monterey Bay Area Governments, June 11, 2014). AMBAG uses these data sources and agency resources to incorporate

planned developments, specific and General Plan research, and economic development plans into their forecast data. AMBAG used this data to estimate historical and forecasted population, housing and employment for the County and then more specifically for more granular study areas called Transportation Analysis Zones (TAZs) within the County. The TAZ data was overlaid on the District’s service areas using Geographical Information Systems (GIS) software to develop population growth rates as shown in Table 3-2. It was assumed that each of the District’s service areas’ population growth rates would be the same as the total population growth rates for the TAZs overlaying each service area.

Table 3-2 Annual Growth Rate Projections

	2016-2020¹	2021-2025¹	2026-2030¹	2031-2035¹
North System	0.57%	0.26%	0.47%	0.35%
South System	0.01%	0.08%	0.15%	0.12%
Felton System	0.69%	0.69%	0.69%	0.69%

¹ Annual growth rates were calculated based on the AMBAG 2014 Regional Growth Forecast for the TAZs overlaying each SLVWD service area.

Table 3-3 Historical, Current, & Projected Population

	2010	2015	2020	2025	2030	2035
North System	15,693	15,882	16,342	16,553	16,947	17,248
South System	2,763	2,796	2,798	2,810	2,831	2,848
Felton System	3,193	3,246	3,360	3,414	3,515	3,592
Total	21,649	21,924	22,500	22,776	23,293	23,688

Note: Population figures based on DWR population tool, 2010 Census Block data and the growth rates in Table 3-2.

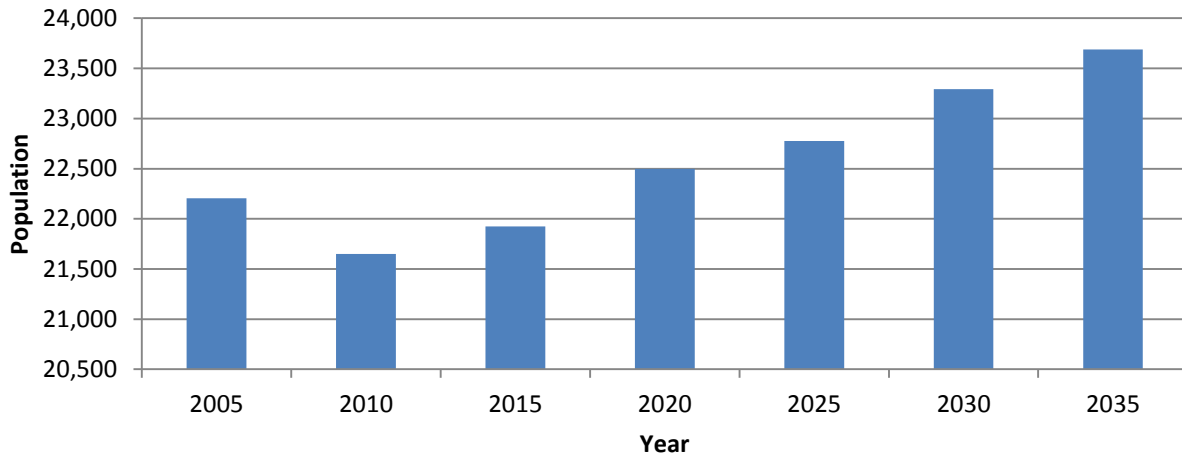


Figure 3-2 Historical, Current and Projected Population

3.4 SERVICE AREA DEMOGRAPHICS

Figure 3-3 shows the distribution of various land use types within SLVWD and the surrounding area. Land uses include timber, State and regional parks, rural residential, low-density urban residential and commercial, quarries, agriculture, and other open space. The majority of the District’s customers are low density and rural residential customers within areas zoned primarily as rural (1 residence or less per acre). Population density varies between each service area with approximately 3 people per connection in the North System, 4.1 in the South System, and 2.4 in the Felton System.

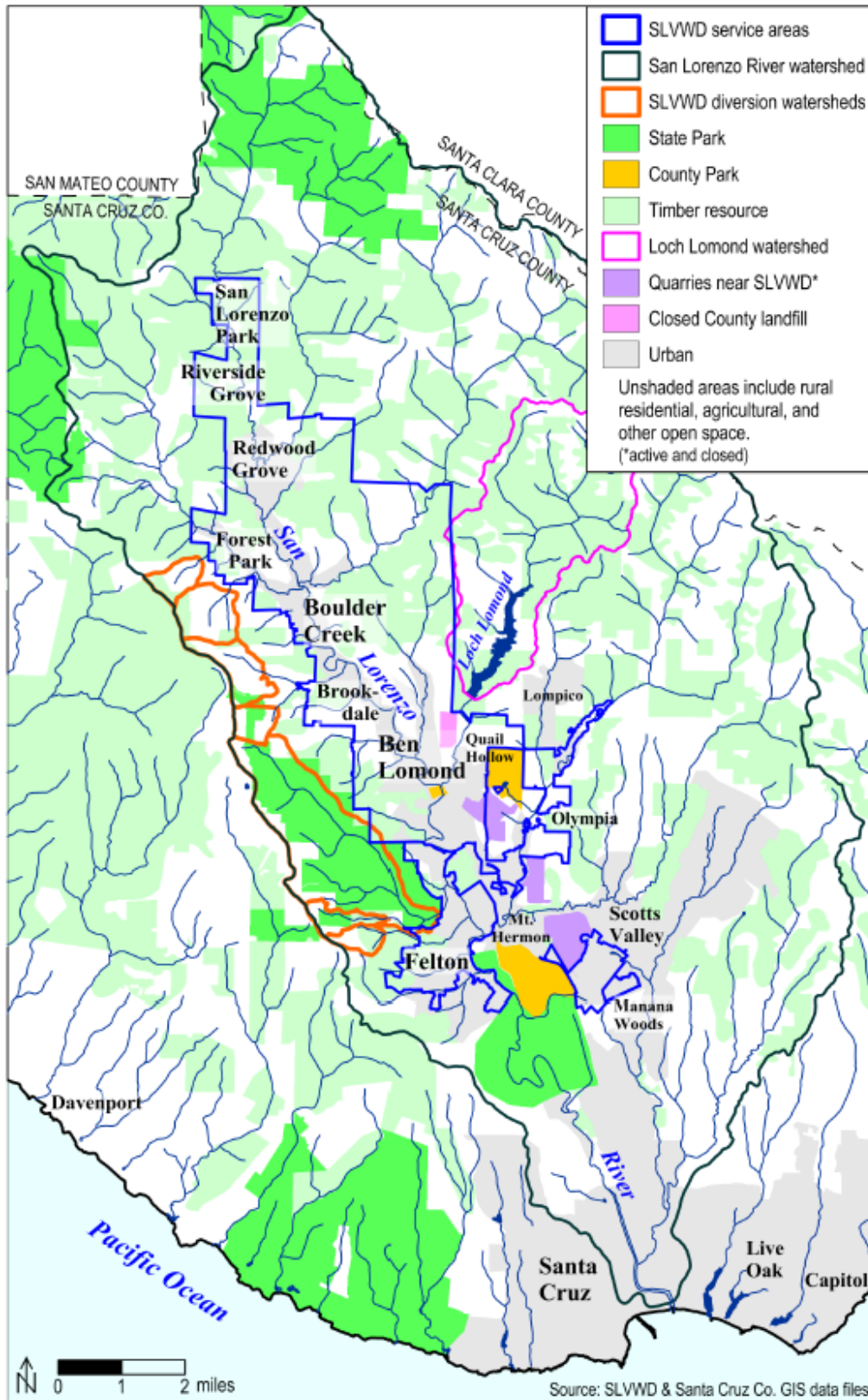


Figure 3-3 San Lorenzo Valley Land Uses (Nicholas M. Johnson, Ph.D., R.G., C.Hg., August 2015)

4 BASELINES AND TARGETS

Senate Bill x 7-7 (SB7), which was incorporated into the UWMP Act in 2009, requires all water suppliers to increase water use efficiency with the overall goal to decrease per-capita water consumption within the state by 20 percent by the year 2020. SB7 required DWR to develop certain criteria, methods, and standard reporting forms through a public process that could be used by water suppliers to establish baseline water use and determine water conservation targets. SB7 and the SB7 Guidebook specify methodologies for determining the baseline water demand, 2015 interim urban water use target, and the 2020 urban water use target for the District, as described in the following sections. The baseline, targets, and compliance per capita water use can be determined for each of the District's systems separately or for the entire District service area using a population weighted average. However, even if the compliance per capita water use is determined for each system separately, the entire District's per capita water use must meet the District-wide targets. Therefore, the District's final 2020 target water use of 84 gallons per capita per day (GPCD) for all systems was calculated using the SB7 Guidebook's Method 1 as described in Sections 4.2.1 and 4.4.

4.1 BASELINE WATER USE

The first step in developing the baseline water use for the District is determining the applicable range of years over which to calculate the baseline average. The UWMP Act stipulates that an agency may use either a 10- or 15-year average to determine their baseline. If 10 percent of total urban retail water deliveries in 2008 were from recycled water, then the agency can use a 15-year average baseline if it chooses. The District's recycled water use was less than 10 percent of its 2008 retail water delivery. Consequently, the first baseline period will consist of a continuous 10-year period that can be selected between 1995 and 2010.

As shown in Table 4-1, the District's selected 10-year base period begins in year 1999 and ends in year 2008. This baseline period was chosen to give the District the most flexibility in meeting the state mandated water reduction requirement. In addition to the 10-year baseline, a 5-year baseline is also calculated, which is used to establish the minimum criteria for the District's use reduction targets. The UWMP Act requires the use of a continuous 5-year range with the end of the range ending between December 31, 2007 and December 31, 2010 to determine the baseline. As shown in Table 4-2, the District's selected 5-year base period begins in year 2003 and ends in year 2007. The District's historical gross water use and per capita water use for the period of 1995 through 2015 is shown in Figure 4-1.

Table 4-1 Ten-Year Baseline Period

Calendar Year	Distribution System Population	Daily System Gross Water Use (mgd)	Annual Daily Per Capita Water Use (GPCD)	10 year running average
1995	22,252	2.09	94	
1996	22,353	2.22	99	
1997	22,455	2.14	96	
1998	22,556	2.13	94	
1999	22,658	2.29	101	
2000	22,759	2.33	102	
2001	22,648	2.39	105	
2002	22,537	2.41	107	
2003	22,426	2.36	105	
2004	22,315	2.38	107	
2005	22,204	2.33	105	102
2006	22,093	2.40	108	103
2007	21,982	2.32	105	104
2008	21,871	2.13	97	104
2009	21,760	1.97	90	103
2010	21,649	1.97	91	102
Base Daily Per Capita Water Use				104

Table 4-2 Five-Year Baseline Period

Calendar Year	Distribution System Population	Daily System Gross Water Use (mgd)	Annual Daily Per Capita Water Use (GPCD)	5 year running average
2003	22,426	2.4	105	
2004	22,315	2.4	107	
2005	22,204	2.3	105	
2006	22,093	2.4	108	
2007	21,982	2.3	105	106
2008	21,871	2.1	97	105
2009	21,760	2.0	90	101
2010	21,649	2.0	91	99
Base Daily Per Capita Water Use				106

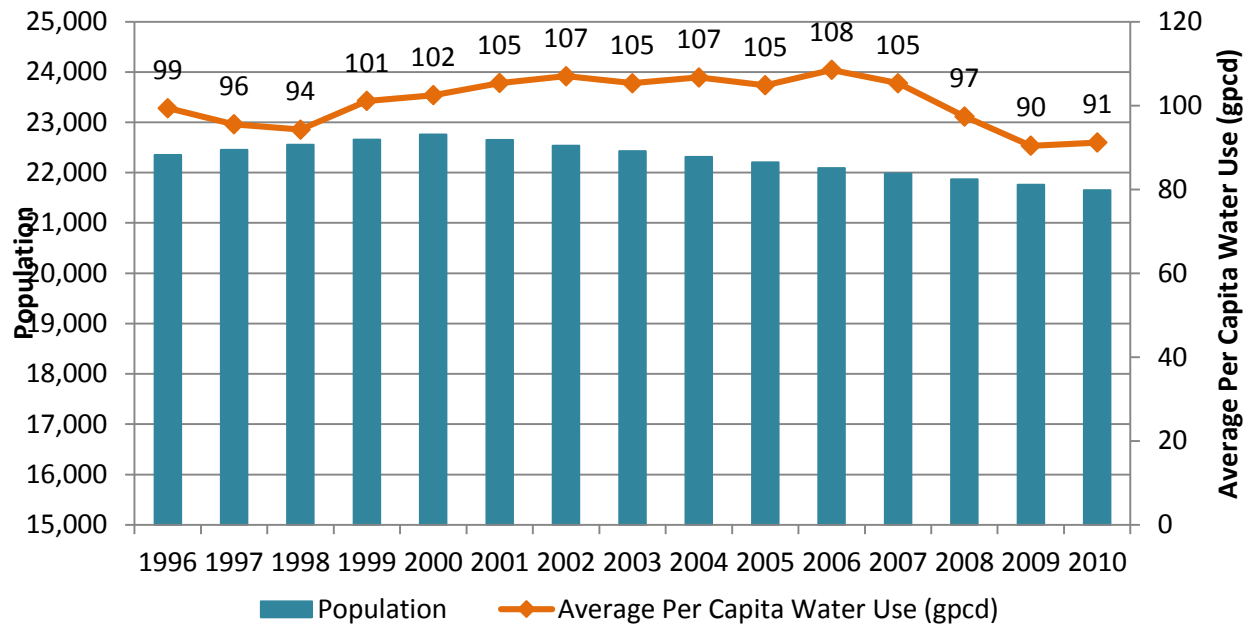


Figure 4-1 Historic Gross Water Use and Per Capita Water Use

4.2 TARGET WATER USE

DWR provided four different methods to establish water conservation targets. These four methods are summarized in the following sections.

4.2.1 Method 1 - Baseline Reduction Method

The Method 1 2020 water conservation target is defined as a 20 percent reduction of average per-capita use from the 10-year continuous baseline period. Based on the baseline daily per capita use of 104 gallons per capita per day (GPCD) determined previously, the target use for Method 1 is 84 GPCD. The 2015 interim water use target is simply the midpoint of the baseline and the 2020 water conservation target, or 94 GPCD for Method 1 in the District’s case.

4.2.2 Method 2 - Efficiency Standard Method

The 2020 water conservation target of Method 2 is determined by calculating efficiency standards for indoor use separately from outdoor use for residential sectors, and an overall reduction of 10 percent for commercial, industrial, and institutional (CII) sectors. The aggregated total of the efficiency standards in each area is then used to create a conservation target.

Very few agencies within the State have the data necessary to determine a target water use using Method 2. It is not feasible for the District to use this methodology since the District lacks the detailed landscaped area estimates to calculate the landscaped area water use.

4.2.3 Method 3 - Hydrologic Region Method

This method uses the ten regional urban water use targets for the State. Based on the water supplier's location within these regions, a static water use conservation target for 2020 is assigned.

Urban water use targets (2020 conservation goals) for the hydrologic regions in California are included in the 2015 UWMP Guidebook. To determine the target using Method 3, 95 percent of the region-specific conservation goal is calculated. Based on a 2020 target of 123 GPCD for the Central Coast region, the District's Method 3 target is 117 GPCD for 2020. The District's 2015 interim water use target for Method 3 is calculated to be 120 GPCD.

4.2.4 Method 4 - BMP Based Method

Method 4 identifies water savings obtained through identified practices and subtracts them from the baseline daily per capita water use value identified for the water supplier. The water savings identified that can be used to reduce the baseline daily per capita water use value include:

- Indoor residential use savings;
- Commercial, industrial, and institutional savings;
- Landscape and water loss savings; and
- Metered savings.

The Method 4 per capita water use target was calculated using the District's 10-year baseline period (1999 to 2008). A discussion of each of the savings components and the subsequent calculated savings specifically for the District is included below.

- **Indoor Residential Savings.** Since indoor and outdoor water use is delivered through a single meter, an assumption of 70 GPCD has been provided by DWR for standard residential indoor water use. To determine indoor residential savings potential, the draft provisional method outlines two methodologies. First, a best management practices (BMP) calculator has been developed to sum the savings for four conservation elements including single- and multi-family residential housing toilets, residential washers, and showerheads. The District will use what has been termed the "default option" to determine these savings. Based on the provisional method, this default value is 15 GPCD reduction in indoor water use.
- **Commercial, Industrial, and Institutional Savings.** Baseline CII water use can be established for the District based on data provided in the District's 2010 UWMP for years 1999 to 2008. Based on this data, the baseline per capita CII water use is 209 GPCD. The draft provisional method estimates a default value for CII savings of 10 percent. The CII water savings are therefore 0.83 GPCD.

- Landscape and Water Loss Savings.** The landscape and water loss water use is determined by subtracting the default indoor water use of 70 GPCD and CII water use of 8.3 GPCD from the calculated year's 1999 to 2008 baseline per capita use. Based on a 1999 to 2008 baseline per capita water use of 104 GPCD, the landscape and water loss use is 26.1 GPCD. The draft provisional method estimates a default value for landscape and water loss savings of 21.6 percent. The landscape and water loss savings are therefore 5.6 GPCD.
- Metered Savings.** Metered savings are considered in addition to the savings attributed to the three sectors previously discussed. Because the District was fully metered in the midpoint year of 2003 (based on the methodology established by DWR) and no unmetered deliveries occurred, the unmetered per capita use was zero GPCD. Therefore, no savings from metering was calculated.

The District's 2020 target water use is calculated as the baseline water use minus the total savings (residential indoor, CII, landscape, and water loss, and meter savings). In the District's case, the total water savings accounts for 21.5 GPCD, which equates to a 2020 target water use of 82.9 GPCD in 2020, and a corresponding interim water use target for Method 4 of 93.7 GPCD in 2015.

4.3 MINIMUM WATER USE REDUCTION REQUIREMENT

The final step in determining the applicability of the water use target for the District is to confirm the water use targets meet the minimum reduction requirements as defined by DWR. To confirm the chosen 2020 per capita target, the 5-year average baseline previously determined in Table 4-2 is used. The chosen target (calculated using one of the four methods described above) must be less than 95 percent of the 5-year baseline. In order to meet this minimum criteria, the District's 2020 target per capita water use must be less than or equal to 101 GPCD.

4.4 SUMMARY OF BASELINE AND TARGET WATER USE

Based on the 2020 water use targets calculated using the four methodologies and minimum water use reduction requirements described previously, the 2020 urban water use target for the District is 84 GPCD. The 2015 interim water use target is 94 GPCD. This target was determined using Method 1. This method reflects expected demand patterns based on historical usage, anticipated climate change impacts, and the District's commitment to sustainable water resource management. According to the DWR guidelines, this target is valid since it meets the minimum 5-year baseline target confirmation criteria.

The baseline water use, target per capita use determined based on the four methods, and the selected target and interim target are summarized in Table 4-3. Table 4-4 and Figure 4-2 display the baseline and targets as well as historical and projected per capita water use for SLVWD as a whole and for each system. The projected per capita water use reflects a conservative water demand estimate considering that 2015 water production was at 73 GPCD, but it is assumed to be reasonable considering the 2013-2015 average was 84 GPCD.

Table 4-3 Water Use Targets for each Method

Calculation Method	Water Use Target (GPCD)
Method 1: 80% of Baseline Per Capita Water Use	84
Method 2: Performance Standards	Not calculated
Method 3: 95% of Regional Target	117
Method 4: DWR Approach	83
Selected Urban Water Use Target	84

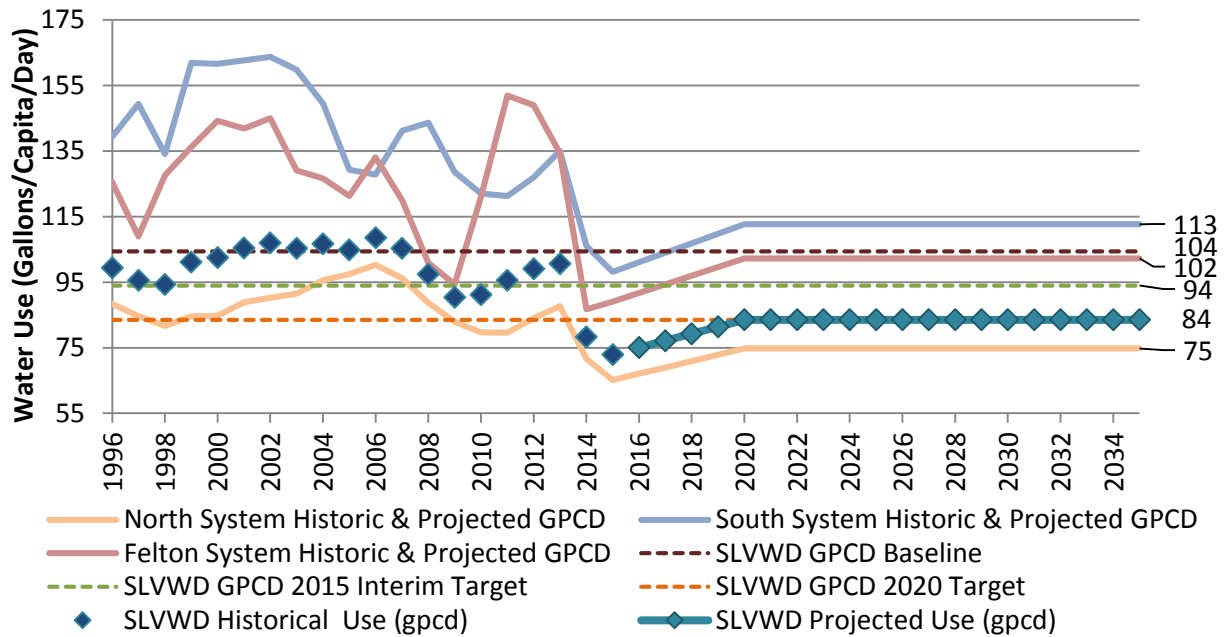


Figure 4-2 Historical, Baseline, Targets, and Projected GPCDs¹

Table 4-4 Interim and Baseline Targets

Parameter	Water Use (GPCD)
Base Daily Per Capita Water Use	104
2015 Daily Per Capita Water Use	73
2015 Interim Urban Water Use Target	94
2020 Urban Water Use Target	84

¹ As described in Section 4, GPCD can be determined for each of SLVWD’s systems separately; however, SLVWD’s compliance GPCD must meet the District-wide targets as a whole. System specific GPCDs are shown to reflect each system’s projected GPCD to meet SLVWD’s overall 2020 target water use of 84 GPCD for all systems as described in Sections 4.2.1 and 4.4.

5 SYSTEM WATER USE

This section describes and quantifies the District's current and projected water use through the year 2035. Accurately tracking and reporting water use allows the District to properly analyze the use of their resources in order to conduct diligent resource planning. Estimating future water use as accurately as possible allows the District to manage its water supply and appropriately plan for infrastructure investments. Assessments of future growth and related water use provides essential information for developing water use projections to manage resources for the service areas' needs.

5.1 WATER DEMANDS

The following tables (Table 5-1, Table 5-2, Table 5-3, Table 5-4 and Table 5-5) show the past, current, and projected water deliveries for the District based on historical water use. Future water demands are projected using the SB7 per capita water use targets (see Section 4) and projected population (Table 3-3). A summary of the past, current and projected water deliveries is shown graphically in Figure 5-1.

Table 5-1 Water Deliveries, 2010, AFY

2010					
Water use sectors	Metered		Not Metered		Total
	# of Connections	Volume	# of Connections	Volume	Volume
General and Residential	6,990	1,591	0	0	1,591
Commercial	244	83	0	0	83
Institutional	55	92	0	0	92
Irrigation	12	11	0	0	11
Other	8	4	0	0	4
Total	7,309	1,781	0	0	1,781

Table 5-2 Water Deliveries, 2015, AFY

2015					
	Metered		Not Metered		Total
Water use sectors	# of Connections	Volume	# of Connections	Volume	Volume
General and Residential	7,124	1,298	0	0	1,298
Commercial	197	71	0	0	71
Institutional	61	82	0	0	82
Irrigation	12	11	0	0	11
Other	9	7	0	0	7
Total	7,403	1,469	0	0	1,469

Table 5-3 Projected Water Deliveries, 2020, AFY

2020					
	Metered		Not Metered		Total
Water use sectors	# of Connections	Volume	# of Connections	Volume	Volume
General and Residential	7,319	1,509	0	0	1,509
Commercial	203	83	0	0	83
Institutional	63	95	0	0	95
Irrigation	12	13	0	0	13
Other	9	8	0	0	8
Total	7,606	1,708	0	0	1,708

Table 5-4 Projected Water Deliveries, 2025-2030, AFY

	2025		2030	
	Metered		Metered	
Water use sectors	# of Connections	Volume	# of Connections	Volume
General and Residential	7,412	1,527	7,585	1,560
Commercial	206	84	211	86
Institutional	64	96	65	98
Irrigation	12	13	13	13
Other	9	8	10	8
Total	7,703	1,728	7,883	1,766

Table 5-5 Projected Water Deliveries 2035, AFY

	2035	
	Metered	
Water use sectors	# of Connections	Volume
General and Residential	7,717	1,586
Commercial	215	87
Institutional	66	100
Irrigation	13	13
Other	10	8
Total	8,021	1,795

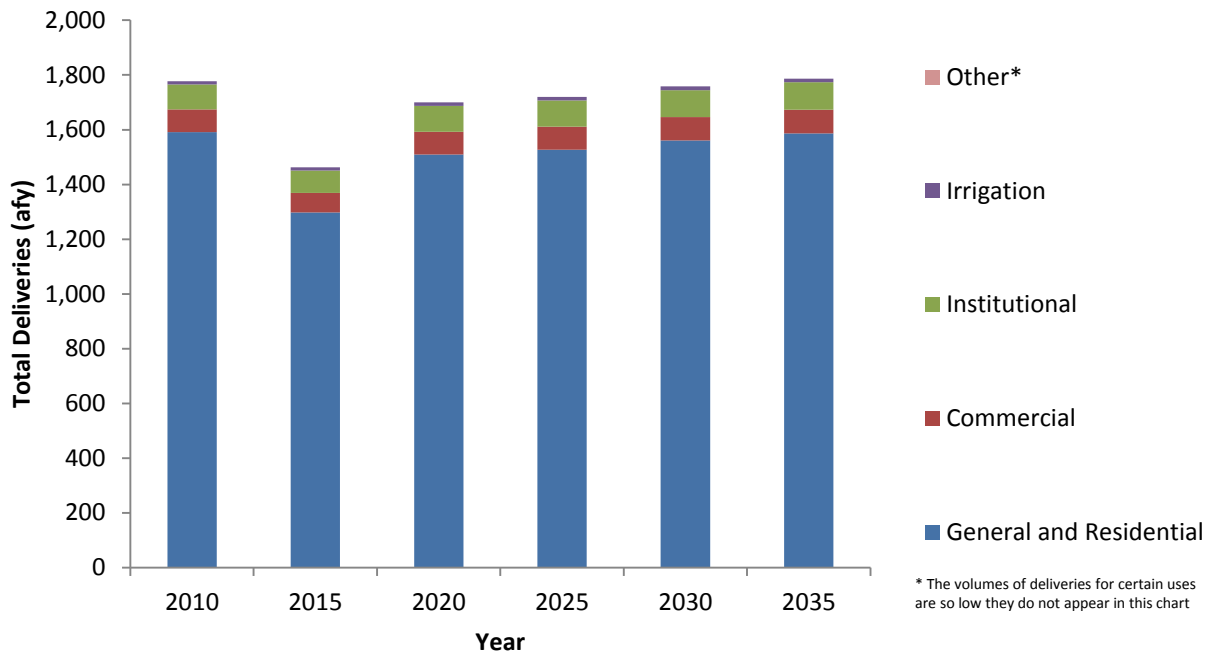


Figure 5-1 Past, Current and Projected Water Deliveries by Water Use Sector

5.1.1 Low-Income Demands

Changes to the California Water Code section 10631.1 since 2005 require demand projections to include projected water use for single-family and multi-family residential housing needed for lower income households. Low-income households are defined as households making less than 80% of median household income. The AMBAG *Regional Housing Needs Assessment Plan: 2014-2023* (Association of Monterey Bay Area Governments, October 2013) determines the housing needs in its service area over the planning period of 2014-2023. For this planning period, 2,515 new very low-income units and 1,640 new low-income units are projected to be needed by 2023 in the AMBAG region, which includes the counties of Monterey, Santa Cruz and San Benito. The allocation of these units throughout the region is based on the 2014 Regional Growth Forecast housing needs and employment growth over the planning period. Assuming the District’s 2015 average water usage per connection, the projected demand for the low-income residential units within the District’s service area is shown in Table 5-6. For the purposes of this UWMP, the low-income delivery projections are included in the District’s total projected water deliveries shown in Table 5-1 through Table 5-5.

Table 5-6 Cumulative Low-Income Water Deliveries, AFY

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
New Low-Income Residential Demand Units- AMBAG Area	416	416	416	416	416	416	416	416	416	416	4,155
New Low-Income Residential Demand Units-District Service Area(Housing Units) ¹	13	13	13	13	13	13	13	13	13	13	130
New Low-Income Residential Demand Units Demands-District Service Area (AFY) ¹	3	3	3	3	3	3	3	3	3	3	26
¹ Assumes that the District will accommodate 3% of the population within the AMBAG service area based on the AMBAG derived District population of 23,737 in 2023 and a projected AMBAG total population of 699,873 in 2023 (23,737/699,873=.03). 3% of 4,155 new low and very low-income units is 130 units with the District's service area. The annual projected new low-income units within the District were multiplied by the 2015 average residential connection usage of 0.2 AFY to estimate annual new demands.											

5.1.2 Sales to Other Water Agencies

The District does not sell water to other water agencies in the area.

5.1.3 Additional Water Uses and Losses

Table 5-7 shows the past, current and projected amount of non-revenue water (NRW) for the District. NRW is defined as the water losses plus authorized unbilled (metered and unmetered) water consumption. A detailed description of water losses and NRW is provided in Appendix D.

Table 5-7 Non-Revenue Water, AFY

Water use	2015	2020	2025	2030	2035
Non-revenue water (NRW)	320	399	404	413	421

5.1.4 Total Water Use

Table 5-8 shows the past, current, and projected total water use for the District. Total water use includes water delivered to customers and NRW. Water Deliveries and total water use for each service area are shown in Appendix E.

Table 5-8 Projected Total Water Use, AFY

Water Use	2015	2020	2025	2030	2035
Total water deliveries	1,469	1,708	1,728	1,766	1,795
Sales to other water agencies	0	0	0	0	0
Non-revenue water (NRW)	320	399	404	413	421
Total	1,790	2,107	2,132	2,180	2,216

5.2 WATER USE REDUCTION PLAN

Per capita water use for 2015 was 73 GPCD which is below the SB7 water use target of 84 GPCD and the interim target of 94 GPCD. Based on water use trends and water supply projections, the District will meet or exceed the projected water use targets by maintaining their current water conservation strategy and programs.

6 SYSTEM SUPPLIES

The following subsections provide an overview of the District's surface water and groundwater resources and describe supplies in detail for each of the North, South, and Felton systems. Production from these sources is projected through 2035 based on their estimated yields and the water demand projections presented in Section 5.

SLVWD's current and potential water supplies are grouped as follows:

1. Nine active stream diversions (surface water)
2. Eight active wells (groundwater)
3. One active spring (designated groundwater by CDDW)
4. Entitlement to a portion of surface water storage in Loch Lomond Reservoir
5. A potential water transfer from Santa Cruz City Water District (SCCWD) in lieu of direct diversions from Loch Lomond

The first three groups constitute the District's currently active supply (Johnson, May 2009). The District is studying options for the latter two water supplies (SPH Associates Consulting Engineers, 2010). The actual and potential supply provided by these sources depends on their conjunctive use within the constraints of the annual and long-term climatic cycle, existing and planned infrastructure, District water rights, and inter-agency agreements. Conjunctive use refers to the optimized, sustainable use of multiple sources of water throughout repeated climatic cycles.

The District has purchased small amounts of water from Scotts Valley Water District (SVWD) during short-term, quasi-emergency situations prior to 2010. This source is not considered significant with regard to the District's long-term water-supply planning.

Table 6-1 summarizes the current and projected water supplies for the District. Projections of average annual water production from each SLVWD source are based on total water use calculated based on population projections and per capita water use targets, as presented in Sections 4 and 5. The projected use of each source is proportional to its average contribution to system production during 2000-2015 as shown in Table 6-2. Similar to the historical record (Sections 4 and 5), water production is expected to vary above and below these projected averages as a function of climate and demand cycles.

SLVWD's use of individual water sources could depart from the average projections as a result of one or more potential factors, including the eventual use of interties between the District's three systems under non-emergency conditions; the use of interties with neighboring purveyors on a non-emergency basis (e.g., SVWD and SCCWD); the construction of infrastructure needed to utilize the District's allotment of Loch Lomond Reservoir, either as diverted raw water or SCCWD treated water; and the modification of water rights through the regulation of in-stream flows. These factors do not affect projected average total use, which is estimated from population and water use targets. Factors potentially affecting water supply reliability are discussed in Section 7.

Table 6-1 Current and Projected Water Supplies

Water Supply Sources	2015	2020	2025	2030	2035
<u>North System</u>					
Peavine Creek	107	126	128	131	133
Foreman Creek	432	510	517	529	538
Clear Creek	112	133	134	138	140
Sweetwater Creek	75	88	90	92	93
Quail Hollow Groundwater	178	211	214	219	222
Olympia Groundwater	255	301	305	312	318
Subtotal	1,159	1,369	1,387	1,420	1,445
<u>South System</u>					
Pasatiempo Groundwater	284	326	327	330	332
Mañana Woods Groundwater	24	27	27	27	28
Subtotal	307	353	355	357	359
<u>Felton System</u>					
Fall Creek	160	190	193	199	203
Bull Creek	73	87	89	91	93
Bennett Spring Diversion	86	102	104	107	109
Bennett Spring Groundwater	5	6	6	6	6
Subtotal	324	385	391	403	412
Total	1,790	2,107	2,132	2,180	2,216

Table 6-2 Supply Sources as Percent of Total Production per System

Calendar Year	North System				South System		Felton System			
	Stream Diversions		Groundwater		Groundwater		Diversions			
	Foreman & Peavine Creeks	Clear & Sweetwater Creeks	Quail Hollow Wells	Olympia Wells	Pasatiempo	Mañana Wds	Streams		Bennett Spring	
							Fall Creek	Bull Creek	to Kirby WTP	as groundwater
% of North				% of South		% of Felton				
2000	41%	24%	10%	25%	85%	15%	33%	25%	41%	2%
2001	35%	19%	13%	33%	87%	13%	56%	16%	27%	1%
2002	49%	4%	21%	26%	87%	13%	49%	20%	29%	1%
2003	42%	13%	19%	26%	87%	13%	49%	23%	27%	2%
2004	39%	14%	22%	25%	87%	13%	51%	16%	30%	2%
2005	45%	18%	18%	19%	86%	14%	28%	28%	43%	2%
2006	44%	18%	20%	18%	-	-	27%	32%	39%	2%
2007	22%	18%	25%	35%	88%	12%	51%	21%	26%	2%
2008	27%	17%	23%	33%	89%	11%	45%	30%	22%	3%
2009	31%	19%	14%	36%	89%	11%	58%	19%	20%	2%
2010	52%	19%	13%	16%	91%	9%	52%	24%	23%	1%
2011	57%	22%	12%	9%	91%	9%	39%	30%	30%	1%
2012	37%	18%	15%	30%	92%	8%	45%	25%	29%	1%
2013	40%	5%	22%	33%	95%	5%	62%	11%	25%	2%
2014	24%	13%	21%	42%	95%	5%	76%	9%	14%	2%
2015	24%	18%	25%	34%	97%	3%	67%	17%	13%	2%
2000-2015 Avg	38%	16%	18%	28%	90%	10%	49%	22%	27%	2%

6.1 SPRING AND STREAM DIVERSIONS

SLVWD appropriative water rights are exercised through the following active diversions:

North System	Points of Diversion	Felton System	Points of Diversion
Peavine Creek	1	Fall Creek	1
Foreman Creek	1	Bennett Spring	1
Clear Creek	3	Bull Creek	2
Sweetwater Creek	1		

SLVWD’s diversion watersheds are shown in Figure 6-1. The diversion watersheds are located along the steep eastern slopes of Ben Lomond Mountain and are underlain by granitic and metamorphic rock. Table 6-1 presents the District historic and projected stream and spring diversion records.

SLVWD’s diversion watersheds have a combined area of approximately 4,310 acres, or 7.1 square miles, equal to 6.3 percent of the San Lorenzo River watershed above the USGS Big Trees gauge near Felton. Diversions on Peavine and Foreman creeks supply the North Service Area and have a

combined watershed area of 710 acres, or about 10 percent of the Boulder Creek watershed above its confluence with the San Lorenzo River. Diversions on Clear and Sweetwater creeks also supply the North Service Area and have a combined watershed area of 660 acres, or about 2 percent of the San Lorenzo River watershed above its confluence with Clear Creek.

SLVWD has four former minor diversions. Diversions from Earl and Manson springs were discontinued in 1993 and diversions from Harmon Creek, a 100-acre watershed, were discontinued in 1994. These diversions became impractical under the requirements of the 1990 Federal Surface-Water Treatment Rule, which also resulted in a combined 125-acre reduction in the diversion watershed areas of Clear and Sweetwater creeks. Diversions from the 30-acre Silver Creek watershed were discontinued in 2007 and reported in combination with Foreman Creek diversions.

Diversions on Fall and Bull creeks and Bennett Spring supply the Felton Service Area. The Fall Creek diversion has a watershed area of approximately 2,770 acres (4.3 square miles), including the 225-acre watershed above the Bennett Spring diversion. The two Bull Creek diversions have a combined watershed area of 175 acres. Bennett Spring and the springs supplying the Bull Creek diversions may have contributing groundwater recharge areas that differ from their respective drainage areas. Together, the Felton System diversion watersheds comprise 4.3 percent of the San Lorenzo River watershed above the Big Trees gage.

As described in Section 6, Table 6-1 summarizes the current and projected water supplies for the District. Projections of average annual water production from each SLVWD source are based on total demand calculated based on population projections and per capita water use targets, as presented in Section 4 and 5. The projected use of each source is proportional to its average contribution to system production during 2000-2015.

6.2 GROUNDWATER

SLVWD produces groundwater from three clusters of active wells, the Quail Hollow, Olympia, and Pasatiempo wellfields, and from a single active Mañana Woods well. The eight active wells are grouped as shown in Table 6-3 (well abbreviations given parenthetically).

Table 6-3 Active Well Groupings

North System
Quail Hollow wellfield: wells 4A and 5A (QH-4A & -5A)
Olympia wellfield: wells 2 and 3 (Oly-2 & -3)
South System
Pasatiempo wellfield: wells 5A, 6, and 7 (Paso-5A, -6, and -7)
Mañana Woods well 1 (MWD-1)

The District's eight active groundwater wells draw from the Santa Margarita and Lompico sandstone aquifers east of the San Lorenzo River between Ben Lomond and Scotts Valley. Figure 6-1 shows the active wells described above and boundaries of designated groundwater basins in the area, named and numbered as follows (California Department of Water Resources, January 2006):

- 3-21 Santa Cruz Purisima Formation Highlands
- 3-27 Scotts Valley
- 3-50 Felton Area

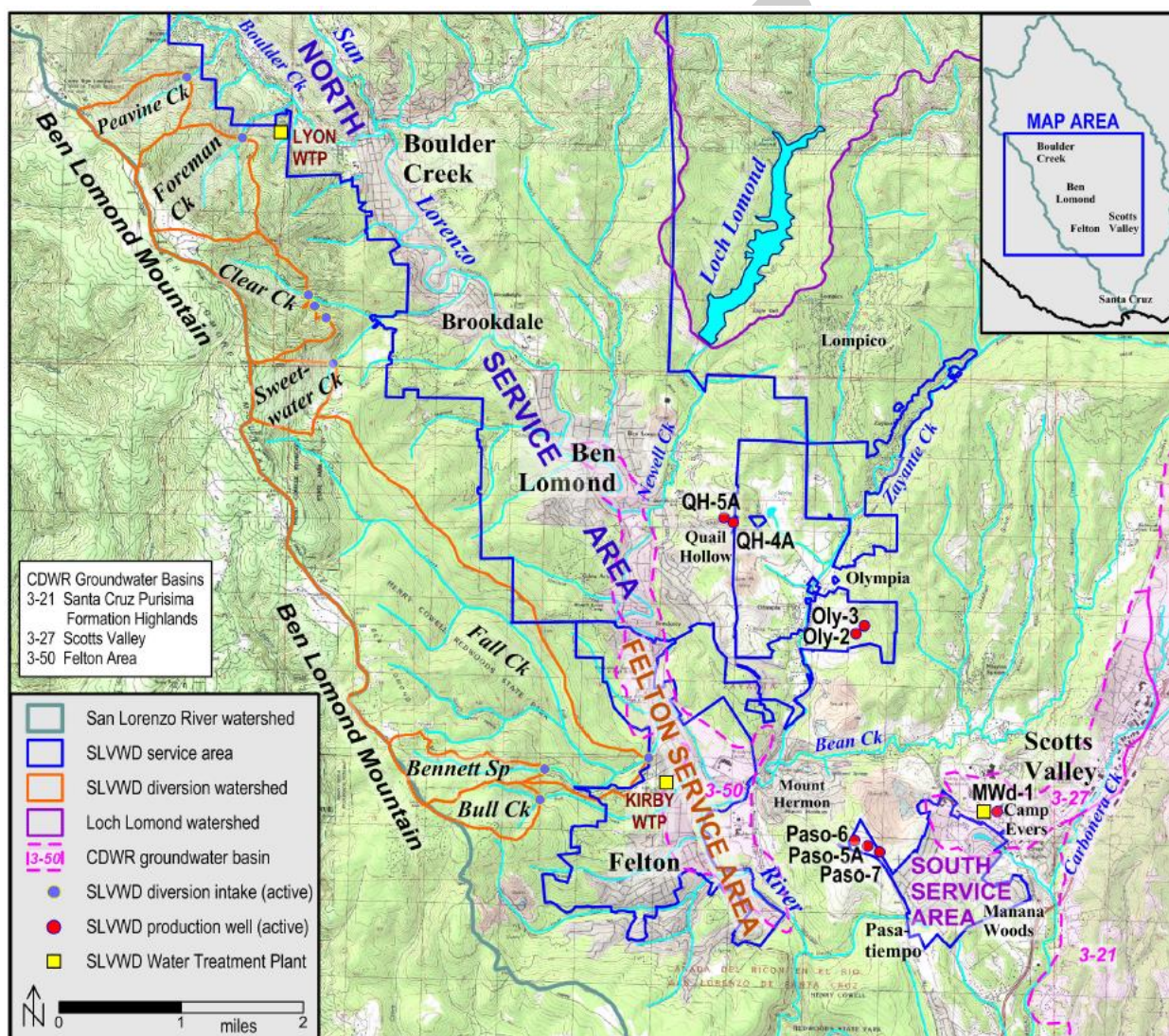


Figure 6-1 SLVWD Water Supply Sources (Nicholas M. Johnson, Ph.D., R.G., C.Hg., August 2015)

The Quail Hollow and Olympia wells supply water to the North System in conjunction with stream diversions. The Pasatiempo and Mañana Woods wells supply the entire water needs of the South System. A standby Mañana Woods well is referred to as MWd-2.

Figure 6-1 shows the location of active SLVWD production wells within the Quail Hollow, Olympia, Pasatiempo, and Camp Evers areas. These areas extend up to 4 miles east of the San Lorenzo River into the Scotts Valley area. Except for the fairly well-defined and hydraulically-separate Quail Hollow area, the delineated subareas are somewhat arbitrary, inasmuch as continuous aquifer zones extend between them. Groundwater rights are not adjudicated in these areas.

Table 6-4 presents the annual groundwater production record for each group of wells from 2011-2015 and Table 6-5 shows the projected groundwater pumping from 2020-2035. As described in Section 6, Table 6-1 summarizes the current and projected water supplies for the District. Projections of average annual water production from each SLVWD source are based on population projections and per capita water use targets, as presented in Section 4 and 5. The projected use of each source is proportional to its average contribution to system production during 2000-2015.

Table 6-4 Historic Groundwater Pumping, AFY

Basin Name(s)	2011	2012	2013	2014	2015
North System					
Quail Hollow Groundwater	174	219	337	264	288
Olympia Groundwater	130	450	510	535	391
South System					
Pasatiempo Groundwater	347	362	397	316	298
Mañana Woods Groundwater	33	33	22	15	9
Felton System					
Bennett Spring Groundwater	7	7	8	5	8
SLVWD					
Total groundwater pumped	690	1,069	1,274	1,136	994
Percent of total water supply	30%	44%	52%	59%	56%

Table 6-5 Projected Groundwater Pumping, AFY

Basin Name(s)	2020	2025	2030	2035
North System				
Quail Hollow Groundwater	211	214	219	222
Olympia Groundwater	301	305	312	318
South System				
Pasatiempo Groundwater	326	327	330	332
Mañana Woods Groundwater	27	27	27	28
Felton System				
Bennett Spring Groundwater	6	6	6	6
SLVWD				
Total groundwater pumped	871	879	894	906
Percent of total water supply	41%	41%	41%	41%

Figure 6-1 also shows the boundaries of local groundwater basins designated by DWR (California Department of Water Resources, January 2006). None of these basins are adjudicated. The groundwater basins designated by DWR do not provide useful planning units given that their boundaries are inconsistent with actual groundwater conditions. The Quail Hollow, Olympia, and Pasatiempo wells are not located within any of DWR’s designated groundwater basins. DWR’s “Felton Groundwater Basin” (No. 3-50) encompasses approximately 2 square miles of valley-floor alluvium along the San Lorenzo River, an area that does not contain any current or former municipal wells. DWR’s description of this basin acknowledges that the Santa Margarita and Lompico sandstones are the primary water bearing formations in the surrounding area, and that SLVWD’s wells draw from these two aquifers (California Department of Water Resources, February 2004). The Mañana Woods well is located within the DWR’s “Scotts Valley Groundwater Basin” (no. 3-27). The designated area encompasses 1.2 square miles of alluvium and also includes several of SVWD’s production wells. DWR’s basin description acknowledges that the actual groundwater basin includes about 20 square miles of Tertiary sedimentary formations in the surrounding area (California Department of Water Resources, January 2006).

SLVWD shares its groundwater resources with neighboring water districts and residential and commercial properties with private wells. To address regional issues of water supply, sustainability, and cooperative management, SLVWD participates in the Santa Margarita Groundwater Basin Advisory Committee, established in 1995 and consisting of representatives from SLVWD, SVWD, Lompico

County Water District, the City of Scotts Valley, and the County of Santa Cruz. In 1985, in response to the discovery of groundwater contamination from an industrial solvent release near Scotts Valley, the U.S. Environmental Protection Agency (EPA) designated a 40-square-mile area encompassing all of SLVWD's and SVWD's production wells as the Scotts Valley Santa Margarita Sole Source Aquifer under the authority of the Safe Drinking Water Act. Neighboring SVWD has, and SLVWD has not, developed a groundwater management plan as allowed under Assembly Bill (AB) 3030 and the CWC Sections 10750 et seq. SLVWD is partnering with SVWD and the County of Santa Cruz to redraw the boundaries of the Santa Margarita Groundwater Basin. The SVWD Board of Directors took action October 8, 2015 to support the collaborative efforts by SVWD, SLVWD, the County of Santa Cruz and other Santa Margarita Groundwater Basin stakeholders in complying with the 2014 Sustainable Groundwater Management Act (SGMA) and to prepare and submit to DWR a Santa Margarita Groundwater Basin Boundary Revision Request. On November 25, 2015, in accordance with § 343.9, the SVWD submitted the Initial Notification of Potential Basin Boundary Modification Request. On March 24, 2016 the DWR determined the basin modification request to be complete. The latest information is available at: <http://www.svwd.org/your-water/sgma>.

6.3 NORTH SYSTEM WATER SUPPLIES

The North System is supplied by both stream diversions and groundwater wells (Figure 6-1). Six active points of diversion are located on Peavine, Foremen, Clear, and Sweetwater creeks. Clear Creek has three separate points of diversion and each of the other streams have one. Two active groundwater wells draw from the Santa Margarita Sandstone aquifer in each of the Quail Hollow and Olympia areas. On average, the North System obtains 54 percent of its water supply from stream diversions and 46 percent from groundwater pumping (Table 6-2).

As practiced for the North System, conjunctive use (i.e., the optimized, sustainable use of multiple water sources throughout repeated climatic cycles under physical, legal, and environmental constraints) requires water production from stream diversions whenever possible. This allows a significant portion of unused and recharging groundwater to remain essentially stored for use during dry periods. The conjunctive use of these sources has met annual production demands since 1984, without a substantial decline in groundwater levels. Mandatory conservation measures were implemented once in 1977, the driest year on record and before the District established a groundwater supply and implemented other infrastructure improvements (e.g., the Lyon Water Treatment Plant [WTP]). The combined effects of drought, increased demand, modified water rights, and/or climate change could necessitate increased levels of conservation and/or further infrastructure improvements.

6.3.1 Surface Water Sources

Figure 6-1 shows the North System diversion watersheds west of the communities of Boulder Creek and Brookdale. The diversion watersheds occupy a total area of 1,623 acres of watershed land in one continuous piece along the upper eastern slopes of Ben Lomond Mountain upstream of the diversion

intakes. SLVWD owns more than half (55%) of its diversion watershed area. The six individual watersheds range from 20 to 480 acres upstream of their respective diversion intakes. Their combined area is about 4 percent of the San Lorenzo River watershed above Clear Creek and 2 percent of the river's watershed above the USGS stream gaging station at Big Trees.

SLVWD owns more than half (774 acres) of its diversion watershed area. These properties encompass the entire length of perennial stream channel (as designated on USGS quadrangle maps) upstream of the diversion intakes, except for the upper-most portion of Sweetwater Creek.

SLVWD's diversion watersheds are underlain by granitic rock except for a portion of the Sweetwater Creek watershed underlain by schist. Groundwater recharge into approximately 1 square mile of weathered granite west of the Ben Lomond Mountain drainage divide may contribute to baseflow upstream of SLVWD's diversions because of the steep gradient into the San Lorenzo Valley from an inferred groundwater flow divide west of the drainage divide.

North System raw water diversions are conveyed by pipeline to the Lyon WTP. Peavine Creek diversions are first conveyed to a mixing vault adjacent to the Foreman Creek diversion. Approximately 30 GPM of the Peavine Creek diversion is used to generate hydroelectric power for operating diversion facilities. The combined diversions of Clear and Sweetwater creeks are conveyed by SLVWD's Five-Mile Pipeline to the WTP. Annual diversion records mimic the climatic cycle indicated by the Ben Lomond annual rainfall record.

Stream diversions supply up to 100 percent of North Service Area water demand during winter and early spring months of non-drought years. During dry-season months, elevated demand and limited divertible streamflows necessitate groundwater production to meet up to 90 percent of demand.

The Lyon WTP has a maximum operating capacity of about 155 AF/month (51 MG/month), equivalent to a continuous rate of 1,150 GPM (Johnson, May 2009). This rate was nearly achieved in July 1998 at 138 AF/month. Peak production is limited by various constraints associated with stormflow, conveyance, and treatment (e.g., high-flow bypass, turbidity, aeration, pipeline capacity), as well as generally lower water demand during wet periods.

6.3.2 Groundwater Sources

The North System includes two active production wells in each of the Quail Hollow and Olympia areas, referred to as QH-4A and QH-5A, and Oly-2 and Oly-3, respectively (Figure 6-1). Each area encompasses approximately three square miles of partially exposed Santa Margarita Sandstone. The hydrogeology and water resource potential of these sandhill groundwater subbasins is described in several previous reports (Johnson, May 2009). The potential for locally significant groundwater production derives from the relatively high aquifer transmissivity (~2,000 square feet per day); high average rainfall (~45 in/yr); sandy soils with low runoff, low evapotranspiration, and high infiltration capacity; and a resulting high rate of average groundwater recharge (up to ~20 in/yr).

6.3.2.1 Quail Hollow Wells

Quail Hollow is an area of exposed Santa Margarita Sandstone between the communities of Ben Lomond, Glen Arbor, Felton, Zayante, and Lompico. Its sandhills rise 300 to 600 feet above the surrounding streams. The exposed sandstone is overlain by several neighborhoods of single-family homes supplied by either SLVWD or local private wells, and then treated using individual septic tank systems. The area also includes the 200-acre Quail Hollow sand quarry (operated by Granite Rock), Quail Hollow Ranch County Park (280 acres), and the closed Santa Cruz County Ben Lomond municipal landfill west of Newell Creek (24 acres). Quarry operations capture and percolate on-site runoff and used process water pumped from an on-site well. In addition to pumping wells, Quail Hollow groundwater discharges to springs and streams that contribute to the local and regional water supply.

Quail Hollow groundwater occurs under unconfined conditions within the Santa Margarita Sandstone. SLVWD wells are near the center of the sub-basin and on average produce the continuous equivalent of nearly 200 GPM. Residential wells generally yield 1 to 20 GPM along the area's margin where the aquifer's thickness is more limited.

SLVWD wells operate regularly throughout the dry season, beginning when stream diversions fall below North Service Area water demand. The Quail Hollow wells provide a reliable summer water supply during average and wet years, and a somewhat diminished supply during drought years. The full recovery of groundwater storage during wet periods indicates that the average annual rate of groundwater production from the Quail Hollow wells is sustainable given the current spatial and temporal distribution of recharge and pumping, and the conjunctive use of stream diversions (Johnson, May 2009).

6.3.2.2 Olympia Wells

The Olympia groundwater area is a hillslope area of partially exposed Santa Margarita Sandstone between the communities of Mount Hermon, Zayante, and Scotts Valley. Olympia groundwater supplies SLVWD and residential wells, flows into adjoining groundwater subareas, and discharges to springs and streams that contribute to both local and regional water supplies. The sandstone aquifer extends beneath Lockhart Gulch and Bean Creek into the adjacent Mission Springs and Camp Evers subareas. Much of the area is zoned for timber. Residential development is mostly clustered along stream corridors. Three closed sand quarries are located along the eastern margin of the Olympia area where the sandstone is exposed and the Olympia wells are located.

Groundwater within the Santa Margarita Sandstone aquifer occurs under unconfined conditions in the Olympia area, including where directly overlain by Santa Cruz Mudstone. This is because the entire sandstone thickness is not fully saturated. The aquifer lies partially within a structural depression (the Scotts Valley Syncline) formed within the underlying and less permeable Monterey Formation. The relative potential loss of groundwater storage as groundwater discharge to area streams is less than for the Quail Hollow area.

The combined average annual production of SLVWD's Olympia wells, Oly-2 and -3, is equivalent to a continuous 260 GPM. Other wells in the subarea serve individual residences and the Mission Springs conference grounds. Although groundwater levels recover during wet periods of reduced pumping, some long-term decline is apparent. The hydrograph for nearby Oly-1, which has been inactive since 1991, indicates a water-level decline of roughly 10 feet since the mid-1980s. Water levels may stabilize somewhat lower once aquifer conditions reach a long-term equilibrium (i.e., the induced hydraulic gradient captures sufficient recharge to supply the wells). Alternatively, sustainable average production under the current distribution of recharge and pumping may be somewhat less than the 2000-2012 average of 415 AFY (135 MGY).

6.4 SOUTH SYSTEM WATER SUPPLIES

The South System is supplied by groundwater wells producing from the Lompico Sandstone aquifer, and the overlying Santa Margarita Sandstone aquifer where saturated. These wells include three active Pasatiempo wells (Paso-5A, Paso-6, and Paso-7) in the Pasatiempo groundwater subarea and one active Mañana Woods well (MWd-1) in the Camp Evers subarea (Figure 6-1). The Pasatiempo and Mañana Woods systems were operated separately until December 2011, when SLVWD completed an intertie that is now used only occasionally.

Production from SLVWD's Pasatiempo wells has ranged from 205 to 445 AFY since 1984 and averaged about 380 AFY since 2000. The available record of annual production for the current and former Mañana Woods wells has ranged between approximately 9 and 75 AFY since 1989 and averaged about 45 AFY since 2000. These wells serve as the sole water source for the South Service Area, and thus operate throughout the year, and continuously during periods of high demand. Routine use of the new water supply pipeline intertie between the Pasatiempo and Mañana Woods service areas is currently limited by permitting and infrastructure constraints.

6.4.1 Pasatiempo Wells

The Pasatiempo groundwater subarea is a two square mile ridge and hillslope area of exposed sandstone between the communities of Mount Hermon and Camp Evers in the eastern Felton and southern Scotts Valley area (Figure 6-1). It encompasses SLVWD's Pasatiempo wells; over half of SLVWD's South Service Area; the Mount Hermon community and its three production wells; the nearly 300-acre closed Hansen Quarry and its former production wells; and a portion of Henry Cowell State Park. In this area, the Santa Margarita and Lompico sandstone aquifers are separated by 0 to 500 feet of the Monterey Formation aquitard. A deep well constructed in 2006 by Mount Hermon Association suggests the occurrence of an additional sandstone aquifer below the Lompico Sandstone. Pasatiempo groundwater also flows into the adjoining Camp Evers subarea and discharges as baseflow to springs, Bean Creek, and the San Lorenzo River.

The Pasatiempo subarea is underlain by a broad groundwater mound sustained by rainfall recharge into more than 1,000 acres of exposed Santa Margarita Sandstone. The Santa Margarita Sandstone has been largely dewatered in much of the subarea as a result of the increased demand for

groundwater in the Scotts Valley area since the 1980s. SLVWD's currently active Pasatiempo wells, Paso-5A, -6, and -7, produce groundwater from the underlying, semi-confined Lompico Sandstone. The newest of these wells, Paso-5A, was constructed in 2012 and put into service in May 2014 once its concentration of dissolved arsenic dropped below the Maximum Contaminant Level (MCL). The Mount Hermon Association's wells are located within 600 feet of Paso-6 and produce an average of about 120 GPM, mostly from the Lompico Sandstone. Groundwater use by Hansen Quarry, a significant portion of which percolated back into the aquifer, ceased when operations ended in 2004.

Static groundwater levels have declined about 135 feet since SLVWD's currently active Pasatiempo wells began operation in 1991. Pumping by Mount Hermon, Hansen Quarry, and SVWD in the Camp Evers area contributed to the decline in groundwater levels. The rate of decline has lessened and may have stabilized in recent years as a result of the closing of Hansen Quarry, reduced SVWD pumping in the Camp Evers area, and an approximately 30 percent reduction in SLVWD pumping since 2000.

6.4.2 Mañana Woods Well

The Camp Evers groundwater subarea encompasses approximately one square mile of south-central Scotts Valley, an area of residential and commercial development on a small alluvial plain between Bean and Carbonera Creeks (Figure 4-13). Shallow alluvium overlies near-surface exposures of Santa Margarita Sandstone, which has been largely dewatered by pumping since the 1970s. Similar to the Pasatiempo subarea, the underlying Lompico Sandstone aquifer dips steeply beneath the Monterey Formation to the north. These aquifer zones are generally continuous with those of the adjacent Pasatiempo subarea to the west, Olympia and Mission Spring subareas to the north, and the remainder of Scotts Valley to the east and northeast. Additional aquifer zones include sandstone interbeds within the Monterey and Locatelli formations.

SLVWD operates well MWd-1 in the Camp Evers area. This well draws from the Lompico Sandstone and is used to produce an average continuous rate of about 30 GPM. Production from MWd-1 declined an average of 30 percent after SLVWD began metering connections in 2006 (based on a comparison of the four years before and after 2006; Table 4-4).

SVWD has two active Camp Evers wells, SV-9 and SV-10A, located 1,000 feet north and 1,300 feet west of MWd-1, respectively. Their combined average rate of production was about 400 GPM during the 1980s and 1990s, and currently is about 250 GPM. SV-10A is a replacement well for SV-10. Although located together, the screened intervals of SV-10A are deeper and of greater total length than those of SV-10. Other Camp Evers wells include those operated by mutual water companies, businesses, residences, and remedial operations.

Figure 4-14 compares groundwater level hydrographs and plots of annual groundwater production for the SLVWD and SVWD Camp Evers wells. The long-term SVWD hydrographs show more than 150 feet of groundwater level decline during the 1980s and 1990s when total pumping was typically between 700 and 900 AFY. Since then, groundwater levels appear to have stabilized as SVWD shifted more of its groundwater production to wells northeast of Camp Evers. Since the late 1990s, total groundwater

production has generally ranged between 400 and 600 AFY, and water levels have stabilized or more gradually declined (Figure 4-14). Groundwater levels in SVWD monitoring wells SV-MW-9M has been essentially stable since 2000. The relative contribution of SV-9 to SVWD's total Camp Evers production has gradually declined since 1984, becoming zero in 2010.

The available groundwater level record for MWd-1 begins in 2007, the same year that SVWD shifted its production from SV-10 to SV-10A. As shown in Figure 4-15, the MWd-1 static water level hydrograph closely tracks the static water level hydrographs for SV-10 and -10A, generally declining about 40 feet since 2007. MWd-1 pumping water levels, however, have declined at a greater rate than SV-10A pumping levels, falling approximately 100 feet since 2007. SVWD's use of SV-10A appears to have a greater impact on MWd-1 water levels than the previous combined pumping of SV-9 and SV-10. Recently, MWd-1 pumping water levels appear to have stabilized near the top of the well's uppermost screened interval. The water-level stability of monitoring well SV-MW-9M since 2000 suggests that the recent combined average yield of Camp Evers wells is sustainable and that MWd-1 water levels will reach some equilibrium.

Table 4-9 and Figure 4-10 present groundwater quality data for the MWd-1 well. The natural quality of Camp Evers groundwater is generally good, with Total Dissolved Solids (TDS) concentrations of about 400 mg/L. Concentrations of iron and manganese, however, often exceed the secondary water quality standards. A DWSAP report for MWd-1 estimates that its recharge capture area encompasses nearly 90 acres (Johnson, November 2012).

Camp Evers groundwater has been impacted by contaminant releases from sources associated with dry cleaners, the electronics industry, and service stations. MWd-1 intercepts a contaminant plume originating from one or more service stations. Since 1990, groundwater pumped from MWd-1 has contained up to 76 µg/L of methyl tert-butyl ether, a gasoline additive (MTBE; MCL of 13 µg/L), and up to 20 µg/L of benzene (MCL of 1 µg/L), a component of gasoline, with concentrations trending downward since 2004. Groundwater pumped from MWd-1 is treated for these volatile organic compounds using a series of three granular activated carbon (GAC) adsorption beds.

6.5 FELTON SYSTEM WATER SUPPLIES

The Felton System is supplied by diversions from Fall Creek, Bull Creek, and Bennett Spring. Figure 6-1 shows the four points of diversion (two on Bull Creek), their contributing watersheds west and northwest of Felton, and the Kirby WTP in the town of Felton. The combined diversions are conveyed to the Kirby WTP, except for a small portion of the Bennett Spring diversion that serves as the sole water supply for one of the system's six pressure zones. The Bennett Spring diversion is a designated groundwater source with regard to required treatment.

During 2000-2015, the Felton System produced an average of approximately 443 AFY. During this period, the Fall Creek, Bull Creek, and Bennett Spring diversions supplied 49, 22, and 29 percent, respectively, of total system average production (Table 6-2). Less than 10 percent of the Bennett Spring diversion directly supplies one pressure zone as a groundwater source.

6.5.1 Stream and Spring Diversions

The watersheds upstream of the four Felton System diversion intakes have individual drainage areas ranging between 0.3 and 4.3 square miles, with a total drainage area of approximately 5 square miles. The diversions' total drainage area accounts for about 4.3 percent of the San Lorenzo River watershed above Big Trees. The diversion watersheds are underlain by granitic rock, schist, and small pockets of marble. Groundwater discharge to Bennett Spring and along portions of Fall and Bull creeks appears to be focused and enhanced by karst hydrogeology associated with the marble.

Fall Creek State Park encompasses approximately 65 percent (3.5 square miles) of the Felton System diversion watersheds. SLVWD owns 11 parcels with a total area of 247 acres (0.4 square mile) within and immediately adjacent to these watersheds. The remaining watershed areas consist primarily of rural residential parcels ranging from 0.2 to 90 acres. Additional land uses include timber preserve, agriculture, and undeveloped open space. The Felton diversion watersheds contain approximately 140 on-site wastewater disposal systems, of which more than 85 percent are located in the upper portions of the Fall Creek watershed (Johnson, N.M., March 2013).

Except for a small portion of the Bennett Spring diversion, raw water from the Felton System diversions is conveyed by pipeline to the Kirby WTP. In compliance with the EPA SWTR, the Kirby WTP was constructed and became operational in 1997. It controls the occurrence of water-borne pathogenic microorganisms through disinfection, filtration, and limitations on finished-water turbidity. It has a design and permitted capacity of 1 MG/day (93 AF/month) and a typical operational capacity of approximately 0.5 MG/day (47AF/month). Production is sometimes limited during stormflow periods of elevated raw-water turbidity, during which the system relies on finished-water storage.

Currently, stream and spring diversions supply the Felton Service Area's entire water demand. California American Water (CAW) discontinued use of the Felton Acres well in 1997, which supplied no more than 5 percent of demand. The total-diversion record of the Felton System does not vary with the climatic cycle in the same manner as the North System does, because of the latter's conjunctive use of groundwater. The record for 2008-2009 appears to be somewhat anomalous and/or partial as a result of changes in measurement, recording, and/or administration during and following the transition from CAW to SLVWD.

6.5.2 Groundwater Sources

Bennett Spring is designated by CDDW as a groundwater source, and thus does not require WTP filtration. On average, approximately 8 AFY of the spring diversion is delivered as groundwater to the pressure zone nearest the spring. Unlike groundwater produced from a well, the spring's discharge cannot be regulated or allowed to remain in storage.

The Felton System included operation of the Felton Acres well prior to 1997, which was prior to the system's operation by SLVWD. This 220-ft deep well drew from the Lompico Sandstone in southwestern Felton and produced as much as 24 AFY (8 MGY).

6.6 TRANSFER OPPORTUNITIES

SLVWD has purchased small amounts of water from SVWD during short-term, quasi-emergency situations, providing a maximum of 10 percent of South System monthly production and less than 0.1 percent of District total average annual use. This source is not considered significant with regard to the District's long-term water-supply planning.

6.7 DESALINATED WATER OPPORTUNITIES

Development of desalinated water is not being considered for the current planning period, due to the availability of groundwater and surface water to meet the current and projected demand and the District's proximity (distance) to the ocean which makes it cost prohibitive to consider desalination as a viable water supply alternative.

6.8 RECYCLED WATER OPPORTUNITIES

The UWMP Act requires that the UWMP address the opportunities for development of recycled water, including the description of existing recycled water applications, quantities of wastewater currently being treated to recycled water standards, limitations on the use of available recycled water, an estimate of projected recycled water use, the feasibility of projected uses, and practices to encourage the use of recycled water.

6.8.1 Wastewater System Description

SLVWD's North and Felton Service Areas rely on on-site wastewater disposal (i.e., septic tanks and leachfields), which effectively recycles water within the watershed. Planning studies conducted in the 1980s determined that sewerage these areas would result in unacceptable environmental impacts.

Because of these conditions, SLVWD is not considering the use of recycled water at this time for wastewater generated in the North and Felton Service Areas.

SLVWD's South Service Area wastewater is treated by the City of Scotts Valley outside of the SLVWD service area. The Scotts Valley Water Reclamation Facility (Scotts Valley WRF) is owned and operated by the Scotts Valley Water District.

The Scotts Valley WRF was originally constructed in 1964 as a 30,000 gallon/day package wastewater treatment plant to provide secondary level wastewater treatment. In 1972, an activated sludge treatment system was added and plant capacity was expanded to 120,000 gallons/day. Over the years plant capacity has been expanded several times to serve growth in the community and now has the capacity to treat 1.5 million gallons each day, enough to see the City through planned build-out.

Recent plant upgrades include a Tertiary Treatment Facility that treats up to 1 MGD of recycled water. In 2001, the City received a permit from the Regional Water Quality Control Board to produce recycled water for unrestricted irrigation use. The recycled water is used primarily for irrigation at local parks, schools, residences, landscape medians, and businesses. State-of-the-art ultraviolet disinfection kills any pathogens (disease causing bacteria) without the use of chemicals such as chlorine. Following

disinfection, the tertiary treated water meets State Title 22 standards for water reuse in California and is safe for all permitted uses.

This wastewater is recycled by the SVWD, which delivered approximately 200 acre-feet of recycled water in 2013 (<http://svwd.org/about-district/district-information>). Some of this recycled water is returned and used within SLVWD’s service area at the Spring Lakes Mobile Home Park. Spring Lakes purchases 50 gallons per minute of the recycled water each day, which equates to about 80.7 acre-feet per year.

6.8.2 Wastewater Flow Projections

Table 6-7: Wastewater Treatment and Discharge within Service Area in 2015 below describes the volume of SLVWD wastewater that the City of Scotts Valley treats at their water reclamation facility and the amount that is recycled. GIS boundary layers provided by SLVWD and the City of Scotts Valley were used to determine the area of the South Service Area that lies within Scotts Valley Water District’s wastewater collection area. From the GIS data, it was determined that 15.2% of Scotts Valley WRF’s wastewater is generated by the South Service Area of SLVWD. Scotts Valley WRF collected 1,042 AF of wastewater in 2015, of which 15.2 %, or 158.7 AF, is assumed to have come from SLVWD. The volume of SLVWD wastewater that is recycled and the volumes that are discharged are assumed to come from wastewater generated in SLVWD’s service area. The remaining SLVWD wastewater is assumed to be discharged to the Pacific Ocean or recycled outside of SLVWD’s service area.

Table 6-7: Wastewater Treatment and Discharge within Service Area in 2015

Wastewater Treatment Plant Name	Method of Disposal	Treatment Level	2015 Volumes (Acre-Feet)			
			Wastewater Treated	Discharged Treated Wastewater	Recycled Within Service Area	Recycled Outside of Service Area
Scotts Valley WRF – Subtotal for SLVWD Service Area	Recycled Water Customers (Spring Lake Mobile Home Park)	Tertiary	158.7	158.7	80.7	78

6.8.3 Potential Uses of Recycled Water

As discussed in Section 6.8.1, SLVWD is not considering the use of recycled water at this time for the North and Felton service areas and recycled water collected from the South service area and treated at Scotts Valley WRF is currently delivered to Spring Valley Mobile Home Park in the South service

area. As Scotts Valley WRF expands its recycled water capabilities, there is potential for more recycled water in SLVWD's South service area. However, this expansion is out of direct control of SLVWD and cannot be estimated at this time.

6.9 FUTURE WATER PROJECTS

Other sources of water potentially available to SLVWD include diversions from Loch Lomond reservoir and water transfers from neighboring water purveyors. Recycled water is not a potential additional source of water in the North and Felton Service Areas because these areas do not have centralized wastewater collection. Wastewater collected in the South Service Area is recycled by the City of Scotts Valley and delivered by Scotts Valley Water District.

6.9.1 Loch Lomond Reservoir

In 1958 SLVWD sold 2,500 acres encompassing a portion of the Newell Creek watershed to the City of Santa Cruz (City) with the agreement that the District would be entitled to purchase 12.5 percent of the annual safe yield from a reservoir planned by the City. The City created Loch Lomond Reservoir with the completion of Newell Creek Dam in 1960. The reservoir has a drainage area of 8.3 square miles and a reservoir capacity of approximately 9,000 AF. The City's appropriative right allows a maximum direct diversion of 3,200 AFY and a maximum use of 5,600 AFY.

SLVWD began receiving a portion of the reservoir yield after the dam was completed, although records are only available for 1976-77, when it received 353 AF (115 MG). Since implementation of the Surface Water Treatment Rule, SLVWD does not have the means to treat diversions from Loch Lomond. In 1996 the City and SLVWD reached a draft agreement that allows the SLVWD to purchase up to 313 AFY (102 MGY) of raw Loch Lomond water or purchase the same amount of treated city water with the understanding that it would be interruptible during declared water-shortage emergencies. SLVWD has yet to exercise either allowance under this agreement.

SLVWD commissioned a study to evaluate the feasibility and cost of utilizing its allotment of Loch Lomond (SPH Associates Consulting Engineers, October 2010). The study found that the City's diversion pipeline from Loch Lomond could be accessed by the Felton Kirby WTP. However, because of high concentrations of total organic carbon in Loch Lomond raw water, the District's existing water treatment process would produce water with excessive concentrations of disinfectant by-products (e.g., trihalomethanes) exceeding drinking water standards. Thus, blending and a WTP upgrade would be necessary. The cost of a project to upgrade the Kirby WTP and interconnect the Felton, North, and South systems was estimated at approximately \$6.4 million. This would allow the District unrestricted use of its Loch Lomond entitlement during all seasons and water quality conditions.

6.9.2 SCCWD Treated Water

In lieu of a direct diversion from Loch Lomond, SLVWD has the option to purchase up to 313 AFY (102 MGY) of treated water produced by the SCCWD's Graham Hill WTP, with the exception that the supply could be interrupted during declared water-shortage emergencies (Kocher, B./SCCWD, 1996). Such a

shortage would likely occur as a result of two or more consecutive dry years (Santa Cruz City Water Department (SCCWD), March 2009). The City of Santa Cruz's Water Shortage Contingency Plan anticipates such an emergency when a 15 percent or greater water shortage is projected for the dry season (Santa Cruz City Water Department (SCCWD), March 2009).

The purchase of treated water from SCCWD would require conveyance lines and a booster pump from the Graham Hill WTP at an estimated cost of approximately \$3 million to serve the District's South System, or \$4.3 million to serve the entire District (SPH Associates Consulting Engineers, 2010). None of these options is included in the District's 2010 Capital Improvement Plan (SLVWD, 2010).

6.9.3 Additional Groundwater Pumping Capacity

The SLVWD Water Supply Master Plan (Johnson, May 2009) discusses the potential for additional groundwater production wells. A third active well in the Quail Hollow area may be feasible and justified for reliability and redundancy, but may not represent a significant increase in supply. More favorable groundwater storage conditions in the Olympia area could support additional pumping from a new well if limited to drought periods. In light of long-term groundwater level declines in the vicinity of the Pasatiempo and Mañana Woods wells, additional pumping capacity may not increase supplies in these areas.

7 WATER SUPPLY RELIABILITY

Water supply reliability corresponds to an urban water supplier's ability to meet projected future customer demand under a variety of reasonably expected conditions, including the annual California dry season, recurring multi-year drought, and other natural disasters and emergencies. Section 7.1 presents an evaluation of SLVWD water supply reliability under normal, dry, and multiple dry year conditions. Section 7.2 assesses other reliability factors. Section 8 describes SLVWD contingency plans for drought and other emergencies, which include measures for addressing identified water supply deficiencies and uncertainties.

7.1 WATER SUPPLY RELIABILITY

This section considers the District's water supply reliability during three climate-related water scenarios: normal water year, single dry water year, and multiple dry water years. These scenarios are defined as follows:

- **Average Year:** A year, or an averaged range of years, that most closely represents the mean water supply available to the agency.
- **Single Dry Year:** The single-dry year is the year that represents the lowest water supply available to the agency.
- **Multiple Dry Years:** The multiple dry year period is the period that represents the lowest average water supply availability to the agency for a consecutive multiple year period (three years or more).

The 2010 UWMP analysis demonstrated that "SLVWD's existing water sources are capable of meeting projected 2035 water demand on a monthly basis throughout a design climatic cycle representative of 1970-2012 conditions" (Nicholas M. Johnson, Ph.D., R.G., C.Hg., August 2015). Projected demands and supplies presented in the following sections were compared to the 2010 UWMP analysis and in all conditions the projected supplies needed to meet 2035 demands as calculated in this UWMP were less than those projected in the 2010 UWMP, except for stream diversions in the North System and groundwater production in the South System during the first year of a multiple dry years when demand increases to 105% of the average year. Although the volumes of stream diversions in the North System and groundwater production in the South System in year 1 of the multiple dry years scenario exceed the volumes estimated in the 2010 UWMP, it is assumed these demands can be met due to the interconnection of the North and South Systems constructed after the 2010 UWMP analysis was completed. Therefore, it is projected that SLVWD can meet 100% of demand during average, single dry, and multiple dry years. The North System meets demand through conjunctive use of surface water and groundwater sources. The South System meets demand through an uncertain assumption that continued local groundwater overdraft is sustainable and that water can be supplied from North System sources through the systems' interconnection. The Felton System meets demand

largely because of the reliable yield of the relatively large Fall Creek watershed and the karst enhanced flows of all three creeks of Felton System.

7.1.1 Basis of Water Year Data

Local climate and hydrology, and SLVWD’s historical conjunctive use of surface water and groundwater resources were analyzed in the 2010 UWMP (Nicholas M. Johnson, Ph.D., R.G., C.Hg., August 2015) and updated with 2013-2015 rainfall and production data for this 2015 UWMP to establish a basis of average, single dry, and multiple dry years. Percentage of average annual rainfall is used as a water supply indicator for defining these periods. Correlations derived from available data indicate that rainfall is a suitable indicator for streamflow, diversions, and groundwater recharge (Nicholas M. Johnson, Ph.D., R.G., C.Hg., August 2015). As shown in Table 7-1, for the purposes of this report, the annual average of 2010-2013 is classified as an “average” year because rainfall was 101% of the long-term rainfall average (1974-2015); 2014 is classified as a “single dry” year because rainfall was 48% of the long-term rainfall average; and 2013-2015 are classified as “multiple dry” years because their three-year average rainfall was 66% of the long-term rainfall average. While 1977 was technically the minimum single dry year with 42% of the long-term rainfall average, 2014 was used because it provides a recent dataset reflecting the latest production strategies and demand responses.

Table 7-1 Basis of Water Year Data

Supply Source	Average Year ⁽¹⁾	Single Dry Year ⁽²⁾	Multiple Dry Years⁽²⁾
Groundwater	2010-2013	2014	2013, 2014 and 2015
¹ Average, Single Dry, and Multiple Dry year supplies are based on historic rainfall totals and supply production analysis completed in the 2010 SLVWD UWMP (Nicholas M. Johnson, Ph.D., R.G., C.Hg., August 2015) updated with 2013-2015 data.			

Table 7-2 shows the water supplies during average, single dry, and multiple dry years using the base years provided in Table 7-1.

Table 7-2 Historical Water Supply Conditions, AFY

Supply Source	Average Year 2010-2013	Single Dry Year 2014	Multiple Dry Years 2013-2015		
			2013	2014	2015
North System					
Stream Diversions	906	472	705	472	479
Quail Hollow Groundwater	227	264	337	264	288
Olympia Groundwater	327	535	510	535	391
<i>Subtotal</i>	<i>1,460</i>	<i>1,271</i>	<i>1,552</i>	<i>1,271</i>	<i>1,159</i>
Percent of Average Year		87%	106%	87%	79%
South System					
Pasatiempo & Mañana Woods Groundwater	392	331	421	331	307
Percent of Average Year		84%	107%	84%	78%
Felton System					
Stream & Spring Diversions	500	314	485	314	324
Percent of Average Year		63%	97%	63%	65%
SLVWD					
Total	2,352	1,917	2,459	1,917	1,790
Percent of Average Year		81%	105%	81%	76%

7.1.2 Projected Average Year Supply/Demand

The available supplies during an average year are based on an analysis of rainfall data, production records, and static well levels and pump performance, which was completed as part of the 2010 UWMP (Nicholas M. Johnson, Ph.D., R.G., C.Hg., August 2015) as described in Sections 7.1 and 7.1.1. The Average year water demands through 2035 are estimated based on the per capita water use targets summarized in Section 4 and populations presented in Section 3.3. The Average year water supply and demand projections are provided in Table 7-3. The projected water demand figures are calculated by multiplying projected population, identified in Section 3.3, by the SB7 goal of 84 GPCD, discussed in Section 4.4. This is a conservative water demand estimate considering that 2015 water production was at 73 GPCD, but it is assumed to be reasonable because the District's 2013-2015 average GPCD was 84 reflecting permanent conservation improvements and expected demand patterns to target.

Table 7-3 Supply and Demand – Average Year, AFY

	2020	2025	2030	2035
Supply totals ¹	2,107	2,132	2,180	2,216
Demand totals ²	2,107	2,132	2,180	2,216
Difference	0	0	0	0
Difference as % of Supply	0%	0%	0%	0%
Difference as % of Demand	0%	0%	0%	0%

¹ Based on combined production capabilities and production records from 2010-2013 as shown in Table 6-1.
² Demand totals are calculated by multiplying projected population by 84 GPCD (the District's SB7 water use target)

7.1.3 Projected Single Dry Year Supply/Demand

The projected single dry year water demands through 2035 are estimated to be 19% less than Average year demands based on 2014 production compared to the 2010-2013 average production. As shown in Table 7-4, the District's supplies are assumed to meet 100% of projected demands even during single-dry year conditions as described in Sections 7.1 and 7.1.1.

Table 7-4 Supply and Demand Comparisons – Single Dry Year, AFY

Water Supply Sources	2020	2025	2030	2035
North System				
Peavine Creek	35	36	36	37
Foreman Creek	255	258	264	269
Clear Creek	92	93	95	97
Sweetwater Creek	61	62	63	64
Quail Hollow Groundwater	247	251	257	261
Olympia Groundwater	502	508	521	530
Supply Subtotal¹	1,192	1,207	1,236	1,258
Demand Subtotal²	1,192	1,207	1,236	1,258
South System				
Pasatiempo Groundwater	285	286	288	290
Mañana Woods Groundwater	14	14	14	14
Supply Subtotal¹	298	300	302	304
Demand Subtotal²	298	300	302	304
Felton System				
Fall Creek	183	186	191	196
Bull Creek	22	22	23	23
Bennett Spring Diversion	33	34	35	36
Bennett Spring Groundwater	4	4	4	4
Supply Subtotal¹	242	246	253	259
Demand Subtotal²	242	246	253	259
SLVWD				
Total Supply¹	1,732	1,753	1,791	1,820
Total Demand²	1,732	1,753	1,791	1,820
Difference	0	0	0	0
Difference as % of Supply	0	0	0	0
Difference as % of Demand	0	0	0	0

¹ Based on combined production capabilities and production records for 2014.

² Demand totals are calculated by multiplying the average year demand by the single dry year percent of average year for each system as shown in Table 7-2.

7.1.4 Projected Multiple Dry Year Supply/Demand

The projected multiple dry years water demands through 2035 are estimated to be 5% higher in the first year, 19% less than average year demands in the second year, and 24% less than average year demands in the third year. The anticipated supplies during multiple dry years, compared to an average year, are based on well production records and the 2010 UWMP analysis discussed in Sections 7.1 and 7.1.1. As shown in Table 7-5, the District's supplies meet 100% of projected demands even during multiple-dry year conditions. As described in Section 7.1.1, it is assumed, the South System meets demand through an uncertain assumption that continued local groundwater overdraft is sustainable and that water can be supplied from North System sources through the systems' interconnection. SLVWD is working with SVWD, the County and DWR to redraw groundwater boundaries in an effort to help sustainably manage groundwater as required by SGMA.

Table 7-5 Supply and Demand Comparison - Multiple Dry Year Events, AFY

Water Supply Sources	2020	2025	2030	2035
North System				
Peavine Creek	46	47	48	49
Foreman Creek	209	212	217	221
Clear Creek	111	112	115	117
Sweetwater Creek	82	84	86	87
Quail Hollow Groundwater	270	274	280	285
Olympia Groundwater	367	372	380	387
Supply Subtotal¹	1,087	1,101	1,127	1,147
Demand Subtotal²	1,087	1,101	1,127	1,147
South System				
Pasatiempo Groundwater	268	269	271	273
Mañana Woods Groundwater	8	8	8	8
Supply Subtotal¹	277	278	280	282
Demand Subtotal²	277	278	280	282
Felton System				
Fall Creek	168	171	176	180
Bull Creek	42	43	44	45
Bennett Spring Diversion	33	33	34	35
Bennett Spring Groundwater	6	6	6	6
Supply Subtotal¹	249	253	261	267
Demand Subtotal²	249	253	261	267
SLVWD				
Total Supply¹	1,613	1,632	1,668	1,695
Total Demand²	1,613	1,632	1,668	1,695
Difference	0	0	0	0
Difference as % of Supply	0	0	0	0
Difference as % of Demand	0	0	0	0
¹ Based on combined production capabilities and production records for 2015, which is representative of the third year in a multiple dry year scenario. ² Demand totals are calculated by multiplying the average year demand by the third multiple dry year (2015) percent of average year for each system as shown in Table 7-2.				

7.1.5 Resource Maximization and Import Minimization

As stated in Section 6.1, the District's sole source of existing and planned water supply for the UWMP's planning horizon (2015-2035) is local groundwater and surface water. The District will maximize its local supply by implementing operational strategies and demand management measures that will keep the safe yield of the groundwater basins in balance. This will eliminate any current or future need to import water into the District's service area.

7.2 FACTORS AFFECTING SUPPLY RELIABILITY

Factors other than the climatic cycle that potentially affect the reliability of SLVWD water supplies include:

- Water supply interruptions as a result of storm damage (e.g., 1986), construction (e.g., the 1994-97 construction of the Five-Mile Pipeline), and maintenance (e.g., 2002 when the Five-Mile Pipeline was down for maintenance).
- Limited storage, other than natural groundwater storage. Existing total storage capacities are 21.8 AF for 33 tanks serving the North Service Area (about a 3 to 8 day supply, depending on season); 1.3 AF for five tanks serving the South Service Area, including Mañana Woods (3 to 6 days' supply); and 2.9 AF for eight tanks serving the Felton Service Area (2 to 3 days' supply).
- Diminished groundwater recharge as a result of urbanization and drainage improvements.
- Declining water quality, as has occurred to groundwater in the vicinity of the Mañana Woods well (elevated TDS, sulfate, iron, and manganese, in addition to contaminants derived from leaked fuel and solvents).
- Declining groundwater levels in the Pasatiempo and Camp Evers areas.
- Habitat related issues, such as requirements for stream alteration permits and potential water rights modifications as a result of regulated in-stream flow agreements. In 2014, SLVWD initiated a multi-year program to monitor stream flow and water temperature up and down stream of its diversion intakes in order to better understand potential effects on habitat values (Balance Hydrologics, April 2015). In consultation with State and Federal fish and wildlife agencies, this program is expected to result in the future development of a Habitat Conservation Plan.
- Drought conditions that are worse than represented by the design climatic cycle, such as may occur if the current drought that began in WY 2012 continues beyond WY 2016.
- Climate change that exacerbates drought conditions in ways not represented by the design climatic cycle (e.g., drought combined with a rise in air temperatures, as may be occurring during the current drought).

7.2.1 Water Quality Factors

SLVWD met or surpassed all State and Federal criteria for public health protection in 2015 as described in the SLVWD Consumer Confidence Report (San Lorenzo Valley Water District, July 2016). The following subsections describe water quality for each of the systems.

7.2.1.1 North System Water Quality

The Lyon WTP operates in compliance with EPA's 1989 Surface Water Treatment Rule (SWTR) and its subsequent enhancements. The occurrence of water-borne pathogenic microorganisms is controlled through disinfection, filtration, and limitations on finished-water turbidity. Inflow to the WTP is shut off when the influent turbidity generally exceeds 10 nephelometric turbidity units (NTUs), during which time the District draws from its finished-water storage tanks until the turbidity decreases. High

turbidity stormflows interrupt diversions during about 40 hours per year on average, ranging up to 60 hours during wet years.

As documented in Drinking Water Source and Assessment Protection (DWSAP) reports prepared for the diversion watersheds (Johnson, N.M., June 2005), approximately 140 on-site wastewater disposal systems (i.e., septic tanks with leachfields) occur within the watersheds and recharge areas contributing to North System diversions. About half of these are upstream of the Sweetwater Creek diversion, and the remainder occurs about equally upstream of the Foreman and Clear creek diversions.

Appendix F provides a summary of the raw water quality analyses for samples collected annually since 1979 from the North System stream diversions. The diverted streamflows have low mineral concentrations of a mixed-bicarbonate type and are of overall good quality. TDS concentrations are generally low at less than 150 milligrams per liter (mg/L). Nitrate concentrations are occasionally elevated above background levels in Clear and Sweetwater creek diversions, but well below the drinking water standard. Following filtration and disinfection, the diverted streamflows meet all drinking water standards except for infrequent exceedances of the secondary standards for iron and manganese. Additionally, the concentration of disinfection by-products (e.g., trihalomethanes) in Lyon WTP treatment plant finished water has been consistently below detection.

Quail Hollow groundwater is of a calcium-bicarbonate type and of good quality with low TDS (<130 mg/L), reflecting the high rate of aquifer flushing achieved by the area's high rate of rainfall recharge. The currently active wells QH-4A and -5A were installed in 2001 and produce water that meets all primary and secondary drinking water standards. SLVWD operates its Quail Hollow wells preferentially over its Olympia wells because the latter produce water with elevated manganese concentrations.

DWSAP reports prepared for QH-4A and -5A estimated a combined recharge capture area of slightly more than 200 acres for these two wells (Johnson, N.M., November 2001). Primary factors contributing to potential water-quality vulnerability include: (a) the high percolation capacity of the Santa Margarita Sandstone and associated Zayante soils, (b) the absence of a confining zone above the aquifer, (c) the existence of about 40 residential septic tank systems in the delineated protection zone, and (d) the potential for hazardous-material spills. Although well below drinking water standards, elevated nitrate concentrations may be attributable to wastewater disposal and landscape fertilizers.

Low concentrations of trichloroethene (TCE) were detected in wells QH-5 and QH-5A starting in 1994, and intermittently exceeded the primary drinking water standard (i.e., maximum contaminant level [MCL]) of 5 µg/L in 1998 and 1999. Levels declined to about 1 µg/L or less in 2001 and have been non-detect since 2008.)

DWSAP reports prepared for Oly-2 and -3 estimated a combined recharge capture area of approximately 400 acres for these two wells (Johnson, May 2009). Factors contributing to the potential water-quality vulnerability of these wells include the high percolation capacity of the exposed Santa Margarita Sandstone near and generally west of the wells. However, the recharge area

is predominantly undeveloped and there is no evidence of water quality degradation as a result of land use.

Oly-2 and -3 produce groundwater of calcium-bicarbonate and sodium-bicarbonate types, respectively. Compared to Quail Hollow groundwater, Olympia groundwater is somewhat more mineralized, with average higher TDS concentrations. Concentrations of iron and sulfate approach and sometimes exceed secondary drinking water standards, and manganese concentrations typically exceed secondary standards. SLVWD uses a poly-phosphate additive at each Olympia wellhead to bring iron and manganese concentrations into compliance with secondary standards. Elevated manganese, hardness, and taste are also addressed through blending with production from the Quail Hollow wells.

7.2.1.2 South System Water Quality

A DWSAP report estimated a combined recharge capture area of approximately 230 acres for Paso-5A, -6, and -7 (Johnson, N.M., October 2012). This area is largely undeveloped and there is no evidence of water quality degradation in the Lompico Sandstone aquifer as a result of land use. Factors contributing to potential water-quality vulnerability include (a) the high percolation capacity of the Santa Margarita Sandstone and associated Zayante soils, (b) the absence of a confining layer between the Santa Margarita and Lompico sandstones in portions of the recharge area, (c) wastewater leachfields and sewer lines, mostly along the margins of the recharge area, and (d) the potential for hazardous-material spills.

Appendix F provides a summary of the water quality data for the South System in 2015. The water quality is generally good, of a mixed-bicarbonate type, with low mineral concentrations. TDS concentrations below 200 mg/L suggest that groundwater production derives largely from recharge rather than storage depletion. Concentrations of iron in groundwater produced from Paso-6 range up to 0.6 mg/L, typically exceeding the secondary standard of 0.3 mg/L. Similar to the Olympia wells, SLVWD uses a poly-phosphate additive at the Paso-6 wellhead to achieve compliance with the iron standard. Arsenic concentrations in Paso-6 groundwater have ranged up to 12.5 µg/L, exceeding the revised MCL that was lowered from 50 to 10 micrograms per liter (µg/L) in 2006. Compliance with the standard is achieved through blending the production of Paso-5A, -6, and -7.

7.2.1.3 Felton System Water Quality

Appendix F provides a summary of the water quality data for the Felton System in 2015. Total dissolved mineral concentrations are lowest for Fall Creek (around 150 mg/L) and highest for one of the Bull Creek diversions (around 300 mg/L), and meet all drinking water standards. The water is of a calcium-bicarbonate type.

8 WATER SHORTAGE CONTINGENCY PLANNING

Water shortage contingency planning is a strategic planning process to prepare for and respond to water shortages. Good planning and preparation provides the District with the tools to maintain reliable supplies and reduce the impacts of supply interruptions due to extended drought or catastrophic supply interruptions.

SLVWD adopted a Drought Contingency Management Plan in 2007 that provided demand reduction strategies and procedures for drought, natural disasters, and other emergency conditions when District water supplies may not meet customer demand. This plan consisted of three phases: 1) voluntary 15 percent conservation; 2) mandatory water conservation restrictions and prohibitions with respect to water wastage, leaks, irrigation, various other outdoor uses, and some types of commercial use, in order to achieve a 20 percent reduction in use; and 3) mandatory residential rationing on a per capita basis, mandatory commercial rationing based on a percentage of prior year use, and further restrictions on landscape irrigation, with associated penalties and a goal of achieving a 30 percent reduction in use.

In April 2014, in response to the drought that began in 2012, the SLVWD Board of Directors declared a water shortage emergency (Resolution 13-14) and adopted Ordinance 105 (Appendix G) as a replacement for the 2007 Drought Contingency Plan. Ordinance 105 “establishes water management requirements necessary to conserve water, enable effective water supply planning, assure reasonable and beneficial use of water, prevent unreasonable use of water, prevent unreasonable method of use of water within the San Lorenzo Valley Water District in order to assure adequate supplies of water to meet the needs of the public, and further the public health, safety, and welfare.” It defines four stages of 10 to more than 30 percent water shortage, with increasing degrees of use restriction and prohibition at each stage, that are more specifically defined than in the previous plan. Residential and commercial rationing are added in stages 3 and 4, respectively, at levels to be defined by the District Manager. The District Board amended Ordinance 105 in May 2015 (Appendix G) with more specifically defined enforcement procedures and penalties.

8.1 STAGES OF ACTION AND REDUCTION OBJECTIVES

The District’s water shortage plan describes four stages of water demand reductions that may be invoked during water supply shortages. Each stage includes a water reduction objective, conditions and percent of average year water demands, which may vary based on the nature of water supply emergency. The provisions of Ordinance 105 shall take effect whenever the District Manager, upon analysis of the District’s water supplies, finds and determines that a water shortage exists or is imminent within District’s service area and a declaration of a water shortage is made by a resolution of the Board of Directors, and they shall remain in effect for the duration of the water shortage set forth in the resolution. A combination of water conservation measures would be used to reduce water

usage in the event of water shortages. Table 8-1 shows the four stages and their representative shortage conditions and reduction objectives.

Table 8-1 Water Shortage Contingency - Rationing Stages

Stage	Condition	Reduction Objective
1. Water Shortage	<ul style="list-style-type: none"> Anticipated water shortage will be 10% or less 	Minimal consumer demand reduction is necessary to make more efficient use of water and appropriately respond to existing water supply conditions
2. Water Shortage	<ul style="list-style-type: none"> Anticipated water shortage will be between 10% and 20% 	A moderate consumer demand reduction is necessary to make more efficient use of water and appropriately respond to existing water supply conditions
3. Water Shortage	<ul style="list-style-type: none"> Anticipated water shortage will be between 20% and 30% 	A significant consumer demand reduction is necessary to make more efficient use of water and appropriately respond to existing water supply conditions
4. Water Shortage	<ul style="list-style-type: none"> Anticipated water shortage will be greater than 30% 	An extraordinary consumer demand reduction is necessary to make more efficient use of water and appropriately respond to existing water supply conditions. May require up to 50% mandatory reduction in total water demands.

8.2 MANDATORY PROHIBITIONS ON WATER WASTING

The District Manager is empowered to issue a Water Shortage stage notification and to enforce the water shortage restrictions in Table 8-2 upon finding the magnitude of an anticipated water shortage and consumer demand reduction necessary to make more efficient use of water and appropriately respond to existing water supply conditions.

Table 8-2 Water Shortage Contingency - Mandatory Prohibitions

#	Prohibitions	Mandatory Prohibition Stage
1	To water or irrigate lawn, landscape, or other vegetated areas between the hours of 10:00 a.m. and 5:00 p.m., except when performed with a bucket or watering can, or by use of a drip irrigation system or similar low volume, nonspray irrigation equipment, or for very short periods of time for the express purpose of allowing landscape contractors to adjust or repair an irrigation system.	Stage 1
2	To use a hose that is not equipped with a shutoff nozzle	Stage 1
3	To use potable water to wash down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking lots, tennis courts, patios, or other paved surfaces, except when it is necessary to alleviate safety or sanitation hazards or to prepare paved surfaces for sealing	Stage 1
4	To initially fill or to drain and refill residential swimming pools	Stage 1
5	To serve water in a restaurant or other commercial food service establishment except upon the request of a patron	Stage 1
6	To operate a hotel, motel or other commercial lodging establishment without offering patrons the option to forego the daily laundering of towels, sheets and linens	Stage 1
7	To water or irrigate lawn, landscape, or other vegetated areas on days of the week other than the days of the week authorized and noticed by the District Manager, except when performed with a bucket or watering can, or by use of a drip irrigation system or similar low volume, non-spray irrigation equipment, or for very short periods of time for the express purpose of allowing landscape contractors to adjust or repair an irrigation system. Hourly restrictions set forth in subsection 1 of Stage 1 water shortage restrictions set out in Section 6 above continue to apply on authorized watering days. This provision shall not apply to commercial growers/nurseries or to residential vegetable gardens/edible plantings watered with a hose equipped with a shutoff nozzle.	Stage 2
8	To water or irrigate lawn, landscape, or other vegetated area using an automatic irrigation system for more than fifteen minutes per watering station per assigned day. This provision shall not apply to automatic irrigation systems exclusively using low output sprinkler equipment, including rotors, stream rotors, or micro- spray systems	Stage 2

9	To wash the exterior of dwellings, buildings or structures (with the exception of window washing and preparation of property for painting or for sale)	Stage 2
10	To violate residential customer water rationing regulations, including regulations intended to preclude excessive water usage and specifying maximum water usage limitations, issued by the District Manager	Stage 3
11	To violate commercial customer water rationing regulations, including regulations intended to preclude excessive water usage and specifying maximum water usage limitations, issued by the District	Stage 4
12	To water lawns or turf, unless such watering is authorized by the District Manager in accordance with a landscape irrigation water	Stage 4
13	To install new landscaping which requires any irrigation or watering	Stage 4
14	To wash or clean vehicles, including but not limited to automobiles, trucks, vans, buses, motorcycles, boats, or trailers, including the washing of fleet vehicles	Stage 4
15	To exercise any rights conferred by hydrant and bulk water permits that were issued prior to the severe water shortage emergency declaration absent special permission granted by the District Manager. Said special permission may be granted only for projects necessary to protect the public health, safety and welfare where no alternative to potable water exists and for emergency response purposes.	Stage 4

8.3 PENALTIES

The purpose of the administrative penalties assessed pursuant to this section is to assure future compliance by the cited customer through the imposition of increasingly significant penalties so as to create a meaningful disincentive to commit future violations. The penalties are intended to equitably distribute available water among District customers and to assure that, to the extent feasible, District water is conserved and used only for purposes deemed necessary for public health and safety. Failure to comply with prohibitions listed in Table 8-2, based on Water Shortage stages listed in Table 8-1, would result in the following penalties commencing with Stage 1:

1. *First Offense. Written notice of violation and opportunity to correct violation.*
2. *Second Offense. A second violation within the preceding twelve calendar months is punishable by a fine not to exceed one hundred dollars.*
3. *Third Offense. A third violation within the preceding twelve calendar months is punishable by a fine not to exceed two hundred fifty dollars.*
4. *Fourth Offense. A fourth violation within the preceding twelve calendar months is punishable by a fine not to exceed five hundred dollars. In addition to any fines, the District Manager may order a water flow restrictor device be installed.*

5. Discontinuing Service. In addition to any fines and the installation of a water flow restrictor, the District Manager may disconnect a customer's water service for willful violations of mandatory restrictions and regulations in this Ordinance. Upon disconnection of water service, a written notice shall be served upon the customer which shall state the time, place, and general description of the prohibited or restricted activity and the method by which reconnection can be made.

An excessive use penalty shall be assessed where the customer, during any given billing cycle, uses more than the customer's water allotment per the District's water rationing regulations issued pursuant to this Ordinance commencing with Stage 3 (Table 8-2). Excess use penalties shall be in addition to ordinary water consumption charges, as follows:

- 1. One percent to ten percent over customer rationing allotment: twenty-five dollars/CCF.*
- 2. More than ten percent over customer rationing allotment: fifty dollars/CCF.*
- 3. In addition to any excess use penalties, the District Manager may order a water flow restrictor device be installed and/or may disconnect a customer's water service for willful violations of the water rationing regulations in this Ordinance. Upon disconnection of water service, a written notice shall be served upon the customer which shall state the time, place, and general description of the prohibited or restricted activity and the method by which reconnection can be made.*

A person or entity that violates Ordinance 105 is responsible for payment of charges for installing and/or removing any flow-restricting device and for disconnecting and/or reconnecting. The charge for installing and/or removing any flow restricting device must be paid before the device is removed. Nonpayment will be subject to the same remedies as nonpayment of basic water rates.

In addition to the remedies referenced above, the District Manager is empowered to pursue any additional remedies necessary, including, but not limited to, other administrative, criminal, and civil remedies to correct a violation of Ordinance 105.

8.4 MECHANISM FOR DETERMINING WATER USE REDUCTIONS

Potable water production records are analyzed on a monthly basis. From this information, month to month and year to year statistics can be calculated to track water use and subsequent increases or reductions in consumption levels. This data allows the District to determine the effectiveness of the implemented DMMs and/or water shortage reduction stage prohibitions. If reduction goals are not being met, the District Manager can make the necessary decisions for corrective action to be taken.

8.5 REVENUE AND EXPENDITURE IMPACTS

Reduced water demand as a result of conservation during periods of water shortage result in reduced District revenue just as drought-related operational costs increase. SLVWD implemented a drought surcharge effective January 2016 in order to ensure sufficient reserves to endure such periods.

8.6 ACTIONS DURING A CATASTROPHIC INTERRUPTION

SLVWD conducts vulnerability assessments as required by the U.S. Department of Homeland Security, EPA, and CDDW. In 2013, the District Board adopted an Emergency Response Plan and procedures manual.

8.7 PROJECTED THREE YEAR MINIMUM SUPPLY

The minimum supply for the District over the next three years is equal to the driest historic sequence, which occurred during the 1987-1994 drought discussed in Section 7.1.1. Table 8-3 shows the projected three-year minimum water supplies for the District based on the 1987-1994 drought supply and 2016-2018 projected demands.

Table 8-3 District's Projected Three-year Minimum Water Supplies, AFY

Supply Source ¹	2016	2017	2018
North System			
Stream Diversions	580	401	421
Quail Hollow Groundwater	277	224	253
Olympia Groundwater	419	455	344
<i>Subtotal</i>	<i>1,276</i>	<i>1,081</i>	<i>1,019</i>
South System			
Pasatiempo & Mañana Woods Groundwater	359	291	277
Felton System			
Stream & Spring Diversions	326	219	233
SLVWD			
Total	1,961	1,590	1,529
¹ Multiple Dry year values are based on the average production for 2013-2015, as calculated in Table 7-2, applied to projected 2016-2018 demands.			

9 DEMAND MANAGEMENT MEASURES

The Demand Management Measures (DMM) section provides a comprehensive description of the water conservation programs that the District has implemented for the past five years, is currently implementing, and plans to implement in order to meet the 2020 urban water use reduction targets. The section of the CWC addressing DMMs was significantly modified in 2014, based on recommendations from the Independent Technical Panel (ITP) to the legislature. The ITP was formed by DWR to provide information and recommendations to DWR and the Legislature on new DMMs, technologies and approaches to water use efficiency. The ITP recommended, and the legislature enacted, streamlining the requirements from the 14 specific measures reported on in the 2010 UWMP to six more general requirements plus an “other” category for measures agencies implemented in addition to the required elements. The required measures are summarized in Table 9-1.

Table 9-1 Demand Management Measures

	Measure
1	Water waste prevention ordinances
2	Metering
3	Conservation pricing
4	Public education and outreach
5	Programs to assess and manage distribution system real loss
6	Water conservation program coordination and staffing
7	Other demand management measures

9.1 DEMAND MANAGEMENT MEASURES

9.1.1 DMM – Water Waste Prevention

According to the DWR 2015 UWMP Guidebook, a water waste ordinance explicitly states the waste of water is to be prohibited. The ordinance may prohibit specific actions that waste water, such as excessive runoff from landscape irrigation, or use of a hose outdoors without a shut off nozzle.

Prohibitions on water waste and other water-use restrictions are announced in water bill inserts, annual water quality reports mailed to District customers, the District website, and in press releases to local newspapers. The District’s Ordinance 105 described in Section 8 lists the prohibited uses of water supplied by the District and defines water waste. The prohibited uses are summarized in Table 8-2. These prohibitions are in effect during declared water shortage emergencies, and violations are punishable by fines levied on customer water utility bills.

9.1.2 DMM – Metering

According to the DWR 2015 UWMP Guidebook, an agency that is fully metered will state that fact in the UWMP. If an agency is not yet fully metered, it will discuss its plans for becoming fully metered in accordance with CWC 527.

All District service connections are currently metered, and water meters are required for all new connections.

9.1.3 DMM – Conservation Pricing

According to the DWR 2015 UWMP Guidebook, retail water agencies need to describe the pricing structure that is used by the water agency. Conservation pricing is designed to discourage wasteful water habits and encourage conservation. The District applies a three tier rate structure to the single family residential customer class which accounts for 80% of the customer base. Rates based on volume of use encourage water conservation by customers. The District applies a uniform rate structure to the remaining customer classes: multi-family residential, commercial, institutional/landscape, and industrial.

SLVWD switched from a bi-monthly to a monthly billing cycle in May 2014 to help customers more closely track their water usage and conservation efforts. The redesigned monthly bills include information about each connection's daily usage compared to average daily usage the previous year.

Customers pay a basic service charge based on meter size, and tiered pricing based on the amount of water used (www.slvwd.com/account_billing.htm). Water consumption is measured in "units," where 1 unit equals 100 cubic feet or 748 gallons of water. As of January 1, 2015, SLVWD water pricing was as shown in Table 9-2. The District's pricing structure was modified previously in 2013, 2011, and 2008.

Table 9-2 Conservation Pricing Rate Structure

Water Meter Size	Monthly Base Charge (per meter)
5/8", 3/4", 1"F, 1K, 1.5"G, 2"H	\$30.64
5/8"A, 3/4"A, 1", 1.5"F, 2"G, 2L	\$51.00
5/8"B, 1"A, 1.5"	\$102.50
5/8"C, 1"B, 1.5"A, 2"	\$163.50
2"A, 3"	\$307.00
1.5"C, 4"	\$511.00
Water Units	Monthly Consumption Charge (per unit)
0 - 4	\$3.43
5-15	\$4.48
16 - 50	\$5.37
Over 51	\$5.95
Flat Rate	\$4.18
Effective January 1, 2015	
http://www.slvwd.com/account_billing.htm	

9.1.4 DMM – Public Information Programs

SLVWD actively promotes public awareness and education of the District’s water supply sources, the San Lorenzo River watershed, and the public’s role in conserving water and protecting its shared resource. The District’s website, <http://www.slvwd.com/drought.html>, provides seasonal water-use efficiency tips, informs customers when the drought contingency plan is in effect, posts restrictions or prohibitions for outdoor water use, and provides contacts for other partner organizations supporting water conservation. One of these organizations is the Water Conservation Coalition of Santa Cruz County, whose goal is to provide the community with effective tools to help make water conservation easy and fun. As a member of the Water Conservation Coalition of Santa Cruz County, the District uses its website www.watersavingtips.org to provide water saving tips, information on County-wide rebate programs, and educational materials (e.g., drought-tolerant plants suitable for local conditions). The Water Conservation Coalition of Santa Cruz County also works collaboratively to produce press releases, newspaper ads, radio ads, and informational booths at local events. SLVWD disseminates public information regarding water conservation via the following methods and media:

- The District website, <http://www.slvwd.com/drought.html>.
- Water utility bill inserts (seven to ten months per year; example provided in Appendix B) and other direct mailings.

- Customer bills that show the amount of water used in gallons per month and average gallons per day, compared to the amount used for the same period the prior year, and cumulative rainfall for the current water year.
- Paid advertising in local newspapers (e.g. Press Banner, Santa Cruz Sentinel)
- Weather information, including District rainfall records, posted on-line (www.slvwd.com/weather.htm) and via links from local news websites (www.boulder-creek.com/frmain2.htm).
- Monthly newsletter
- 3-10 weekly posts on Facebook

9.1.5 DMM – Water Loss Control

SLVWD quantifies non-revenue water (NRW, or “losses”) on a monthly basis by comparing produced and delivered water (Table 5-7), and prepares quarterly water loss and water audit status reports. To reduce NRW, the District replaces faulty water meters and locates and repairs leaks throughout its entire system. The District has historically conducted meter replacement programs every 15 to 20 years.

The District consults a number of resources and methods for estimating system water losses consistent with best practices advocated by the American Water Works Association (AWWA) and the International Water Association (IWA), including the Water Audit and Leak Detection Guidebook (California Department of Water Resources (CDWR) and American Water Works Association (AWWA) , June 1992) and Water Loss Control (Thorton, J., Sturm, R., Kunkel, G. , 2008).

The District notifies customers to report leaks and informs customers on how to read their meter and how to test for leaks. In the case of a leak on the customer’s side of the meter, the District provides opportunity and incentive for customers to review their bills and promptly repair leaks through leak adjustment requests. The District reviews leak adjustment requests for evidence of leak repairs, and applies a credit to the water usage portion of a customer’s bill. An emergency on-call service is available to report leaks outside normal business hours.

9.1.6 DMM – Conservation Coordinator and Staffing Support

SLVWD’s Manager of Environmental Programs organizes, coordinates, and supervises the District’s water conservation programs and activities and reports directly to the District Manager, as shown on the District organization chart

(<http://slvwd.com/Personnel/SAN%20LORENZO%20VALLEY%20WATER%20DISTRICT%20-%20Org%20Chart%202016%20rev1.pdf>).

9.2 OTHER DEMAND MANAGEMENT MEASURES

The District is committed to implementing cost effective programs that will increase water efficiency District-wide. Though not required, the District has implemented the following DMMs during the past

five years and will continue implementation into the future in order to increase the overall water efficiency of the District's customers. The following is a brief description of each program.

9.2.1 Schools and Public Education

Since 2004, SLVWD has included approximately \$17,500 in its annual budget to fund watershed education program grants, and an additional \$15,000 for data collection and restoration program grants. These grants are awarded to local schools, camps, community groups, and individuals whose projects help improve the knowledge and environmental health of the San Lorenzo River watershed. The projects are foundational for engaging schools and the public in protecting and conserving the watershed resources. Projects have included events that focus on landscaping to conserve water, field studies to collect water quality data, watershed walks, and disseminating material emphasizing watershed protection concepts and practices. A complete list of projects can be found at www.slvwd.com/education.htm.

The Water Conservation Coalition of Santa Cruz County, of which SLVWD is a member, has developed an activity book about the water resources of Santa Cruz County. The educational material is targeted to middle schools and covers basic concepts of the hydrologic cycle, specific sources of water available to communities within Santa Cruz County, measuring and reducing personal indoor water use, and how the County is planning to help address future water needs under a growing population and potentially decreasing water supplies. SLVWD is a member of the State's Water Education–Water Awareness Committee (WEWAC) whose mission is to promote the efficient use of water. SLVWD provides a link to the WEWAC website (www.usewaterwisely.com), which presents a water saving topic each month. WEWAC members staff booths at local resource and educational fairs to promote water awareness.

The SLVWD website also links to the Use Water Wisely website, <http://wateruseitwisely.com/>. The Use it Wisely campaign was launched in 1999 to promote an ongoing water conservation ethic among the rapidly growing urban population of Arizona.

SLVWD, in partnership with other County groups, regularly places informational material in local newspapers. Recent examples include an article on rainwater harvesting by a local landscaping company in March 2012, and an article on the potential effect of climate change on the County's forested watersheds in February 2012.

9.2.2 Residential Programs

The majority of the District's customer accounts are residential; therefore, the District targets indoor and outdoor water savings programs toward these customers. Residential water conservation is promoted by disseminating technical information on methods to reduce indoor and outdoor water use and by offering credits on customer bills for installation and/or replacement of appliances and lawns with approved water saving appliances and plantings.

9.2.2.1 Residential Water Survey Assistance

SLVWD provides technical instruction to help customers manage their water use, in lieu of performing on-site residential surveys. The District's website (www.slvwd.com/cs/cs_index.html) provides a menu of customer services that include instruction and assistance on how to locate and read a water meter, how to conduct a leak test, and assistance in finding a leak once one is suspected. The District website provides a checklist of suggested water saving tips for inside the home (<http://www.slvwd.com/Indoor.htm>) and outdoors (<http://watersavingtips.org/act/outdoor-water-tips/>), and provides a contact phone number for customer questions. Water saving tips include how to: water landscaping more efficiently; check nozzles and connectors for leaks; install aerators in sink faucets; install low-flow showerheads; and limit the amount of time that water runs during showers and washing.

9.2.2.2 Residential Plumbing Retrofit

SLVWD began to provide low-flow shower heads, faucet-aerators, and hose nozzles to residential customers in 2014. These retrofit opportunities are low cost, and easy to self-install. The District website and www.watersavingtips.org provides tips for saving water indoors, including these simple plumbing retrofits.

9.2.2.3 Residential Credit Programs

SLVWD offers credits on customer bills for the purchase and installation of high efficiency washing machines, greywater irrigation system credit and weather based irrigation controllers. Toilet and turf rebates have been suspended because the State is offering a similar program. SLVWD plans to reinstate the turf and toilet credit programs once the State suspends their programs. These programs have been in place since 2003 and offer customers credits ranging from \$75 to \$750 per installation for replacing appliances with low-water-use alternatives. Details of these programs can be found at <http://slvwd.com/rebate.htm>. As of 2015, SLVWD had processed a total of 2,306 customer credits for high efficiency toilets, washing machines, greywater irrigation systems, weather based irrigation controllers, and turf replacement. The total program cost as of 2015 was \$258,942.

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APPENDIX A. DWR CHECKLIST

DRAFT

TO BE ADDED WHEN AVAILABLE OR UPON FINALIZATION OF THE UWMP.

APPENDIX B. NOTIFICATION AND OUTREACH

DRAFT



SAN LORENZO VALLEY WATER DISTRICT

13060 Highway 9 • Boulder Creek, CA 95006-9119

Office (831) 338-2153 • Fax (831) 338-7986

Website: www.slvwd.com

July 11, 2016

5th District Supervisor
Bruce McPherson
SC County Board of Supervisors
701 Ocean Street, Rm. 500
Santa Cruz, CA 95060

Subject: San Lorenzo Valley Water District 2015 Urban Water Management Plan

Dear Supervisor McPherson:

San Lorenzo Valley Water District (District) is in the process of preparing its 2015 Urban Water Management Plan (UWMP) as required by the Urban Water Management Planning Act (UWMP Act). The UWMP Act requires the District to notify cities and counties within its service areas that it is preparing its 2015 UWMP 60 days prior to holding a public hearing thereby encouraging public involvement and agency coordination. The District will notice the specific date, time, and location of this public hearing two weeks prior to its occurrence.

This letter serves as your official notice of preparation and intent to adopt the UWMP. A draft of the UWMP will be available for review in August 2016. Until that time, if you have any questions or comments regarding the District's 2015 UWMP please contact Water Systems Consulting, Inc., the consultant responsible for the preparation of the UWMP at:

Water Systems Consulting, Inc.
Attn. Spencer Waterman, Staff Planner
3765 South Higuera St. Suite 102
San Luis Obispo, California 93401
(805) 457-8833 ext. 102
swaterman@wsc-inc.com

Sincerely,

A handwritten signature in blue ink that reads "Jen Michelsen".

Jen Michelsen
Environmental Programs Manager
San Lorenzo Valley Water District



SAN LORENZO VALLEY WATER DISTRICT

13060 Highway 9 • Boulder Creek, CA 95006-9119
Office (831) 338-2153 • Fax (831) 338-7986
Website: www.slvwd.com

July 11, 2016

John Ricker
Environmental Health Services
Santa Cruz County
701 Ocean Street, Room 312
Santa Cruz, CA 95060

Subject: San Lorenzo Valley Water District 2015 Urban Water Management Plan

Dear Mr. Ricker:

San Lorenzo Valley Water District (District) is in the process of preparing its 2015 Urban Water Management Plan (UWMP) as required by the Urban Water Management Planning Act (UWMP Act). The UWMP Act requires the District to notify cities and counties within its service areas that it is preparing its 2015 UWMP 60 days prior to holding a public hearing thereby encouraging public involvement and agency coordination. The District will notice the specific date, time, and location of this public hearing two weeks prior to its occurrence.

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July 11, 2016

Chris Berry
Watershed Compliance Manager
City of Santa Cruz Water Department
715 Graham Hill Road
Santa Cruz, CA 95060

Subject: San Lorenzo Valley Water District 2015 Urban Water Management Plan

Dear Mr. Berry:

San Lorenzo Valley Water District (District) is in the process of preparing its 2015 Urban Water Management Plan (UWMP) as required by the Urban Water Management Planning Act (UWMP Act). The UWMP Act requires the District to notify cities and counties within its service areas that it is preparing its 2015 UWMP 60 days prior to holding a public hearing thereby encouraging public involvement and agency coordination. The District will notice the specific date, time, and location of this public hearing two weeks prior to its occurrence.

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July 11, 2016

Rosemary Menard
Water Director
City of Santa Cruz Water Department
212 Locust Street, Suite A
Santa Cruz, CA 95060

Subject: San Lorenzo Valley Water District 2015 Urban Water Management Plan

Dear Ms. Menard:

San Lorenzo Valley Water District (District) is in the process of preparing its 2015 Urban Water Management Plan (UWMP) as required by the Urban Water Management Planning Act (UWMP Act). The UWMP Act requires the District to notify cities and counties within its service areas that it is preparing its 2015 UWMP 60 days prior to holding a public hearing thereby encouraging public involvement and agency coordination. The District will notice the specific date, time, and location of this public hearing two weeks prior to its occurrence.

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Jen Michelsen
Environmental Programs Manager
San Lorenzo Valley Water District



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July 11, 2016

Toby Goddard
Water Conservation Manager
City of Santa Cruz Water Department
212 Locust Street, Suite B
Santa Cruz, CA 95060

Subject: San Lorenzo Valley Water District 2015 Urban Water Management Plan

Dear Mr. Goddard:

San Lorenzo Valley Water District (District) is in the process of preparing its 2015 Urban Water Management Plan (UWMP) as required by the Urban Water Management Planning Act (UWMP Act). The UWMP Act requires the District to notify cities and counties within its service areas that it is preparing its 2015 UWMP 60 days prior to holding a public hearing thereby encouraging public involvement and agency coordination. The District will notice the specific date, time, and location of this public hearing two weeks prior to its occurrence.

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Jen Michelsen
Environmental Programs Manager
San Lorenzo Valley Water District



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Website: www.slvwd.com

July 11, 2016

Jim Moore
General Manager
Big Basin Water Company
P.O. Box 197
Boulder Creek, CA 95006

Subject: San Lorenzo Valley Water District 2015 Urban Water Management Plan

Dear Mr. Moore:

San Lorenzo Valley Water District (District) is in the process of preparing its 2015 Urban Water Management Plan (UWMP) as required by the Urban Water Management Planning Act (UWMP Act). The UWMP Act requires the District to notify cities and counties within its service areas that it is preparing its 2015 UWMP 60 days prior to holding a public hearing thereby encouraging public involvement and agency coordination. The District will notice the specific date, time, and location of this public hearing two weeks prior to its occurrence.

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Sincerely,



Jen Michelsen
Environmental Programs Manager
San Lorenzo Valley Water District



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July 11, 2016

Piret Harmon
General Manager
Scott's Valley Water District
2 Civic Center Dr.
Scotts Valley, CA 95066

Subject: San Lorenzo Valley Water District 2015 Urban Water Management Plan

Dear Ms. Harmon:

San Lorenzo Valley Water District (District) is in the process of preparing its 2015 Urban Water Management Plan (UWMP) as required by the Urban Water Management Planning Act (UWMP Act). The UWMP Act requires the District to notify cities and counties within its service areas that it is preparing its 2015 UWMP 60 days prior to holding a public hearing thereby encouraging public involvement and agency coordination. The District will notice the specific date, time, and location of this public hearing two weeks prior to its occurrence.

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Jen Michelsen
Environmental Programs Manager
San Lorenzo Valley Water District



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Website: www.slvwd.com

July 11, 2016

Ron Duncan
General Manager
Soquel Creek Water District
5180 Soquel Drive
Soquel, CA 95073

Subject: San Lorenzo Valley Water District 2015 Urban Water Management Plan

Dear Mr. Duncan:

San Lorenzo Valley Water District (District) is in the process of preparing its 2015 Urban Water Management Plan (UWMP) as required by the Urban Water Management Planning Act (UWMP Act). The UWMP Act requires the District to notify cities and counties within its service areas that it is preparing its 2015 UWMP 60 days prior to holding a public hearing thereby encouraging public involvement and agency coordination. The District will notice the specific date, time, and location of this public hearing two weeks prior to its occurrence.

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Jen Michelsen
Environmental Programs Manager
San Lorenzo Valley Water District



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Office (831) 338-2153 • Fax (831) 338-7986

Website: www.slvwd.com

July 11, 2016

Shelly Flock
Conservation and Customer Service Field Manager
Soquel Creek Water District
5180 Soquel Drive
Soquel, CA 95073

Subject: San Lorenzo Valley Water District 2015 Urban Water Management Plan


Dear Ms. Flock:

San Lorenzo Valley Water District (District) is in the process of preparing its 2015 Urban Water Management Plan (UWMP) as required by the Urban Water Management Planning Act (UWMP Act). The UWMP Act requires the District to notify cities and counties within its service areas that it is preparing its 2015 UWMP 60 days prior to holding a public hearing thereby encouraging public involvement and agency coordination. The District will notice the specific date, time, and location of this public hearing two weeks prior to its occurrence.

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Sincerely,


Jen Michelsen
Environmental Programs Manager
San Lorenzo Valley Water District

MEMO

To: Board of Directors

From: District Manager

SUBJECT: DISCUSSION AND POSSIBLE ACTION REGARDING JOINT MEETING
WITH SCOTTS VALLEY WATER DISTRICT TO DISCUSS URBAN
WATER MANAGEMENT PLANS AND CONSERVATION MEASURES

DATE: May 19, 2016

RECOMMENDATION

It is recommended that the Board of Directors engage in a review and discussion of both District's efforts regarding the State required Urban Water Management Plans (UWMPs) and conservation measures.

BACKGROUND

Coordinated efforts between neighboring agencies is always good business practice. It is especially important for San Lorenzo Valley Water District and Scotts Valley Water District as both agencies, along with the County and private well owners, begin the process of forming a Groundwater Sustainability Agency in response to the State of California's Sustainable Groundwater Management Act (SGMA).

Staff encourages both agencies to continue working together in regard to future water demand and conservation measures.

STRATEGIC PLAN

Element 9.2 – Board Development

FISCAL IMPACT

None

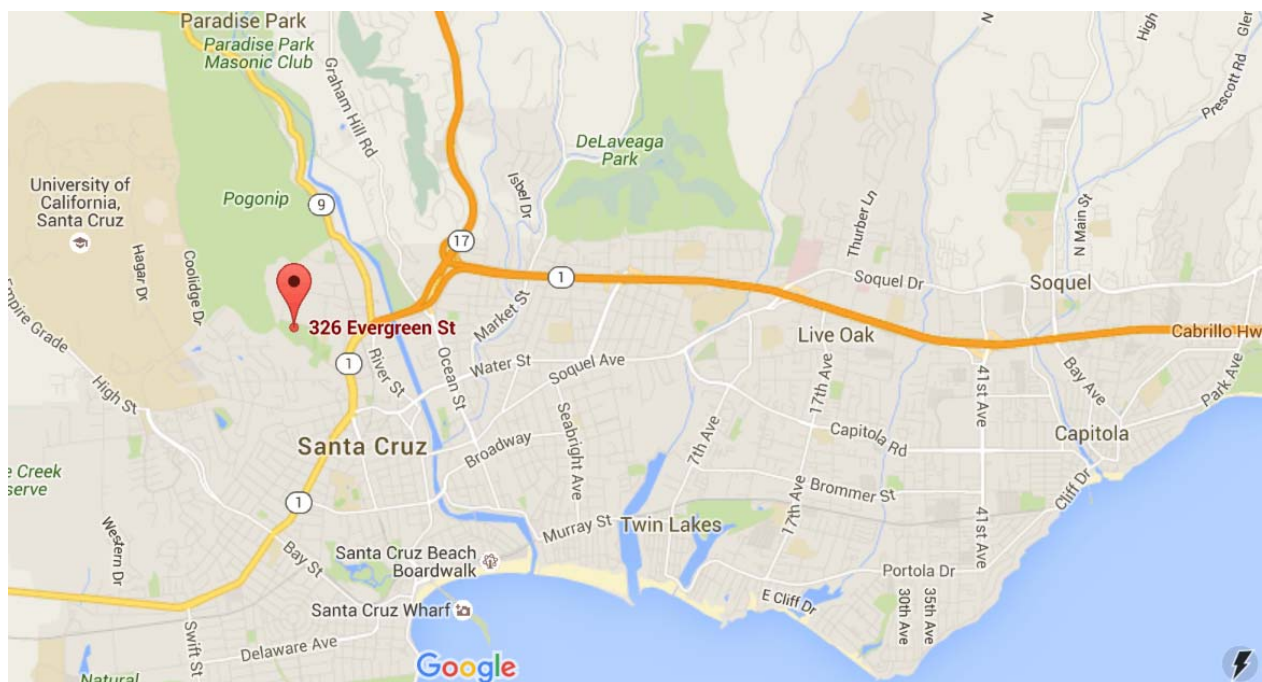
2015 URBAN WATER MANAGEMENT PLANS

Santa Cruz County Local Agency Coordination Meeting

Date: Thursday, February 4, 2016
Time: 9:00 am – 11:00 am
Location: Harvey West Park Clubhouse, 326 Evergreen Street, Santa Cruz
Facilitator: Toby Goddard, City of Santa Cruz

AGENDA TOPICS

Topic	Staff	Time (minutes)
1. Introductions and Purpose	All	5 min
2. Overview and Changes Since the 2010 Plans	Gwen Huff, CA DWR	30 min
3. Population and Regional Growth Forecast to 2035	AMBAG	15 min
4. Existing and Planned Sources of Water – transfers, exchanges, future projects, recycled water, etc.	All	30 min
5. Demand-side Issues: Future water demands, water conservation, water shortage planning	All	20 min
6. Round-Table Discussion, Q&A	All	15 min
7. Wrap-up	Toby	5 min
	Total	2 hours





**BOARD OF DIRECTORS
SAN LORENZO VALLEY WATER DISTRICT
AGENDA
May 19, 2016**

MISSION STATEMENT: Our Mission is to provide our customers and future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding service and community relations; to manage and protect the environmental health of the aquifers and watersheds; and to ensure the fiscal vitality of the San Lorenzo Valley Water District.

Notice is hereby given that a regular meeting of the Board of Directors of the San Lorenzo Valley Water District will be held on **Thursday, May 19, 2016 at 6:00 p.m.**, at the Operations Building, 13057 Highway 9, Boulder Creek, California.

In compliance with the requirements of Title II of the American Disabilities Act of 1990, the San Lorenzo Valley Water District requests that any person in need of any type of special equipment, assistance or accommodation(s) in order to communicate at the District's Public Meeting can contact the District Secretary's Office at (831) 430-4636 a minimum of 72 hours prior to the scheduled meeting.

Agenda documents, including materials related to an item on this agenda submitted to the Board of Directors after distribution of the agenda packet, are available for public inspection and may be reviewed at the office of the District Secretary, 13060 Highway 9, Boulder Creek, CA 95006 during normal business hours. Such documents are also available on the District website at www.slvwd.com subject to staff's ability to post the documents before the meeting.

1. Convene Meeting/Roll Call

2. Additions and Deletions to Agenda:

Additions to the Agenda, if any, may only be made in accordance with California Government Code Section 54954.2 (Ralph M. Brown Act) which includes, but is not limited to, additions for which the need to take action is declared to have arisen after the agenda was posted, as determined by a two-thirds vote of the Board of Directors (or if less than two-thirds of the members are present, a unanimous vote of those members present).

3. Oral Communications:

This portion of the agenda is reserved for Oral Communications by the public for items which are on the Closed Session portion of the Agenda. Any person may address the Board of Directors at this time, on Closed Session items. Normally, presentations must not exceed three (3) minutes in length, and individuals may only speak once during Oral Communications. No actions may be taken by the Board of Directors on any Oral Communications presented; however, the Board of Directors may request that the matter be placed on a future agenda. Please state your name and town/city of residence at the beginning of your statement for the record.

4. Written Communications:

- a. DEPARTMENT OF WATER RESOURCES ACCEPTANCE LETTER OF 2010 URBAN WATER MANAGEMENT PLAN

5. Consent Agenda:

The Consent Agenda contains items which are considered to be routine in nature and will be adopted by one (1) motion without discussion. Any Board member may request that an item be withdrawn from the Consent Agenda for separate discussion.

- a. MINUTES OF THE BOARD OF DIRECTORS MEETING FROM APRIL 21, 2016.
Consideration and possible action by the Board to approve minutes for the April 21, 2016 Board of Directors meeting.
- b. BILL LIST FOR PERIOD ENDING May 19, 2016
Consideration and possible action by the Board regarding the Bill List for the period ending May 19, 2016.
- c. BRIAN C. LEE SALARY AGREEMENT - RESOLUTION NO. 36 (15-16)
Consideration and possible action by the Board regarding Brian C. Lee Salary Agreement.
- d. SWIM TANK INITIAL STUDY
Consideration and possible action by the Board regarding the Swim Tank Initial Study.
- e. FINANCIAL SUMMARY FOR PERIOD ENDING 3/31/16
Consideration and possible action by the Board regarding the Financial Summary for 3/31/16.
- f. LOMPICO CONSOLIDATION STARTUP EXPENDITURES
Consideration and possible action by the Board regarding Lompico Consolidation Startup Expenditures.
- g. THE GARDEN FAIRE
Consideration and possible action by the Board regarding the Garden Faire.
- h. DIRECTOR RATCLIFFE TO SERVE ON ASSOCIATION OF CALIFORNIA WATER AGENCIES ENERGY COMMITTEE
Consideration and possible action by the Board to approve Director Ratcliffe to serve on the ACWA Energy Committee.

6. Unfinished Business: None

Members of the public will be given the opportunity to address each scheduled item prior to Board action. The Chairperson of the Board may establish a time limit for members of the public to address the Board on agendum.

7. New Business:

Members of the public will be given the opportunity to address each scheduled item prior to Board action. The Chairperson of the Board may establish a time limit for members of the public to address the Board on agendum.

- a. JOINT MEETING WITH SCOTTS VALLEY WATER DISTRICT - URBAN WATER MANAGEMENT PLANS AND CONSERVATION MEASURES
Discussion and possible action by the Boards regarding the UWMPs and Conservation Measures of SLVWD and SVWD.
- b. JOHNSON BUILDING
Discussion by the Board regarding the Johnson Building.
- c. 2016-17 BUDGET
Discussion and possible action by the Board regarding the 2016-17 Budget.
- d. RESOLUTION OF APPRECIATION FOR FRANCES ADAMSON
Discussion and possible action by the Board regarding a Resolution of Appreciation for Frances Adamson.
- e. BOARD OF DIRECTORS POLICY MANUAL - SECTION 14 'COMMITTEES'
Discussion and possible action by the Board regarding Section 14 'Committees' of the Board of Directors Policy Manual.

8. District Manager Reports:

Information reports by the District Manager, Staff, Committee and Board of Directors.

a. MANAGER

- (1) Department Status Reports
Receipt and consideration by the Board of Department Status Reports regarding ongoing projects and other activities.
 - (i) Q & A from prior Board Meetings
 - (ii) Admin/Engineering
 - (iii) Environmental
 - (iv) Finance
 - (v) Operations

b. COMMITTEE/DIRECTOR REPORTS:

- (1) Future Committee Agenda Items
- (2) Committee Meeting Notes

9. Informational Material:

- a. Lompico Votes for Merger - Santa Cruz Sentinel 5.5.16
- b. Inevitable Changes to Water in California - UC Davis Center for Watershed Sciences 5.8.16
- c. Monthly Meter Reading - Gov. Brown

10. Adjournment to Closed Session

At any time during the regular session, the Board may adjourn to Closed Session in compliance with, and as authorized by, California Government Code Section 54956.9 and Brown Act, Government Code Section 54950. Members of the public will be given the opportunity to address any scheduled item prior to adjourning to closed session.

- a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Closed session pursuant to Government Code Section 54956.8
Property: 15685 Forest Hill Dr., Boulder Creek, CA 95006
Agency Negotiator: Brian Lee
Negotiating parties: Owner (or representative)
Under Negotiation: Price and terms of payment
- b. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
Government Code Section 54956.9(d)(1)
Case Number CV180394(a)-Bruce Holloway, Plaintiff, v. Terry Vierra;
San Lorenzo Valley Water District; Showcase Realty Agents, Inc.;
Gregory Dildine; Edwige Dildine; and Does 1 to 25, Defendants.
- c. CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION
Paragraph (1) of subdivision (d) of Government Code Section 54956.9
Santa Cruz County Superior Court Case No. CV176927
Name of Case: Charlene DeBert v. SLVWD

11. Reconvene to Open Session to Report Actions Taken in Closed Session

12. Adjournment

Certification of Posting

I hereby certify that on May 13, 2016 I posted a copy of the foregoing agenda in the outside display case at the District Office, 13060 Highway 9, Boulder Creek, California, said time being at least 72 hours in advance of the meeting of the Board of Directors of the San Lorenzo Valley Water District (Government Code Section 54954.2).

Executed at Boulder Creek, California on May 13, 2016

Holly B. Morrison, Dist. Secretary
San Lorenzo Valley Water Dist.

APPENDIX C. RESOLUTION OF ADOPTION

DRAFT

TO BE ADDED WHEN AVAILABLE OR UPON FINALIZATION OF THE UWMP.

APPENDIX D. AWWA WATER LOSS AUDIT

DRAFT

TO BE ADDED WHEN AVAILABLE OR UPON FINALIZATION OF THE UWMP.

APPENDIX E. SERVICE AREA SPECIFIC TABLES

DRAFT

Output Tables for: North System

Table 6. Population Past, Current, & Projected (DWR Table 2)

	2005	2010	2015	2020	2025	2030	2035	2040	2045
North System	16,249	15,693	15,882	16,342	16,553	16,947	17,248	17,555	17,867

Table 8. Water Deliveries- Actual, 2010 (DWR Table 4), Volume in afy

Water use sectors	2010				
	Metered		Not Metered		Total
	# of Connections	Volume	# of Connections	Volume	Volume
General and Residential	5,152	1,011	0	0	1,011
Commercial	93	53	0	0	53
Institutional	32	58	0	0	58
Irrigation	11	9	0	0	9
Other	6	1	0	0	1
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Total	5,294	1,132	0	0	1,132

Table 9. Water Deliveries- Projected 2015 (DWR Table 4), Volume in afy

Water use sectors	2015				
	Metered		Not Metered		Total
	# of Connections	Volume	# of Connections	Volume	Volume
General and Residential	5,216	814	0	0	814
Commercial	93	45	0	0	45
Institutional	32	52	0	0	52
Irrigation	11	8	0	0	8
Other	6	4	0	0	4
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Total	5,358	924	0	0	924

924 check

Table 10. Water Deliveries- Projected, 2020 (DWR Table 6), Volume in afy

Water use sectors	2020				
	Metered		Not Metered		Total
	# of Connections	Volume	# of Connections	Volume	Volume
General and Residential	5,367	961	0	0	961
Commercial	96	54	0	0	54
Institutional	33	62	0	0	62
Irrigation	11	10	0	0	10
Other	6	4	0	0	4
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Total	5,513	1,091	0	0	1,091

1091 check

Table 11. Water Deliveries- Projected, 2025, and 2030 (DWR Table 7)

Water use sectors	2025		2030	
	Metered		Metered	
	# of Connections	Volume	# of Connections	Volume
General and Residential	5,437	974	5,566	997
Commercial	97	54	99	56
Institutional	33	63	34	64
Irrigation	11	10	11	10
Other	6	4	7	4
	0	0	0	0
	0	0	0	0
	0	0	0	0
Total	5,584	1,105	5,717	1,131

1105

1131 check

Output Tables for: South System

Table 6. Population Past, Current, & Projected (DWR Table 2)

	2005	2010	2015	2020	2025	2030	2035	2040	2045
South System	2,780	2,763	2,796	2,798	2,810	2,831	2,848	2,864	2,881

Table 8. Water Deliveries- Actual, 2010 (DWR Table 4), Volume in afy

Water use sectors	2010				
	Metered		Not Metered		Total
	# of Connections	Volume	# of Connections	Volume	Volume
General and Residential	662	286	0	0	286
Commercial	12	15	0	0	15
Institutional	4	16	0	0	16
Irrigation	1	2	0	0	2
Other	1	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Total	680	320	0	0	320

Table 9. Water Deliveries- Projected 2015 (DWR Table 4), Volume in afy

Water use sectors	2015				
	Metered		Not Metered		Total
	# of Connections	Volume	# of Connections	Volume	Volume
General and Residential	670	232	0	0	232
Commercial	12	13	0	0	13
Institutional	4	15	0	0	15
Irrigation	1	2	0	0	2
Other	1	1	0	0	1
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Total	688	264	0	0	264



264 check

Table 10. Water Deliveries- Projected, 2020 (DWR Table 6), Volume in afy

Water use sectors	2020				
	Metered		Not Metered		Total
	# of Connections	Volume	# of Connections	Volume	Volume
General and Residential	670	275	0	0	275
Commercial	12	15	0	0	15
Institutional	4	18	0	0	18
Irrigation	1	3	0	0	3
Other	1	1	0	0	1
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Total	688	312	0	0	312

312 check

Table 11. Water Deliveries- Projected, 2025, and 2030 (DWR Table 7)

Water use sectors	2025		2030	
	Metered		Metered	
	# of Connections	Volume	# of Connections	Volume
General and Residential	673	276	678	278
Commercial	12	15	12	16
Institutional	4	18	4	18
Irrigation	1	3	1	3
Other	1	1	1	1
	0	0	0	0
	0	0	0	0
	0	0	0	0
Total	691	313	697	315

313

315 check

Table 11. Water Deliveries- Projected, 2035, and 2040 (DWR Table 7)

Water use sectors	2035		2040		2045	
	Metered		Metered		Metered	
	# of Connections	Volume	# of Connections	Volume	# of Connections	Volume
General and Residential	682	280	686	281	690	283
Commercial	12	16	12	16	12	16
Institutional	4	18	4	18	4	18
Irrigation	1	3	1	3	1	3
Other	1	1	1	1	1	1
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
Total	701	317	705	319	709	321

Table 13. Sales to Other Water Agencies (DWR Table 9), afy

Water distributed	2005	2010	2015	2020	2025	2030	2035	2040	2045
name of agency	5	0	0	0	0	0	0	0	0
name of agency	0	0	0	0	0	0	0	0	0
name of agency	0	0	0	0	0	0	0	0	0
Total	5	0	0	0	0	0	0	0	0

Table 14. Additional Water Uses and Losses (DWR Table 10), afy

Water use	2005	2010	2015	2020	2025	2030	2035	2040	2045
Saline barriers	0	0	0	0	0	0	0	0	0
Groundwater recharge	0	0	0	0	0	0	0	0	0
Conjunctive use	0	0	0	0	0	0	0	0	0
Raw water	0	0	0	0	0	0	0	0	0
Recycled water	0	0	0	0	0	0	0	0	0
Non-revenue water (NRW)	0	58	44	42	42	42	42	42	43
Total	0	58	44	42	42	42	42	42	43

Table 15. Total Water Use (DWR Table 11), afy

Water Use	2005	2010	2015	2020	2025	2030	2035	2040	2045
Total Water Deliveries	0	320	264	312	313	315	317	319	321
Sales to other water agencies	5	0	0	0	0	0	0	0	0
Additional water uses and losses	0	58	44	42	42	42	42	42	43
Total	5	378	307	353	355	357	359	362	364

Output Tables for: Felton System

Table 6. Population Past, Current, & Projected (DWR Table 2)

	2005	2010	2015	2020	2025	2030	2035	2040	2045
Felton System	3,176	3,193	3,246	3,360	3,414	3,515	3,592	3,671	3,752

Table 8. Water Deliveries- Actual, 2010 (DWR Table 4), Volume in afy

Water use sectors	2010				
	Metered		Not Metered		Total
	# of Connections	Volume	# of Connections	Volume	Volume
General and Residential	1,176	294	0	0	294
Commercial	139	15	0	0	15
Institutional	19	17	0	0	17
Irrigation	0	0	0	0	0
Other	1	3	0	0	3
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Total	1,335	329	0	0	329

Table 9. Water Deliveries- Projected 2015 (DWR Table 4), Volume in afy

Water use sectors	2015				
	Metered		Not Metered		Total
	# of Connections	Volume	# of Connections	Volume	Volume
General and Residential	1,238	252	0	0	252
Commercial	92	13	0	0	13
Institutional	25	15	0	0	15
Irrigation	0	0	0	0	0
Other	2	2	0	0	2
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Total	1,357	282	0	0	282

282 check

Table 10. Water Deliveries- Projected, 2020 (DWR Table 6), Volume in afy

Water use sectors	2020				
	Metered		Not Metered		Total
	# of Connections	Volume	# of Connections	Volume	Volume
General and Residential	1,281	273	0	0	273
Commercial	95	14	0	0	14
Institutional	26	16	0	0	16
Irrigation	0	0	0	0	0
Other	2	3	0	0	3
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Total	1,405	306	0	0	306

306 check

Table 11. Water Deliveries- Projected, 2025, and 2030 (DWR Table 7)

Water use sectors	2025		2030	
	Metered		Metered	
	# of Connections	Volume	# of Connections	Volume
General and Residential	1,302	278	1,341	286
Commercial	97	14	100	15
Institutional	26	16	27	16
Irrigation	0	0	0	0
Other	2	3	2	3
	0	0	0	0
	0	0	0	0
	0	0	0	0
Total	1,427	311	1,470	320

311

320 check

Table 11. Water Deliveries- Projected, 2035, and 2040 (DWR Table 7)

Water use sectors	2035		2040		2045	
	Metered		Metered		Metered	
	# of Connections	Volume	# of Connections	Volume	# of Connections	Volume
General and Residential	1,370	292	1,400	298	1,431	305
Commercial	102	15	104	16	106	16
Institutional	28	17	28	17	29	18
Irrigation	0	0	0	0	0	0
Other	2	3	2	3	2	3
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
Total	1,502	327	1,535	334	1,569	341

Table 13. Sales to Other Water Agencies (DWR Table 9), afy

Water distributed	2005	2010	2015	2020	2025	2030	2035	2040	2045
name of agency	0	0	0	0	0	0	0	0	0
name of agency	0	0	0	0	0	0	0	0	0
name of agency	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

Table 14. Additional Water Uses and Losses (DWR Table 10), afy

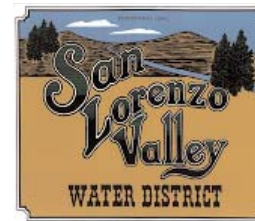
Water use	2005	2010	2015	2020	2025	2030	2035	2040	2045
Saline barriers	0	0	0	0	0	0	0	0	0
Groundwater recharge	0	0	0	0	0	0	0	0	0
Conjunctive use	0	0	0	0	0	0	0	0	0
Raw water	0	0	0	0	0	0	0	0	0
Recycled water	0	0	0	0	0	0	0	0	0
Non-revenue water (NRW)	0	103	42	79	80	83	85	87	88
Total	0	103	42	79	80	83	85	87	88

Table 15. Total Water Use (DWR Table 11), afy

Water Use	2005	2010	2015	2020	2025	2030	2035	2040	2045
Total Water Deliveries	#DIV/0!	329	282	306	311	320	327	334	341
Sales to other water agencies	0	0	0	0	0	0	0	0	0
Additional water uses and losses	0	103	42	79	80	83	85	87	88
Total	#DIV/0!	432	324	385	391	403	412	421	430

APPENDIX F. WATER QUALITY REPORT

DRAFT



San Lorenzo Valley Water District Consumer Confidence Report

WATER QUALITY 2015

WWW.SLVWD.COM

JULY 2016

Your Water Passes All Tests

Once again, San Lorenzo Valley Water District is pleased to report that our water quality met, or surpassed, all State and Federal criteria for public health protection. SLVWD operates four (4) independent water systems, each of which has its own source water supply. The four water systems are: North System, South System, Felton System and Manana Woods Systems. For additional information regarding water quality, please contact the San Lorenzo Valley Water District's Water Treatment and System Supervisor, Nate Gillespie, at (831) 430-4629 or e-mail to ngillespie@slvwd.com.

people should seek advice about drinking water from their health care providers. USEPA / Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline 800-426-4791 or on the internet at <http://www.epa.gov/safe-water>

New Customer Service Programs

The San Lorenzo Valley Water District has introduced two new customer service programs.

The first "Bill Pay" allows a customer to access their accounts on line and make payments from your bank account or credit card. Customers can also set up "auto bill pay" which automatically deducts your payment from your bank account and providing paperless bills.

The second program "Customer Notification System" will provide personalized communication to the District's customers by phone (voice and/or text) email regarding payment reminders to help avoid late fees and for emergency notifications.

You can find more information and how to register for Bill Pay or Customer Notification System on the Districts web site at www.slvwd.com or call 831-338-2153.



Sources of Water

The sources of drinking water (both tap and bottled water) include: rivers, lakes, streams, ponds, reservoirs, springs and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals including radioactive material and other substances resulting from the presence of animals or from human activity.

Public Involvement

The Board of Directors of the San Lorenzo Valley Water District invites you to attend its meetings to express your views and opinions. The Board meets on the 1st and 3rd Thursday of each month. Meetings start at 6:00 p.m. at the District's Operations Building, 13057 Highway 9, Boulder Creek. Agenda information for the Board of Director's meetings can be obtained from the District by calling (831) 430-4636 or the District website www.slvwd.com.

Is the Water Safe for Everyone to Drink?

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These

San Lorenzo Valley Water District
13060 Highway 9
Boulder Creek, CA. 95006-9119

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95006
Permit No. 55

Water Conservation Tips for Consumers

Did you know that the average U.S. household uses approximately 400 gallons of water per day or 100 gallons per person per day? Luckily, there are many low-cost and no-cost ways to conserve water. Small changes can make a big difference – try one today and soon it will become second nature.

- Take short showers – a 5 minutes shower uses 4 to 5 gallons of water compared to up to 50 gallons for a bath.
- Shut off water while brushing your teeth, washing your hair and shaving and save up to 500 gallons a month.
- Use a water-efficient showerhead. They are inexpensive, easy to install, and can save you up to 7
- Use a water-efficient showerhead. They are inexpensive, easy to install, and can save you up to 750 gallons a month.
- Run your clothes washer and dishwasher only when they are full. You can save up to 1,000 gallons a month.
- Water plants only when necessary.
- Fix leaking toilets and faucets. Faucet washers are inexpensive and take only a few minutes to replace. To check your toilet for a leak, place a few drops of food coloring in the tank and wait. If it seeps into the toilet bowl without flushing, you have a leak. Fixing it or replacing it with a new, more efficient model can save up to 1,000 gallons a month.
- Adjust sprinklers so only your lawn is watered. Apply water only as fast as the soil can absorb it and during the cooler parts of the day to reduce evaporation.
- Teach your kids about water conservation to ensure a future generation that uses water wisely. Make it a family effort to reduce next month's water bill!

In an effort to provide this report to everyone, the District encourages landlords to provide a copy of this report to their tenants.

Water Quality

In order to ensure that tap water is safe to drink, the U.S. Environmental Protection Agency (USEPA) and the California State Water Resources Control Board prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. Department regulations also establish limits for contaminants in bottled water that must provide the same protection for public health. Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline (1-800-426-4791) or on the web at www.epa.gov/safewater.

Possible Contaminants

Contaminants that may be in the water prior to treatment may include:

Microbial Contaminants, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations and wildlife.

Inorganic Contaminants, such as salts and metals, that can be naturally-occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.

Pesticides and Herbicides, that may come from a variety of sources such as agricultural, urban stormwater runoff, and residential uses.

Organic Chemical Contaminants, including synthetic and volatile organic chemicals, that are by-products of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff, agricultural application, and septic systems.

State Standards and Monitoring

Individual water suppliers do not arbitrarily decide what constitutes "safe" drinking water. The U.S. Environmental Protection Agency and the California State Water Resources Control Board require all public water suppliers to meet stringent quality standards. Compliance is mandatory for public water utilities.

In California, drinking water standards (also called Maximum Contaminant Levels, or MCLs) are established for two categories. Primary Standards are set for the pro-

tection of public health. Secondary Standards are set only for aesthetic qualities such as taste, odor and color, but do not represent any threat to health.

The District maintains a monitoring program to sample and test all water sources in accordance with State and Federal standards. Should the District fail to monitor, or the District's water exceed the MCLs allowable in the Primary Standards, it is required by law to notify all customers of the nature of the problem and any possible health effects. Some contaminants that are routinely monitored by the District are bacteria, turbidity, inorganic chemicals, metals, general minerals, volatile organic chemicals (VOCs), disinfection by-products (THMs), and radiation. The table in this report shows our test results for 2015. Once again, the San Lorenzo Valley Water District is pleased to report that our water quality met or surpassed all State and Federal criteria for public health protection. For additional information regarding water quality, please contact the San Lorenzo Valley Water District at (831) 338-2153.

Protecting Our Watershed

Many common household products are hazardous if carelessly handled or stored. Chemicals poured on the ground or down the drain or toilet can pollute our drinking water. Of particular concern are volatile organic chemicals (VOCs) and synthetic organic chemicals (SOCs). VOCs are chemicals commonly found in paints, thinners, solvents, degreasers, and automotive products. SOCs are found in herbicides and pesticides. These products should never be poured down the sink, toilet or drain. The County of Santa Cruz receives household hazardous waste at the Ben Lomond Transfer Station. The District strongly encourages consumers to make use of this convenient program and to dispose of household hazardous waste in a proper and responsible manner. For more information on disposal and receiving times, you may call the County at (831) 454-2606. You can help protect our drinking water from sources of pollution. It is extremely important to help protect our drinking water from possible sources of pollution by exercising care with all household chemicals. A little pollution can go a long way!

Mission Statement
Our mission is to provide our customers and all future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding customer service; to manage and protect the environmental health of the aquifers and watersheds; and, to ensure the fiscal vitality of the San Lorenzo Valley Water District."

Source Water Assessments

In 2002 and 2004 the District completed source water assessments of its deep water well aquifers and surface water watershed in Ben Lomond, Zayante and Boulder Creek. A source water assessment lists possible contaminating activities and the susceptibility of identified contamination threats that might affect the quality of our drinking water supplies.

Quail Hollow Well Field Aquifer

Factors contributing to the potential vulnerability of the District's Quail Hollow Wells include: the high percolation capacity of the Santa Margarita Sandstone Aquifer and associated Zayante soils, the absence of a confining zone above the aquifer, residential septic tank systems, and unused production wells.

Olympia Well Field Aquifer

Factors contributing to the potential water-quality vulnerability of the District's Olympia wells include: the high percolation capacity of the Santa Margarita Sandstone Aquifer, residential septic tank systems, and equestrian activities.

Foreman, Peavine, Clear, and Sweetwater Creeks Watershed

Factors contributing to the potential vulnerability of the District's surface water include: managed forests, septic systems, recreational, government or institutional facilities. Copies of the Source Water Assessments for each water source are available at the District Office.

Mañana Woods

In 2002 the County of Santa Cruz completed source water assessments of the Mañana Woods Well. A source water assessment lists possible contaminating activities, and the susceptibility of identified contamination threats that might affect the quality of the drinking water supply. Factors contributing to the potential vulnerability of the Mañana Woods Well to water-quality degradation include: dry cleaners, historic gas stations, historic waste dumps/landfills, known contaminant plumes, and underground storage tanks with confirmed leakage.

Lead in Your Water

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. San Lorenzo Valley Water District is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before

using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at <http://www.epa.gov/safewater/lead>.

The San Lorenzo Valley Water District monitors for lead and copper at the customers tap throughout the District on a regular basis in accordance with the USEPA's Lead and Copper Rule regulations. The rule requires public water systems to sample at customers' homes that meet specific criteria where elevated levels of lead and copper are more likely to be found. Since 1993 samples have shown levels of lead and copper in District homes to be well below the action levels set by the USEPA. See the enclosed water quality table for test results from the latest round of sampling.

Notice About Arsenic

Arsenic above 5ppb up through 10 ppb: While your drinking water meets the current standard for arsenic, it does contain low levels of arsenic. The standard balances the current understanding of arsenic's possible health effects against the costs of removing arsenic from drinking water. The California Department of Public Health continues to research the health effects of low levels of arsenic, which is a mineral known to cause cancer in humans at high concentrations and is linked to other health effects such as skin damage and circulatory problems. Arsenic above 10 ppb up through 50 ppb: Some people who drink water containing arsenic in excess of the MCL over many years could experience skin damage or problems with their circulatory system, and may have an increased risk of getting cancer.

Using Your Water Meter to Check for Leaks

1. It's good preventive maintenance to conduct a leak check of your house periodically.
2. Start by firmly turning off all water devices inside and outside the house.
3. Next, go outside to the meter and mark down the reading, including the red flow detection indicator.
4. Wait 15 minutes and then check the meter again.

If the meter has not moved, your house is leak free. If the meter has moved, you have a leak to hunt down. The most likely cause is a leaking toilet. Most meters also have a triangular low-flow indicator, which should not be spinning unless a leak is present. To avoid receiving a surprisingly high water bill caused by an undetected leak, we suggest you check your meter regularly.

SAN LORENZO VALEY WATER DISTRICT WATER QUALITY REPORT 2015				NORTH SYSTEM Boulder Creek, Brookdale, Ben Lomond, Zayante Routes No. 21 - 22 and 30 - 97						FELTON SYSTEM Routes No. 23 - 29						SAN LORENZO VALLEY WATER DISTRICT WATER QUALITY REPORT 2015	
				GROUND WATER			SURFACE WATER			GROUND WATER			SURFACE WATER				
PRIMARY HEALTH STANDARDS	Notes	MCL or [MRDL]	PHG or [MRDLG]	Sample Year*	Range of Detection	Average Amount	Sample Year*	Range of Detection	Average Amount	Sample Year*	Range of Detection	Average Amount	Sample Year*	Range of Detection	Average Amount	MAJOR SOURCES IN DRINKING WATER	
Inorganic Constituents Aluminum (ppm)	1	1	0.6	2015	< 0.05	< 0.05	2015	< 0.05	< 0.05	2015	Single Sample	< 0.05	2015	Single Sample	< 0.05	Erosion of natural deposits; residue from some surface water treatment processes.	
Arsenic (ppb)	1	10	0.004	2015	< 1 - 2.8	1.2	2015	< 1	< 1	2015	Single Sample	< 1	2015	< 1 - 1.3	< 1	Erosion of natural deposits.	
Fluoride (ppb)	1	2000	1000	2015	140 - 480	240	2015	< 100	< 100	2015	Single Sample	100	2015	< 100 - 120	110	Erosion of natural deposits.	
Hexavalent Chromium (ppb)		10	0.02	2014	< 1	< 1	2015	< 1	< 1	2014	Single Sample	< 1	2015	< 1	< 1	Erosion of natural deposits / Industrial waste.	
Nickel (ppb)	1	100	12	2015	< 10	< 10	2015	< 10	< 10	2015	Single Sample	< 10	2015	Single Sample	< 10	Erosion of natural deposits; discharge from metal factories.	
Nitrate (as Nitrogen) (ppm)		10	10	2015	N.D. - 2.2	0.7	2015	< 0.4	< 0.4	2015	Single Sample	< 0.4	2015	< 0.4	< 0.4	Runoff / leaching from natural deposits.	
Radioactive Constituents Gross Alpha (pCi/L)	1	15	0	2012	< 3.0 - 3.2	< 3.0	2012	< 3.0	< 3.0	2014	< 3.0	< 3.0	2014	< 3.0 - 4.3	< 3.0	Erosion of natural deposits.	
Turbidity [Nephelometric Turbidity Units] (NTU's)		(TT) = 95% of Samples ≤ 0.2 NTU	N/A	N/A	N/A	N/A	2015	< or = to 0.2 in 100% of Samples	Highest measurement = 0.16	N/A	N/A	N/A	2015	< or = to 0.2 in 99.5 % of Samples	Highest measurement = 0.21	Soil runoff. Turbidity is a measure of the cloudiness of water. We monitor it because it is a good indicator of the effectiveness of our filtration system.	
SECONDARY STANDARDS		MCL or [MRDL]	PHG or [MRDLG]	Sample Year*	Range of Detection	Average Amount	Sample Year*	Range of Detection	Average Amount	Sample Year*	Range of Detection	Average Amount	Sample Year*	Range of Detection	Average Amount	MAJOR SOURCES IN DRINKING WATER	
Chloride (ppm)	1	500	N/A	2015	5.7 - 8.8	7.3	2015	5.7 - 6.6	6.3	2015	Single Sample	7.1	2015	7.9 - 10.0	9.1	Runoff / leaching from natural deposits.	
Iron (ppb)	1, 3	300	**	2015	< 100 - 340	108	2015	< 100	< 100	2015	Single Sample	< 100	2015	< 100	< 100	Leaching from natural deposits.	
Manganese (ppb)	3	50	**	2015	< 20 - 320	120	2015	< 20	< 20	2015	Single Sample	< 20	2015	< 20	< 20	Leaching from natural deposits.	
Sulfate (ppm)	1	500	**	2015	8 - 200	89	2015	3.8 - 4.7	4.3	2015	Single Sample	12.0	2015	10.0 - 11.0	11.0	Runoff / leaching from natural deposits.	
Total Dissolved Solids (TDS) (ppm)	1	1000	**	2015	120 - 550	308	2015	120 - 150	135	2015	Single Sample	280	2015	180 - 350	283	Runoff / leaching from natural deposits.	
Turbidity [Nephelometric Turbidity Units] (NTU's)		5	N/A	2015	0.40 - 12	3.09	2015	0.40 - 0.68	0.51	2015	Single Sample	0.28	2015	0.35 - 0.56	0.44	Soil runoff. Turbidity is a measure of the cloudiness of water. We monitor it because it is a good indicator of water quality. High turbidity can hinder the effectiveness of disinfectants.	
ADDITIONAL CONSTITUENTS ANALYZED		MCL or [MRDL]	PHG or [MRDLG]	Sample Year*	Range of Detection	Average Amount	Sample Year*	Range of Detection	Average Amount	Sample Year*	Range of Detection	Average Amounts	Sample Year*	Range of Detection	Average Amount	MAJOR SOURCES IN DRINKING WATER	
Sodium (ppm)		N/A	N/A	2015	10 - 14	12	2015	9.8 - 11.0	10.0	2015	Single Sample	6.7	2015	9.0 - 11.0	10.0	Refers to the salt present in the water and is generally naturally occurring.	
Total Hardness (ppm)		N/A	N/A	2015	46 - 400	204	2015	68 - 94	80	2015	Single Sample	220	2015	110 - 280	217	Hardness is the sum of polyvalent cations present in the water, generally magnesium and calcium. The cations are usually naturally occurring.	
Phosphate PO ₄ (ppm)		N/A	N/A	2015	0.8 - 4.5	2.8	N/A	N/A	N/A	2013	N/A	N/A	2013	N/A	N/A	Treatment additive.	
Vanadium (ppb)		Notification Level = 50		2014	< 3	< 3	2014	< 3	< 3	2008	< 3 - 4.6	< 3	N/A	N/A	N/A	Erosion of natural deposits.	
DISTRIBUTION SYSTEM										DISTRIBUTION SYSTEM							
PRIMARY HEALTH STANDARDS		MCL or [MRDL]	PHG or [MRDLG]	Sample Year*	Range of Detection		Average Amount		Sample Year*	Range of Detection		Average Amount		MAJOR SOURCES IN DRINKING WATER			
Disinfection By-products/Residues* TTHM (Total Trihalomethanes) (ppb)		80	N/A	2015	3.8 - 50		34		2015	21 - 38		32		By-product of drinking water disinfection.			
HAA5 (Haloacetic Acids) (ppb)		60	N/A	2015	< 2 - 43		19		2015	12 - 34		22		By-product of drinking water disinfection.			
Chlorine (ppm)		[4.0]	[4.0]	2015	0.11 - 1.31		0.81		2015	0.24 - 0.91		0.59		Drinking water disinfectant added for treatment.			
MICROBIAL CONTAMINANTS		No more than 5% Positive Samples in any one month.	0	2015	0% - 1.59%		0 Positive		2015	0 Positive		0 Positive.		Naturally present in the environment			
E. Coli		0	0	2015	0 Positive		0 Positive		2015	0 Positive		0 Positive		E. Coli are bacteria whose presence indicates that the water may be contaminated with human or animal wastes			
ADDITIONAL CONSTITUENTS ANALYZED		MCL or [MRDL]	PHG or [MRDLG]	Sample Year	Range of Detection		Average Amount		Sample Year	Range of Detection		Average Amount		MAJOR SOURCES IN DRINKING WATER			
pH (unitless)(USEPA)		6.5 - 8.5	N/A	2015	6.5 - 8.9		7.4		2015	7.5 - 8.0		7.7		A measure of the acidity or alkalinity.			
PRIMARY STANDARDS REGULATED AT TAP		Action Level (AL)	PHG or [MRDLG]	Sample Year	Number of Samples	Tap Water			Sample Year	Number of Samples	Tap Water			MAJOR SOURCES IN DRINKING WATER			
Lead (ppb)		15	0.2	2014	23	90th Percentile = < 5 Sites Above (AL) = 0			2014	21	90th Percentile = < 5 Sites Above (AL) = 0			Corrosion of household plumbing, discharges from industrial manufacturers, erosion of natural deposits.			
Copper (ppb)		1300	170	2014	23	90th Percentile = 450 Sites Above (AL) = 0			2014	21	90th Percentile = 390 Sites Above (AL) = 0			Corrosion of household plumbing, erosion of natural deposits, leaching from wood preservatives.			

SAN LORENZO VALEY WATER DISTRICT WATER QUALITY REPORT 2015				SOUTHERN SYSTEM Lockwood Lane, Whispering Pines Routes No. 11 - 13 GROUND WATER			MAÑANA WOODS Routes No. 14 GROUND WATER			SAN LORENZO VALLEY WATER DISTRICT WATER QUALITY REPORT 2015
PRIMARY HEALTH STANDARDS	Notes	MCL or [MRDL]	PHG or [MRDLG]	Sample Year*	Range of Detection	Average Amount	Sample Year*	Range of Detection	Average Amount	MAJOR SOURCES IN DRINKING WATER
Inorganic Constituents Aluminum (ppm)	1	1	0.6	2015	< 0.05	< 0.05	2015	Single Sample	0.36	Erosion of natural deposits; residue from some surface water treatment processes.
Arsenic (ppb)	1	10	0.004	2015	< 1 - 17	5.8	2015	Single Sample	< 1	Erosion of natural deposits.
Fluoride (ppb)	1	2000	1000	2015	< 100- 110	< 100	2015	Single Sample	2000	Erosion of natural deposits.
Hexavalent Chromium (ppb)		10	.02	2015	< 1	< 1	2015	Single Sample	N.D.	Erosion of natural deposits / Industrial waste.
Nickel (ppb)	1	100	12	2015	< 10	< 10	2015	Single Sample	30	Erosion of natural deposits; discharge from metal factories.
Nitrate (as Nitrogen) (ppm)		10	10	2015	N.D. - 0.6	< 0.4	2015	< 0.4- 0.7	< 0.4	Runoff / leaching from natural deposits.
Radioactive Constituents Gross Alpha (pCi/L)	1	15	0	2015	< 3	< 3	2015	Single Sample	4.6	Erosion of natural deposits.
Turbidity [Nephelometric Turbidity Units] (NTU's)		(TT) = 95% of Samples ≤ 0.2 NTU	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Soil runoff. Turbidity is a measure of the cloudiness of water. We monitor it because it is a good indicator of the effectiveness of our filtration system.
SECONDARY STANDARDS		MCL or [MRDL]	PHG or [MRDLG]	Sample Year*	Range of Detection	Average Amount	Sample Year*	Range of Detection	Average Amount	MAJOR SOURCES IN DRINKING WATER
Chloride (ppm)	1	500	N/A	2015	6.6 - 6.9	6.7	2015	Single Sample	36	Runoff / leaching from natural deposits.
Iron (ppb)	1, 3	300	**	2015	< 100 - 1100	588	2015	< 100 - 340	170	Leaching from natural deposits.
Manganese (ppb)	3	50	**	2015	< 20 - 33	< 20	2015	200 - 2000	555	Leaching from natural deposits.
Sulfate (ppm)	1	500	**	2015	30 - 33	32	2015	Single Sample	250	Runoff / leaching from natural deposits.
Total Dissolved Solids (TDS) (ppm)	1	1000	**	2015	120 - 140	133	2015	Single Sample	670	Runoff / leaching from natural deposits.
Turbidity [Nephelometric Turbidity Units] (NTU's)		5	N/A	2015	0.84 - 2.5	1.7	2015	31- 58	44.5	Soil runoff. Turbidity is a measure of the cloudiness of water. We monitor it because it is a good indicator of water quality. High turbidity can hinder the effectiveness of disinfectants.
ADDITIONAL CONSTITUENTS ANALYZED		MCL or [MRDL]	PHG or [MRDLG]	Sample Year*	Range of Detection	Average Amount	Sample Year*	Range of Detection	Average Amount	MAJOR SOURCES IN DRINKING WATER
Sodium (ppm)		N/A	N/A	2015	16 - 17	16.5	2015	Single Sample	52	Refers to the salt present in the water and is generally naturally occurring.
Total Hardness (ppm)		N/A	N/A	2015	36 - 59	47	2015	Single Sample	370	Hardness is the sum of polyvalent cations present in the water, generally magnesium and calcium. The cations are usually naturally occurring.
Phosphate Po4 (ppm)		N/A	N/A	2015	1.6 - 6.1	4.2	N/A	N/A	N/A	Treatment additive.
Vanadium (ppb)		Notification Level = 50		2014	< 3	< 3	N/A	N/A	N/A	Erosion of natural deposits.
				DISTRIBUTION SYSTEM			DISTRIBUTION SYSTEM			
PRIMARY HEALTH STANDARDS		MCL or [MRDL]	PHG or [MRDLG]	Sample Year*	Range of Detection	Average Amount	Sample Year*	Range of Detection	Average Amount	MAJOR SOURCES IN DRINKING WATER
Disinfection By-products/Residues* TTHM (Total Trihalomethanes) (ppb)		80	N/A	2013	1.1 - 26	9.8	2015	5.0 - 7.8	6.0	By-product of drinking water disinfection.
HAA5 (Haloacetic Acids) (ppb)		60	N/A	2013	< 2 - 22.0	8.6	2015	< 2	< 2	By-product of drinking water disinfection.
Chlorine (ppm)		[4.0]	[4.0]	2015	0.45 - 1.52	0.90	2015	0.22 - 1.40	0.76	Drinking water disinfectant added for treatment.
MICROBIAL CONTAMINANTS			No more than 2 Samples Positive in any one month.							
Total Coliform Bacteria (Total Coliform Rule) (P/A)			0	2015	0 Positive	0 Positive	2015	0 Positive	0 Positive	Naturally present in the environment
E. Coli		0	0	2015	0 Positive	0 Positive	2015	0 Positive	0 Positive	E. Coli are bacteria whose presence indicates that the water may be contaminated with human or animal wastes
ADDITIONAL CONSTITUENTS ANALYZED		MCL or [MRDL]	PHG or [MRDLG]	Sample Year	Range of Detection	Average Amount	Sample Year	Range of Detection	Average Amount	MAJOR SOURCES IN DRINKING WATER
pH (unitless)(USEPA)		6.5 - 8.5	N/A	2015	6.8 - 7.5	7.1	2015	6.6 - 7.5	7.0	A measure of the acidity or alkalinity.
PRIMARY STANDARDS REGULATED AT TAP		Action Level (AL)	PHG or [MRDLG]	Sample Year	Number of Samples	Tap Water	Sample Year	Number of Samples	Tap Water	MAJOR SOURCES IN DRINKING WATER
Lead (ppb)		15	0.2	2014	6	90th Percentile < 5 Sites Above (AL) = 0	2014	5	90th Percentile < 5 Sites Above (AL) = 0	Corrosion of household plumbing, discharges from industrial manufacturers, erosion of natural deposits.
Copper (ppb)		1300	170	2014	6	90th Percentile = 470 Sites Above (AL) = 0	2014	5	90th Percentile = 840 Sites Above (AL) = 0	Corrosion of household plumbing, erosion of natural deposits, leaching from wood preservatives.

SLVWD Operates Four (4) independent water systems, each of which has its own source water supply.

The four water systems are: North System, South System, Felton System and Manana Woods Systems.

You can determine which system provides you water service by reviewing the "Route Number" on your water bill.

The route number denotes the water system as follows:

Route No. 11 - 13 denotes South Water System (Pasatiempo Pines, Scotts Valley).

Route No. 14 denotes Manana Woods System.

Route No. 23 - 29 denotes Felton Water System.

Route No. 21 - 22 and 30 - 97 denotes North Water System (San Lorenzo Valley, Olympia, Zayante)

The District invites all of our customers to visit the District's web site. The web site provides a great deal of information regarding water quality, customer service, Board Meetings, local weather, drought status, historical rainfall, watershed management, water conservation, fiscal budgets, and the District's Water Master Plan. Visit the web site www.slvwd.com



Where Does Your Water Come From?

All water comes in the form of precipitation. Surface water accumulates mainly as a result of direct runoff from precipitation in the form of streams. Part of the precipitation that falls infiltrates the soil. Water drains downward (percolates) below the soil surface reaching a level at which all of the openings or voids in the ground are filled with water. This zone of saturation is referred to as groundwater. The District operates four independent water systems as follows:

San Lorenzo Valley Water District; North System

Serves the areas of North Boulder Creek, Boulder Creek, Brookdale, Ben Lomond, Quail Hollow, Glen Arbor, and Zayante. Water supply in these areas primary uses surface water sources from November to May. During these months, surface water may provide up to 100% of all drinking water. Streams utilized by the District contain water from granite formations with very low mineral content. This results in very soft, pleasant tasting water. Collection points for these streams are in remote areas high within the District's protected watershed, away from human contamination. During the summer months from June-November the District blends surface water with groundwater sources (wells) located in the Ben Lomond and Zayante areas. All wells conform to state construction standards. These wells with the exception of Olympia 2 and 3 in the Zayante area produce very soft water with quality similar to the District's surface water. Olympia Wells 2 and 3 have a higher mineral content, primarily iron, manganese and carbonate hardness. These minerals are harmless when consumed in water, but affect the aesthetic qualities of the water such as taste, odor, and color. Dissolved gases present in groundwater may also affect taste. Consumers in the Hihn Road and Zayante areas, from time to time, may experience periods of discolored water caused by iron and manganese. As water comes in contact with chlorine at the well head and with oxygen during the trip through the mainline distribution piping, the iron and manganese precipitate deposits in the water mains. The District adds a polyphosphate chemical to slow down this process. However, this is not totally effective and some deposition still occurs. Occasionally, during higher flows, the deposits become dislodged resulting in discolored water. During this time, water is safe to use; however, you may want to avoid washing laundry as staining may occur. If you experience periods of discolored water, please contact the District at (831) 338-2153.

An emergency intertie connection exists between the SLVWD North System and the SLVWD Felton System. The SLVWD North System received about 0.5% of its total supply, or approximately 1.8 million gallons of water

through this intertie. Please consult the Felton System water quality data table for water quality results representative of water supplied through this intertie in 2015

San Lorenzo Valley Water District; Mañana Woods System

Serves the general areas of La Cuesta Drive, El Sereno Drive, Miraflores Drive, and Canepa Drive.

The water supply for Mañana Woods comes from a groundwater aquifer located near Kings Village Shopping Center in Scotts Valley. In 1989 gasoline contaminants were detected in the Mañana Woods groundwater supply aquifer. The Regional Water Quality Control Board (RWQCB) concluded that gasoline stations located at the intersection of Scotts Valley Drive and Mt. Hermon Road are the most likely source of these contaminants. The area has been a RWQCB cleanup site since 1989. The most common contaminants in the source water are petroleum hydrocarbons and gasoline additives. Benzene, methyl-tert-butyl ether (MtBE) and tert-butyl alcohol (tBA) have been detected in the Mañana Woods water supply well. Levels of these contaminants in the source water (before treatment) range between 1-2 parts per billion (ppb) for benzene, 2-13 ppb for MtBE and ND-1.0 ppb for tBA. In previous years, the levels of these contaminants were higher. However, the levels of these contaminants has been trending downward, which may indicate that contaminants concentrations in the groundwater aquifer are decreasing. Benzene and MtBE are chemicals regulated in drinking water by the California Department of Public Health (CDPH) The CDPH has established a Maximum Contaminate Level (MCL) of 1.0 ppb for benzene and 13 ppb for MtBE. The established MCL is the maximum permissible level of a contaminate in water which is delivered to any customer. For comparison purposes, one (1) ppb is equal to one (1) second in 32 yrs. Contaminate levels detectable below a MCL are not known or anticipated to cause adverse human health effects. A public notification level of 12 ppb has been established for tBA. To evaluate the effectiveness of the treatment process the District routinely samples and monitors water leaving the treatment plant for benzene, MtBE, tBA and other chemicals. The District has an established goal to operate the Mañana Woods Treatment Plant to remove all detectible gasoline contaminants prior to distribution to our customers.

An intertie connection exists between the SLVWD Manana Woods System and the SLVWD South System. The SLVWD Manana Woods System received 67% of its total supply, or approximately 6.1 million gallons of water through this intertie. Please consult the South System water quality data table for water quality results representative of water supplied through this intertie in 2015.

San Lorenzo Valley Water District; Felton System

Services the areas of the town of Felton, Highway 9 South to Big Trees, San Lorenzo Avenue, Felton Empire Grade, Felton Grove, and El Solyo Heights. District customers in the Felton Water System are supply water from the Bennett Spring, Bull Springs and Fall Creek. Drinking water treatment technologies used in your water system include conventional treatment (coagulation, filtration, and disinfection) to ensure the bacteriological quality. An emergency intertie connection exists between the SLVWD Felton System and the SLVWD North System. The SLVWD Felton System received about 0.2% of its total supply, or approximately 0.20 million gallons of water through this intertie. Please consult the North

System water quality data table for water quality results representative of water supplied through this intertie in 2015.

San Lorenzo Valley Water District; South System (Pasatiempo Pines, Scotts Valley)

Services the areas of Whispering Pines Drive, Lockwood Lane, Hidden Glen, Estrella Drive, Twin Pines Drive, Oak Tree Villa, Spring Lakes and Vista Del Lago Mobile Home Parks. District customers in the Southern Pasatiempo Pines areas are supply groundwater sources located from within the Southern Distribution System. All wells conform to State construction standards.

Terms and Definitions used in table: (Next Page)

Maximum Residual Disinfectant Level Goal (MRDLG): The level of a disinfectant added for water treatment below which there is no known or expected risk to health. MRDLG's are set by the U.S. Environmental Protection Agency.

Maximum Contaminant Level Goal (MCLG): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLG's are set by the U.S. Environmental Protection Agency.

Primary Drinking Water Standards (PDWS): MCL's and MRDL's for contaminants that effect health along with their monitoring and reporting requirements, and water treatment requirements.

Maximum Contaminant Level (MCL): The highest level of a contaminant that is allowed in drinking water. Primary MCL's are set as close to the PHG's or (MCLG's) as is economically and technologically feasible. Secondary MCL's are set to protect the odor, taste and appearance of drinking water.

Regulatory Action Level (AL): The concentration of a contaminant which, when exceeded, triggers treatment or other requirements that a water system must follow.

Public Health Goal (PHG): The level of a contaminant in drinking water below which there is no known or expected risk to health. PHG's are set by the California Environmental Protection Agency.

Treatment Technique (TT): A required process intended to reduce the level of a contaminant in drinking water.

NTU: Nephelometric Turbidity Units. **ppb:** Parts per billion or micrograms per liter **CU:** Color Units

ppm: Parts per million or milligrams per liter. **P/A:** Presence /Absence **N/A.:** Not Applicable

N.D.: Not Detectable at testing limit. * Some of our data, though representative, are more than one year old.

** There are no PHGs, MCLGs, or mandatory standard health effects language for these constituents because secondary MCLs are set on the basis of aesthetics.

Notes: 1) The State allows us to monitor for some contaminants less than once per year because the concentrations of these contaminants do not change frequently.

Notes: 2) Surface Water Treatment Technique (Type of Approved Filtration Technology); Microfloc package plant with upflow clarification and gravity filtration.

Notes: 3) District Wells, Olympia 2 and 3 and the Mañana Woods Well, periodically exceed the Secondary Maximum Contaminant Level (MCL) for Manganese. Secondary MCL's are set for aesthetic reasons only, and do not cause adverse health effects. Manganese can cause discolored water and staining. To offset this effect, the District adds phosphate, which acts to keep the Manganese in solution and help prevent problems associated with this mineral.

APPENDIX G. DROUGHT CONTINGENCY MANAGEMENT PLAN

DRAFT

SAN LORENZO VALLEY WATER DISTRICT

ORDINANCE NO. 105

SUBJECT: WATER SHORTAGE EMERGENCY

WHEREAS, Article 10, Section 2 of the California Constitution declares that waters of the State are to be put to beneficial use, that waste, unreasonable use, or unreasonable method of use of water be prevented, and that water be conserved for public welfare; and

WHEREAS, on January 17, 2014 Governor Brown declared a State of Emergency to exist in California due to prolonged drought conditions; and

WHEREAS, conservation of current water supplies and minimization of the effects of water supply shortages that are the result of drought are essential to the public health, safety and welfare; and

WHEREAS, San Lorenzo Valley Water District system draws exclusively on local sources of supply, whose yield varies from year to year depending on the amount of rainfall received; and

WHEREAS, the District's water system is susceptible to water shortages in dry years or in periods of prolonged regional drought when water conditions characterized by low surface flows in stream sources and low levels in local aquifers', reduce the available supply to a level that cannot support seasonal water demand; and

WHEREAS, California Water Code Sections 350 et seq. authorize water suppliers, after holding a properly noticed public hearing, and after making certain findings, to declare a water shortage (emergency) and to adopt such regulations and restrictions to conserve the water supply for the greatest public benefit with particular regard for domestic use, sanitation, and fire protection; and

WHEREAS, the water conservation measures and progressive restrictions on water use and method of use set forth herein provide an effective and immediately available means to conserve water which is essential during periods of water shortage to ensure a reliable and sustainable minimum supply of water for public health, safety, and welfare; to preserve valuable limited water storage capacity; to avoid depleting water storage to an unacceptably low level; and to lessen the possibility of experiencing more critical shortages if dry conditions continue or worsen; and

WHEREAS, the usage regulations and restrictions hereinafter established will equitably spread the burden of restricted and prohibited usage over all San Lorenzo Valley Water District customers and other consumers; and

WHEREAS, the purposes of this Ordinance are to conserve the water supply of the San Lorenzo Valley Water District's for the greatest public benefit, to mitigate the effects of a water

supply shortage on public health and safety and economic activity, and to budget water use so that a reliable and sustainable minimum supply of water will be available for the most essential purposes for the entire duration of the water shortage;

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the San Lorenzo Valley Water District as follows:

Section 1. Declaration of Necessity and Intent: This Ordinance establishes water management requirements necessary to conserve water, enable effective water supply planning, assure reasonable and beneficial use of water, prevent unreasonable use of water, prevent unreasonable method of use of water within the San Lorenzo Valley Water District in order to assure adequate supplies of water to meet the needs of the public, and further the public health, safety, and welfare.

Section 2. Declaration of Water Shortage: The provisions of this Ordinance shall take effect whenever the District Manager, upon analysis of the District's water supplies, finds and determines that a water shortage exists or is imminent within District's service area and a declaration of a water shortage is made by a resolution of the Board of Directors, and they shall remain in effect for the duration of the water shortage set forth in the resolution.

Section 3. Application of Regulations: The provisions of this Ordinance shall apply to any person in the use of any water provided by the San Lorenzo Valley Water District.

Section 4. Precedence of Regulations. Where other provisions of the San Lorenzo Valley Water District, whether enacted prior or subsequent to this Ordinance, are inconsistent with the provisions of this Ordinance, the provisions of this Ordinance shall supersede and control for the duration of the water shortage set forth in the resolution of the Board of Directors.

Section 5. Water Waste Prohibitions. It shall be unlawful during any water shortage stage for any person, firm, partnership, association, corporation, political entity or any other water customer to use water for any of the following:

- (a) Fire Hydrants. Use of water from any fire hydrant, unless specifically authorized by the District, except by regularly constituted fire protection agencies for fire suppression purposes.
- (b) Watering/Irrigation. The watering of grass, lawn, groundcover, shrubbery, open ground, crops and trees, including agricultural irrigation, in a manner or to an extent that causes or allows excessive water flow or runoff onto an adjoining sidewalk, driveway, street, gutter or ditch.
- (c) Plumbing Leaks. The escape of water through leaks, breaks, or other malfunctions within the water user's plumbing or distribution system for any period of time after such break or leak should have reasonably been discovered and corrected. It shall be presumed that a period of twenty-four hours after the water user discovers such break, leak or malfunction, or receives notice from the District of such condition, whichever occurs first, is a reasonable time within which to correct such condition or to make arrangements for correction.
- (d) Washing of Exterior Surfaces. The washing of sidewalks, walkways, driveways, parking lots, patios, or other exterior surfaces unless the hose is equipped with an automatic shutoff nozzle.

- (e) **Cleaning of Structures and Vehicles.** The cleaning of building exteriors, mobile homes, cars, boats, and recreational vehicles unless the hose is equipped with an automatic shutoff nozzle.
- (f) **Fountains and Decorative Water Features.** The operation of a water fountain or other decorative water feature that does not use re-circulated water.
- (g) **Construction.** The use of potable water for dust control or soil compaction purposes in construction activities where there is a reasonably available source of reclaimed water appropriate for such use.
- (h) **The indiscriminate running of water or washing with water, not otherwise prohibited in this section which is wasteful and without reasonable purpose.**

Section 6. Stage 1 Water Shortage. The District Manager is empowered to issue a Stage 1 Water Shortage notification and to enforce the water shortage restrictions in this section upon finding that the magnitude of an anticipated water shortage will be ten (10) percent or less, and a minimal consumer demand reduction is necessary to make more efficient use of water and appropriately respond to existing water supply conditions. In a Stage 1 Water Shortage, the District will enforce the following water shortage restrictions. During a Phase 1 Water Shortage it shall be unlawful for any person, firm, partnership, association, corporation, political entity or any other water District customer:

1. To water or irrigate lawn, landscape, or other vegetated areas between the hours of 10:00 a.m. and 5:00 p.m., except when performed with a bucket or watering can, or by use of a drip irrigation system or similar low volume, nonspray irrigation equipment, or for very short periods of time for the express purpose of allowing landscape contractors to adjust or repair an irrigation system;
2. To use a hose that is not equipped with a shutoff nozzle;
3. To use potable water to wash down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking lots, tennis courts, patios, or other paved surfaces, except when it is necessary to alleviate safety or sanitation hazards or to prepare paved surfaces for sealing;
4. To initially fill or to drain and refill residential swimming pools;
5. To serve water in a restaurant or other commercial food service establishment except upon the request of a patron; and/or
6. To operate a hotel, motel or other commercial lodging establishment without offering patrons the option to forego the daily laundering of towels, sheets and linens.

Section 7. Stage 2 Water Shortage. The District Manager is empowered to issue a Stage 2 Water Shortage notification and to enforce the water shortage restrictions in this section upon finding that the magnitude of an anticipated water shortage will be between ten (10) percent and twenty (20) percent, and a moderate consumer demand reduction is necessary to make more efficient use of water and appropriately respond to existing water supply conditions. In a Stage 2 Water Shortage, the District will enforce the following water shortage restrictions. During a Stage 2 Water Shortage it shall be unlawful for any person, firm, partnership, association, corporation, political body or other District customer:

1. To water or irrigate lawn, landscape, or other vegetated areas between the hours of 10:00 a.m. and 5:00 p.m., except when performed with a bucket or watering can, or by use of a drip irrigation system or similar low volume, nonspray

- irrigation equipment, or for very short periods of time for the express purpose of allowing landscape contractors to adjust or repair an irrigation system;
2. To use a hose that is not equipped with a shutoff nozzle;
 3. To use potable water to wash down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking lots, tennis courts, patios, or other paved surfaces, except when it is necessary to alleviate safety or sanitation hazards or to prepare paved surfaces for sealing;
 4. To initially fill or to drain and refill residential swimming pools;
 5. To serve water in a restaurant or other commercial food service establishment except upon the request of a patron;
 6. To operate a hotel, motel or other commercial lodging establishment without offering patrons the option to forego the daily laundering of towels, sheets and linens;
 7. To water or irrigate lawn, landscape, or other vegetated areas on days of the week other than the days of the week authorized and noticed by the District Manager, except when performed with a bucket or watering can, or by use of a drip irrigation system or similar low volume, nonspray irrigation equipment, or for very short periods of time for the express purpose of allowing landscape contractors to adjust or repair an irrigation system. Hourly restrictions set forth in subsection 1 continue to apply on authorized watering days. This provision shall not apply to commercial growers/nurseries or to residential vegetable gardens/edible plantings watered with a hose equipped with a shutoff nozzle;
 8. To water or irrigate lawn, landscape, or other vegetated area using an automatic irrigation system for more than fifteen minutes per watering station per assigned day. This provision shall not apply to automatic irrigation systems exclusively using low output sprinkler equipment, including rotors, stream rotors, or micro-spray systems; and/or
 9. To wash the exterior of dwellings, buildings or structures (with the exception of window washing and preparation of property for painting or for sale);

Section 8. Stage 3 Water Shortage. The District Manager is empowered to issue a Stage 3 Water Shortage notification and to enforce the water shortage restrictions in this section upon finding that the magnitude of an anticipated water shortage will be between twenty (20) percent and thirty (30) percent, and a significant consumer demand reduction is necessary to make more efficient use of water and appropriately respond to existing water supply conditions. In a Stage 3 Water Shortage, the District will enforce the following water shortage restrictions. During Stage 3 Water Shortage it shall be unlawful for any person, firm, partnership, association, corporation, political body or other District customer:

1. To water or irrigate lawn, landscape, or other vegetated areas between the hours of 10:00 a.m. and 5:00 p.m., except when performed with a bucket or watering can, or by use of a drip irrigation system or similar low volume, nonspray irrigation equipment, or for very short periods of time for the express purpose of allowing landscape contractors to adjust or repair an irrigation system;
2. To use a hose that is not equipped with a shutoff nozzle;
3. To use potable water to wash down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking lots, tennis courts, patios, or

other paved surfaces, except when it is necessary to alleviate safety or sanitation hazards or to prepare paved surfaces for sealing;

4. To initially fill or to drain and refill any swimming pools, outdoor spas, wading pools, and ornamental water features;

5. To serve water in a restaurant or other commercial food service establishment except upon the request of a patron;

6. To operate a hotel, motel or other commercial lodging establishment without offering patrons the option to forego the daily laundering of towels, sheets and linens;

7. To water or irrigate lawn, landscape, or other vegetated area on days of the week other than the specified day(s) of the week authorized and noticed by the District Manager, except when performed with a bucket or watering can, or by use of a drip irrigation system or similar low volume, nonspray irrigation equipment, or for very short periods of time for the express purpose of allowing landscape contractors to adjust or repair an irrigation system. Hourly restrictions set forth in subsection 1 continue to apply on authorized watering days. This provision shall not apply to commercial growers/nurseries or to residential vegetable gardens/edible plantings watered with a hose equipped with a shutoff nozzle;

8. To water or irrigate lawn, landscape, or other vegetated area using an automatic irrigation system for more than ten minutes per watering station per assigned day. This provision shall not apply to automatic irrigation systems exclusively using low output sprinkler equipment, including rotors, stream rotors, or micro-spray systems;

9. To wash the exterior of dwellings, buildings or structures (with the exception of window washing and preparation of property for painting or for sale); and/or

10. To violate residential customer water rationing regulations, including regulations intended to preclude excessive water usage and specifying maximum water usage limitations, issued by the District Manager.

Section 9. Stage 4 Water Shortage. The District Manager is empowered to issue a Stage 4 Water Shortage notification and to enforce the water shortage restrictions in this section upon finding that the magnitude of an anticipated water shortage will be greater than thirty (30) percent and an extraordinary consumer demand reduction is necessary to make more efficient use of water and appropriately respond to existing water supply conditions. In a Stage 4 water shortage, the District will enforce the following water shortage restrictions. During Stage 4 Water Shortage it shall be unlawful for any person, firm, partnership, association, corporation, political body or other water department customer:

1. To water or irrigate landscape or other vegetated area between the hours of 10:00 a.m. and 5:00 p.m., except when performed with a bucket or watering can, or by use of a drip irrigation system or similar low volume, nonspray irrigation equipment, or for very short periods of time for the express purpose of allowing landscape contractors to adjust or repair an irrigation system;

2. To use a hose that is not equipped with a shutoff nozzle;

3. To use potable water to wash down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking lots, tennis courts, patios, or other paved surfaces, except when it is necessary to alleviate safety or sanitation hazards or to prepare paved surfaces for sealing;

4. To fill or to top off any swimming pools, outdoor spas, wading pools, and ornamental water features;
5. To serve water in a restaurant or other commercial food service establishment except upon the request of a patron;
6. To operate a hotel, motel or other commercial lodging establishment without offering patrons the option to forego the daily laundering of towels, sheets and linens;
7. To water or irrigate landscape or other vegetated area on days of the week other than the specified day(s) of the week authorized and publicized by the District Manager, except when performed with a bucket or watering can, or by use of a drip irrigation system or similar low volume, nonspray irrigation equipment, or for very short periods of time for the express purpose of allowing landscape contractors to adjust or repair an irrigation system. Hourly restrictions set forth in subsection 1 continue to apply on authorized watering days. This provision shall not apply to commercial growers/nurseries or to residential vegetable gardens/edible plantings watered with a hose equipped with a shutoff nozzle;
8. To water landscapes using automatic irrigation systems for more than ten minutes per watering station per assigned day. This provision does not apply to automatic irrigation systems using water-efficient devices, including but not limited to weather-based controllers, drip/micro-irrigation systems and stream rotor sprinklers;
9. To wash the exterior of dwellings, buildings or structures (with the exception of window washing and preparation of property for painting or for sale);
10. To violate residential customer water rationing regulations, including regulations intended to preclude excessive water usage and specifying maximum water usage limitations, issued by the District Manager;
11. To violate commercial customer water rationing regulations, including regulations intended to preclude excessive water usage and specifying maximum water usage limitations, issued by the District;
12. To water lawns or turf, unless such watering is authorized by the District Manager in accordance with a landscape irrigation water;
13. To install new landscaping which requires any irrigation or watering;
14. To wash or clean vehicles, including but not limited to automobiles, trucks, vans, buses, motorcycles, boats, or trailers, including the washing of fleet vehicles; and/or
15. To exercise any rights conferred by hydrant and bulk water permits that were issued prior to the severe water shortage emergency declaration absent special permission granted by the District Manager. Said special permission may be granted only for projects necessary to protect the public health, safety and welfare where no alternative to potable water exists and for emergency response purposes.

Section 10. Exceptions. The District Manager, upon application made in writing by a customer on a form promulgated by the District and accompanied by supporting documentation, shall be authorized to issue an exception from the strict application of any restriction, regulation or prohibition enforced pursuant to this Ordinance, upon the customer's production of substantial evidence demonstrating the existence of one or more of the following circumstances that are particular to that customer and which are not generally shared by other District customers:

1. Failure to approve the requested exception would cause a condition having an adverse effect on the health, sanitation, fire protection, or safety of the customer or members of the public served by the customer;
2. Strict application of the subject restriction, regulation or prohibition would impose a severe or undue hardship on a particular business customer or render it infeasible for a particular business customer or class of business customers to remain in operation;
3. Alternative restrictions to which the customer is willing to adhere are available that would achieve the same level of demand reduction as the restriction for which an exception is being sought and such alternative restrictions are enforceable by the District;
4. Circumstances concerning the customer's property or business have changed since the implementation of the subject restriction warranting a change in the customer's water usage allocation;
5. A health care facility customer using industry best management practices is eligible for an exception upon demonstrating that the subject restriction, regulation or prohibition is interfering with or preventing it from providing health care service to its customers in accordance with industry hygiene, sanitation and health care standards; or
6. A business customer has already implemented environmental sustainability measures that have reduced water consumption to the maximum extent feasible. As used in this subsection the term "environmental sustainability measures" refers to installation of high efficiency plumbing fixtures, devices, equipment, and appliances, recycled water systems, and landscaping consisting exclusively of low-water-using plant materials using drip or similar high efficiency, nonspray irrigation systems, or to buildings that are designed, built, and continuously operated according to Leadership in Energy and Environmental Design (LEED) certification standards.

Section 11. Water Shortage Appeal Board.

- (a) A Water Shortage Appeal Board is hereby established and shall be eligible to convene upon the District Manager's issuance of any water shortage notification declaration the implementation of water shortage restrictions pursuant to this Ordinance. Thereafter, the Water Shortage Appeal Board will remain available to convene for as long as the water shortage remains in effect.
- (b) The Water Shortage Appeal Board shall be comprised of three (3) members of the Board of Directors, and shall be appointed thereto by the President of the Board of Directors.
- (c) Any customer who considers an action taken by the District Manager or an enforcement official under the provisions of this Ordinance, including actions on exception applications and the assessment of administrative penalties, to have been erroneously taken or issued may appeal that action or penalty to the Water Shortage Appeal Board in the following manner:

1. The appeal shall be made in writing, shall state the nature of the appeal specifying the action or penalty that is being appealed and the basis upon which the action or penalty is alleged to be in error. Penalty appeals shall include a copy of the notice of violation;
2. An appeal, to be effective, must be received by the District Manager not later than ten (10) business days following the date of the notice of violation or the date that the District Manager took the action which is the subject of the appeal;
 - (A) A water service resident who is not the account customer may notify the District of his or her intention to file a petition to force the resident's account customer to appeal an excess water use penalty within ten business days following the penalty;
 - (B) If the District has been given a notice of intention to file a petition per subsection (c)(2)(A) by a water service resident who is not an account customer, the appeal from the account customer must be received within fifteen business days after the account customer has been petitioned by the resident;
3. The District Manager shall schedule the appeal for consideration by the Water Shortage Appeal Board at a Water Shortage Appeal Board meeting. The Water Shortage Appeal Board shall hear the appeal within ninety (90) days of the date of the appeal and issue its decision within thirty days of the date of the hearing;
4. The decision of the Water Shortage Appeal Board shall be final. In ruling on appeals, the Water Shortage Appeal Board shall strictly apply the provisions of this Ordinance, and shall not impose or grant terms and conditions not otherwise authorized by this Ordinance.

Section 12. Administrative Enforcement.

- (a) Any person, firm, partnership, association, corporation, political entity or other water customer violating any provision of this Ordinance may be assessed an administrative penalty.
- (b) Each and every day a violation of this Ordinance constitutes a separate and distinct offense for which an administrative penalty may be assessed.
- (c) Penalties. The purpose of the administrative penalties assessed pursuant to this section is to assure future compliance by the cited customer through the imposition of increasingly significant penalties so as to create a meaningful disincentive to commit future violations. In acknowledgment of the fact that the District's water is a scarce and irreplaceable commodity and that this Ordinance is intended to equitably distribute that commodity among District customers and to assure that, to the extent feasible, District water is conserved and used only for purposes deemed necessary for public health and safety, the penalty schedule herein prescribed is not to be construed as creating a "water pricing" structure pursuant to which customers may elect to pay for additional water at significantly higher rates. To this end, a customer's repeated violation of this Ordinance shall result in either the installation of a flow restriction device or disconnection of the customer's property from the District's water service system at the customer's cost.

(d) Administrative penalties for failure to comply with water waste prohibitions requirements in Section 5, and mandatory water use restrictions and regulations commencing with a Stage 1 Water Shortage in Section 6 are as follows:

1. First Offense. Written notice of violation and opportunity to correct violation.
2. Second Offense. A second violation within the preceding twelve calendar months is punishable by a fine not to exceed one hundred dollars.
3. Third Offense. A third violation within the preceding twelve calendar months is punishable by a fine not to exceed two hundred fifty dollars.
4. Fourth Offense. A fourth violation within the preceding twelve calendar months is punishable by a fine not to exceed five hundred dollars. In addition to any fines, the District Manager may order a water flow restrictor device be installed.
5. Discontinuing Service. In addition to any fines and the installation of a water flow restrictor, the District Manager may disconnect a customer's water service for willful violations of mandatory restrictions and regulations in this Ordinance. Upon disconnection of water service, a written notice shall be served upon the customer which shall state the time, place, and general description of the prohibited or restricted activity and the method by which reconnection can be made.

(e) Excessive Water Use Penalties. An excessive use penalty shall be assessed where the customer, during any given billing cycle, uses more than the customer's water allotment per the District's water rationing regulations issued pursuant to this Ordinance commencing with Stage 3 in Section 8. Excess use penalties shall be in addition to ordinary water consumption charges, as follows:

1. One percent to ten percent over customer rationing allotment: twenty-five dollars/CCF.
2. More than ten percent over customer rationing allotment: fifty dollars/CCF.
3. In addition to any excess use penalties, the District Manager may order a water flow restrictor device be installed and/or may disconnect a customer's water service for willful violations of the water rationing regulations in this Ordinance. Upon disconnection of water service, a written notice shall be served upon the customer which shall state the time, place, and general description of the prohibited or restricted activity and the method by which reconnection can be made.

(f) Cost of Flow Restrictor and Disconnecting Service. A person or entity that violates this Ordinance is responsible for payment of charges for installing and/or removing any flow-restricting device and for disconnecting and/or reconnecting. The charge for installing and/or removing any flow restricting device must be paid before the device is removed. Nonpayment will be subject to the same remedies as nonpayment of basic water rates.

(g) Notice and Hearing. The District Manager will issue a notice of violation by mail or personal delivery at least ten business days before taking any enforcement action described in

subsection (d). Such notice must describe the violation and the date by which corrective action must be taken. A customer may appeal the notice of violation by filing a written notice of appeal with the District no later than the close of the business day before the date scheduled for enforcement action, accompanied by a twenty-five dollar (\$25.00) appeal fee. Any notice of violation not timely appealed will be final. Upon receipt of a timely appeal, a hearing on the appeal will be scheduled, and the District will mail written notice of the hearing date to the customer at least ten days before the date of the hearing. Pending receipt of a written appeal or pending a hearing pursuant to an appeal, the District Manager may take appropriate steps to prevent the unauthorized use of water as appropriate to the nature and extent of the violation and the current declared water shortage condition.

Section 12. Additional Enforcement Authority. In addition to the remedies referenced above, the District Manager is empowered to pursue any additional remedies necessary, including, but not limited to, other administrative, criminal, and civil remedies to correct a violation of this Ordinance.

Section 13. Severability. If any portion of this Ordinance is held to be unconstitutional, it is the intent of the Board of Directors that such portion of the chapter be severable from the remainder and that the remainder be given full force and effect.

* * * * *

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 3rd day of April, 2014, by the following vote of the members thereof:

AYES: Bruce, Prather, Rapoza Vierra, Brown
NOES: None
ABSTAIN: None
ABSENT: None

James A. Mueller
Acting District Secretary
San Lorenzo Valley Water District

M E M O

To: Board of Directors

From: District Manager

Prepared by: Finance Manager

SUBJECT: Solar Lease

DATE: October 28, 2016

RECOMMENDATION:

It is recommended that the Board refinance the balloon payment of the solar lease for approximately \$250,000.

BACKGROUND:

The District is in the process of refinancing the solar lease. Agreeing to refinance is required by the lender. Estimated term to be 10 years with a 5% or less interest rate.

FISCAL IMPACT:

\$250,000 over 10 years

STRATEGIC PLAN:

Strategic Element 2.0 Watershed Stewardship

SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. 12 (16-17)

SUBJECT: RESOLUTION REGARDING GOVERNMENT OBLIGATION CONTRACT DATED AS OF NOVEMBER 15, 2016, BETWEEN NBH BANK, N.A. AND SAN LORENZO VALLEY WATER DISTRICT

WHEREAS, the San Lorenzo Valley Water District (District) desires to finance the purchase of the currently leased solar equipment; and

WHEREAS, NBH Bank, N.A. (Obligee) has agreed to finance the purchase for the District (Obligor);

NOW, THEREFORE, BE IT RESOLVED AND ORDERED THAT THE Board of Directors of the San Lorenzo Valley Water District hereby determined that a true and very real need exists for the acquisition of the Equipment described on Exhibit A of the Government Obligation Contract dated as of November 15, 2016, between San Lorenzo Valley Water District and NBH Bank, N.A.

BE IT FURTHER RESOLVED AND ORDERED that the Board of Directors of the San Lorenzo Valley Water District has determined that the Contract, substantially in the form presented to this meeting, is in the best interests of the Obligor for the acquisition of such Equipment, and the District hereby approves the entering into of the Contract by the Obligor and hereby designates and authorizes the following person(s) to execute and deliver the Contract on Obligor's behalf with such changes thereto as such person(s) deem(s) appropriate, and any related documents, including any Escrow Contract, necessary to the consummation of the transaction contemplated by the Contract.

Authorized Individual: Brian C. Lee, District Manager, San Lorenzo Valley Water District

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 3rd day of November 2016, by the following vote of the members thereof:

AYES:
NOES:
ABSTAIN:
ABSENT:

Randall Brown, Board President
San Lorenzo Valley Water District

Attested:

Holly B. Morrison, District Secretary
San Lorenzo Valley Water District

GOVERNMENT OBLIGATION CONTRACT

Obligor
San Lorenzo Valley Water District
13060 Highway 9
Boulder Creek, CA 95006

Obligee
NBH Bank, N.A.
1111 Main Street
Kansas City, MO 64105

Dated as of November 15, 2016

This Government Obligation Contract dated as of the date listed above is between Obligee and Obligor listed directly above. Obligee desires to finance the purchase of the Equipment described in Exhibit "B" to Obligor and Obligor desires to finance the purchase of the Equipment from Obligee subject to the terms and conditions of this Contract which are set forth below.

I. Definitions:

Section 1.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Additional Schedule" refers to the proper execution of additional Schedules to Exhibit A, Exhibit B, Exhibit C and Exhibit D as well as other exhibits or documents that may be required by the Obligee all of which relate to a financing of additional Equipment.

"Budget Year" means the Obligor's fiscal year.

"Commencement Date" is the date when Obligor's obligation to pay Contract Payments begins.

"Contract" means this Government Obligation Contract, all Exhibits, and all documents relied upon by Obligee prior to execution of this Contract.

"Contract Payments" means the payments Obligor is required to make under this Contract as set forth on Exhibit "A".

"Contract Term" means the Original Term and all Renewal Terms.

"Equipment" means all of the items of Equipment listed on Exhibit "B" and all replacements, restorations, modifications and improvements.

"Government" as used in the title hereof means a State or a political subdivision of the State within the meaning of Section 103(a) of the Internal Revenue Code of 1986, as amended ("Code"), or a constituted authority or district authorized to issue obligations of on behalf of the State or political subdivision of the State within the meaning of Treasury Regulation 1.103-1(b), or a qualified volunteer fire company within the meaning of section 150(e)(1) of the Code.

"Obligee" means the entity originally listed above as Obligee or any of its assignees.

"Obligor" means the entity listed above as Obligor and which is financing the Equipment from Obligee under the provisions of this Contract.

"Original Term" means the period from the Commencement Date until the end of the Budget Year of Obligor.

"Renewal Term" means the annual term which begins at the end of the Original Term and which is simultaneous with Obligor's Budget Year.

"State" means the state in which Obligor is located.

II. Obligor Warranties

Section 2.01. Obligor represents, warrants and covenants as follows for the benefit of Obligee or its assignees:

- (a) Obligor is an "issuer of tax exempt obligations" because Obligor is the State or a political subdivision of the State within the meaning of Section 103(a) of the Internal Revenue Code of 1986, as amended, (the "Code") or because Obligor is a constituted authority or district authorized to issue obligations on behalf of the State or political subdivision of the State within the meaning of Treasury Regulation 1.103-1(b).
- (b) Obligor is authorized under the Constitution and laws of the State to enter into this Contract, and has used such authority to properly execute and deliver this Contract. Obligor has followed all proper procedures of its governing body in executing this Contract. The Officer of Obligor executing this Contract has the authority to execute and deliver this Contract. This Contract constitutes a legal, valid, binding and enforceable obligation of the Obligor in accordance with its terms.
- (c) Obligor has complied with all statutory laws and regulations that may be applicable to Obligor for the execution of this Contract.
- (d) Obligor shall use the Equipment only for essential, traditional government purposes.
- (e) Should the IRS disallow the tax-exempt status of the Interest Portion of the Contract Payments as a result of the failure of the Obligor to use the Equipment for governmental purposes, then Obligor shall be required to pay additional sums to the Obligee or its assignees so as to bring the after tax yield to the same level as the Obligee or its assignees would attain if the transaction continued to be tax-exempt.
- (f) Should the Obligor cease to be an issuer of tax exempt obligations or if the obligation of Obligor created under this Contract ceases to be a tax exempt obligation because of a change in law affecting Obligor, then Obligor shall be required to pay additional sums to the Obligee or its assignees so as to bring the after tax yield on this Contract to the

- same level as the Obligee or its assignees would attain if the transaction continued to be tax-exempt.
- (g) Obligor has never non-appropriated funds under a Contract similar to this Contract.
 - (h) Obligor will submit to the Internal Revenue Service a Form 8038-G in connection with this Contract.
 - (i) Upon request by Obligee, Obligor will provide Obligee with current financial statements, reports, budgets or other relevant fiscal information.
 - (j) Obligor shall retain the Equipment free of any hazardous substances as defined in the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et. seq. as amended and supplemented.
 - (k) Obligor presently intends to continue this Contract for the Original Term and all Renewal Terms as set forth on Exhibit "A" hereto. The official of Obligor responsible for budget preparation will include in the budget request for each Budget Year the Contract Payments to become due in such Budget year, and will use all reasonable and lawful means available to secure the appropriation of money for such Budget Year sufficient to pay the Contract Payments coming due therein. Obligor reasonably believes that moneys can and will lawfully be appropriated and made available for this purpose.

Section 2.02. Escrow Contract. No Escrow Account is needed for this Contract.

III. Acquisition of Equipment, Contract Payments and the Purchase Option Price

Section 3.01. Acquisition and Acceptance. Obligor heretofore acquired the Equipment, such Equipment was installed and Obligor has used said Equipment since the conclusion of its installation and has maintained title thereto. This Contract is a refinancing of the costs associated with the original acquisition and installation of the Equipment.

Section 3.02. Contract Payments. Obligor shall pay Contract Payments exclusively to Obligee or its assignees in lawful, legally available money of the United States of America. The Contract Payments shall be sent to the location specified by the Obligee or its assignees. The Contract Payments shall constitute a current expense of the Obligor and shall not constitute an indebtedness of the Obligor. The Contract Payments are due as set forth on Exhibit A. Obligee shall have the option to charge interest at a rate of 8% on any Contract Payment received later than the due date for the number of days that the Contract Payment(s) were late, plus any additional accrual on the outstanding balance for the number of days that the Contract Payment(s) were late. Obligee shall also have the option, on monthly payments only, to charge a late fee of up to 10% of the monthly Contract Payment that is past due. The Contract Payments will be payable without notice or demand. Furthermore, Obligor agrees to pay any additional fees/costs incurred by Obligee relating to Obligor's requirement that a certain payment mechanism be utilized.

Section 3.03. Contract Payments Unconditional. Except as provided under Section 4.01, THE OBLIGATIONS OF OBLIGOR TO MAKE CONTRACT PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS CONTAINED IN THIS CONTRACT SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE.

Section 3.04. Purchase Option Price. Upon thirty (30) days written notice, Obligor shall have the option to pay, in addition to the Contract Payment, the corresponding Purchase Option Price which is listed on the same line on Exhibit A. This option is only available to the Obligor on the Contract Payment date and no partial prepayments are allowed. If Obligor chooses this option and pays the Purchase Option Price to Obligee then Obligee will transfer any and all of its rights, title and interest in the Equipment to Obligor.

Section 3.05. Contract Term. The Contract Term of the Contract shall be the Original Term and all Renewal Terms until all the Contract Payments are paid as set forth on Exhibit A except as provided under Section 4.01 and Section 9.01 below. If, after the end of the budgeting process which occurs at the end of the Original Term or any Renewal Term, Obligor has not non-appropriated as provided for in this Contract then the Contract Term shall be extended into the next Renewal Term and the Obligor shall be obligated to make all the Contract Payments that come due during such Renewal Term.

Section 3.06. Disclaimer of Warranties. OBLIGEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR ANY OTHER WARRANTY WITH RESPECT TO THE EQUIPMENT. OBLIGEE SHALL NOT BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE ARISING OUT OF THE INSTALLATION, OPERATION, POSSESSION, STORAGE OR USE OF THE EQUIPMENT BY OBLIGOR.

IV. Non-Appropriation

Section 4.01. Non-Appropriation. If insufficient funds are available in Obligor's budget for the next Budget Year to make the Contract Payments for the next Renewal Term and the funds to make such Contract Payments are otherwise unavailable by any lawful means whatsoever, then Obligor shall have the option to non-appropriate the funds to pay the Contract Payments for the next Renewal Term. Lack of a sufficient appropriation shall be evidenced by the passage of an ordinance or resolution by the governing body of Obligor specifically prohibiting Obligor from using any moneys to pay the Contract Payments due under this Contract for a designated Budget Year and all subsequent Budget Years. If Obligor chooses this option, then all obligations of the Obligor under this Contract regarding Contract Payments for all remaining Renewal Terms shall be terminated at the end of the then current Original Term or Renewal Term without penalty or liability to the Obligor of any kind provided that if Obligor has not delivered possession of the Equipment to Obligee as provided herein and conveyed to Obligee or released its interest in the Equipment by the end of the last Budget Year for which Contract Payments were paid, the termination shall nevertheless be effective but Obligor shall be responsible for the payment of damages in an amount equal to the amount of the Contract Payments

thereafter coming due under Exhibit "A" which are attributable to the number of days after such Budget Year during which Obligor fails to take such actions and for any other loss suffered by Obligee as a result of Obligor's failure to take such actions as required. Obligor shall immediately notify the Obligee as soon as the decision to non-appropriate is made. If such non-appropriation occurs, then Obligor shall deliver the Equipment to Obligee as provided below in Section 9.04. Obligor shall be liable for all damage to the Equipment other than normal wear and tear. If Obligor fails to deliver the Equipment to Obligee, then Obligee may enter the premises where the Equipment is located and take possession of the Equipment and charge Obligor for costs incurred.

V. Insurance, Damage, Insufficiency of Proceeds

Section 5.01. Insurance. Obligor shall maintain both casualty insurance and liability insurance at its own expense with respect to the Equipment. Obligor shall be solely responsible for selecting the insurer(s) and for making all premium payments and ensuring that all policies are continuously kept in effect during the period when Obligor is required to make Contract Payments. Obligor shall provide Obligee with a Certificate of Insurance which lists the Obligee and/or assigns as a loss payee and an additional insured on the policies with respect to the Equipment.

- (a) Obligor shall insure the Equipment against any loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State and any other risks reasonably required by Obligee in an amount at least equal to the then applicable Purchase Option Price of the Equipment. Alternatively, Obligor may insure the Equipment under a blanket insurance policy or policies.
- (b) The liability insurance shall insure Obligee from liability and property damage in any form and amount satisfactory to Obligee.
- (c) Obligor may self-insure against the casualty risks and liability risks described above. If Obligor chooses this option, Obligor must furnish Obligee with a certificate and/or other documents which evidence such coverage.
- (d) All insurance policies issued or affected by this Section shall be so written or endorsed such that the Obligee and its assignees are named additional insureds and loss payees and that all losses are payable to Obligor and Obligee or its assignees as their interests may appear. Each policy issued or affected by this Section shall contain a provision that the insurance company shall not cancel or materially modify the policy without first giving thirty (30) days advance notice to Obligee or its assignees. Obligor shall furnish to Obligee certificates evidencing such coverage throughout the Contract Term.

Section 5.02. Damage to or Destruction of Equipment. Obligor assumes the risk of loss or damage to the Equipment. If the equipment or any portion thereof is lost, stolen, damaged, or destroyed by fire or other casualty, Obligor will immediately report all such losses to all possible insurers and take the proper procedures to attain all insurance proceeds. At the option of the Obligee, Obligor shall either (1) apply the Net Proceeds to replace, repair or restore the Equipment or (2) apply the Net Proceeds to the applicable Purchase Option Price. For purposes of this Section and Section 5.03, the term Net Proceeds shall mean the amount of insurance proceeds collected from all applicable insurance policies after deducting all expenses incurred in the collection thereof.

Section 5.03. Insufficiency of Net Proceeds. If there are no Net Proceeds for whatever reason or if the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration, modification or improvement of the Equipment, then Obligor shall, at the option of Obligor subject to Obligee's approval, either (1) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds or (2) apply the Net Proceeds to the Purchase Option Price and pay the deficiency, if any, from legally available funds to the Obligee.

Section 5.04. Obligor Negligence. Obligor assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Equipment and for injury to or death of any person or damage to any property whether such injury or death be with respect to agents or employees of Obligor or of third parties, and whether such property damage be to Obligor's property or the property of others (including, without limitation, liabilities for loss or damage related to the release or threatened release of hazardous substances under the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act or similar or successor law or any State or local equivalent now existing or hereinafter enacted which in any manner arise out of or are incident to any possession, use, operation, condition or storage of any Equipment by Obligor) which is proximately caused by the negligent conduct of Obligor, its officers, employees and agents. Obligor hereby assumes responsibility for and agrees to reimburse Obligee for all liabilities, obligations, losses, damages, penalties, claims, actions, costs, and expenses (including reasonable attorneys' fees) of whatsoever kind and nature, imposed on, incurred by or asserted against Obligee that in any way relate to or arise out of a claim, suit or proceeding, based in whole or in part upon the negligent conduct of Obligor, its officers, employees and agents, to the maximum extent permitted by law.

VI. Title and Security Interest

Section 6.01. Title. Title to the Equipment shall vest in Obligor when Obligor acquires and accepts the Equipment. Title to the Equipment will automatically transfer to the Obligee in the event Obligor non-appropriates under Section 4.01 or in the event Obligor defaults under Section 9.01. In either of such events, Obligor shall execute and deliver to Obligee such documents as Obligee may request to evidence the passage of legal title to the Equipment to Obligee.

Section 6.02. Security Interest. To secure the payment of all Obligor's obligations under this Contract, as well as all other

obligations, debts and liabilities, whether now existing or subsequently created, Obligor hereby grants to Obligee a security interest under the Uniform Commercial Code constituting a first lien on the Equipment described more fully on Exhibit "B". Furthermore, Obligor agrees that any and all Equipment listed on any other Exhibit B, whether prior to or subsequent hereto, secures all obligations, debts and liabilities of every kind and character, plus interest thereon, whether now existing or hereafter arising. Obligor agrees that any Equipment listed on Exhibit "B" will remain personal property and will not become a fixture even if attached to real property. The security interest established by this section includes not only additions, attachments, repairs and replacements, to the Equipment but also all proceeds therefrom. Obligor authorizes Obligee to prepare and record any Financing Statement required under the Uniform Commercial Code to perfect the security interest created hereunder.

VII. Assignment

Section 7.01. Assignment by Obligee. All of Obligee's rights, title and/or interest in and to this Contract may be assigned and reassigned in whole or in part to one or more assignees or sub-assignees (including a Registered Owner for Participation Certificates) by Obligee at any time without the consent of Obligor. No such assignment shall be effective as against Obligor until the assignor shall have filed with Obligor written notice of assignment identifying the assignee. Obligor shall pay all Contract Payments due hereunder relating to such Equipment to or at the direction of Obligee or the assignee named in the notice of assignment. Obligor shall keep a complete and accurate record of all such assignments. As between Obligor and Obligee, Obligee (and its Assignee and Sub-Assignee) shall be responsible for ensuring that the assignment complies with all applicable laws and regulations, including but not limited to California Government Code Sections 5950-5955; and Obligor shall have no liability in connection with such non-compliance or any loss or change in the tax-exempt aspects of this Contract as the result of such assignment notwithstanding any language to the contrary in Section 2.01.

Section 7.02. Assignment by Obligor. None of Obligor's right, title and interest under this Contract and in the Equipment may be assigned by Obligor unless Obligee approves of such assignment in writing before such assignment occurs and only after Obligor first obtains an opinion from nationally recognized counsel stating that such assignment will not jeopardize the tax-exempt status of the obligation.

VIII. Maintenance of Equipment

Section 8.01. Obligor shall keep the Equipment in good repair and working order. Obligee shall have no obligation to inspect, test, service, maintain, repair or make improvements or additions to the Equipment under any circumstances. Obligor will be liable for all damage to the Equipment, other than normal wear and tear, caused by Obligor, its employees or its agents. Obligor shall pay for and obtain all permits, licenses and taxes necessary for the installation, operation, possession, storage or use of the Equipment. If the Equipment includes any titled vehicle(s), then Obligor is responsible for obtaining such title(s) from the State and also for ensuring that Obligee is listed as First Lienholder on all of the title(s). If any fees are required to be paid by the California Debt & Investment Advisory Commission then such fees shall be paid directly from the Obligor to the California Debt & Investment Advisory Commission. Obligor shall not during the term of this Contract create, incur or assume any levies, liens or encumbrances of any kind with respect to the Equipment except those created by this Contract. Obligor agrees that Obligee or its Assignee may execute any additional documents including financing statements, affidavits, notices, and similar instruments, for and on behalf of Obligor which Obligee deems necessary or appropriate to protect Obligee's interest in the Equipment and in this Contract. The Equipment is and shall at all times be and remain personal property. Obligor shall allow Obligee to examine and inspect the Equipment at all reasonable times.

IX. Default

Section 9.01. Events of Default defined. The following events shall constitute an "Event of Default" under this Contract:

- (a) Failure by Obligor to pay any Contract Payment listed on Exhibit "A" for fifteen (15) days after such payment is due according to the Payment Date listed on Exhibit "A".
- (b) Failure to pay any other payment required to be paid under this Contract at the time specified herein and a continuation of said failure for a period of fifteen (15) days after written notice by Obligee that such payment must be made. If Obligor continues to fail to pay any payment after such period, then Obligee may, but will not be obligated to, make such payments and charge Obligor for all costs incurred plus interest at the highest lawful rate.
- (c) Failure by Obligor to observe and perform any warranty, covenant, condition, promise or duty under this Contract for a period of thirty (30) days after written notice specifying such failure is given to Obligor by Obligee, unless Obligee agrees in writing to an extension of time. Obligee will not unreasonably withhold its consent to an extension of time if corrective action is instituted by Obligor. Subsection (c) does not apply to Contract Payments and other payments discussed above.
- (d) Any statement, material omission, representation or warranty made by Obligor in or pursuant to this Contract which proves to be false, incorrect or misleading on the date when made regardless of Obligor's intent and which materially adversely affects the rights or security of Obligee under this Contract.
- (e) Any provision of this Contract which ceases to be valid for whatever reason and the loss of such provision would materially adversely affect the rights or security of Obligee.
- (f) Obligor admits in writing its inability to pay its obligations. Obligor defaults on one or more of its other obligations. Obligor

applies or consents to the appointment of a receiver or a custodian to manage its affairs. ^{Agenda: 11.3.16} Obligor makes a general assignment for the benefit of creditors. _{Item: 12b}

Section 9.02. Remedies on Default. Whenever any Event of Default exists, Obligees shall have the right to take one or any combination of the following remedial steps:

- (a) With or without terminating this Contract, Obligees may declare all Contract Payments and other amounts payable by Obligor hereunder to the end of the then current Budget Year to be immediately due and payable.
- (b) With or without terminating this Contract, Obligees may require Obligor at Obligor's expense to redeliver any or all of the Equipment to Obligees as provided below in Section 9.04. Such delivery shall take place within fifteen (15) days after the event of default occurs. If Obligor fails to deliver the Equipment, Obligees may enter the premises where the Equipment is located and take possession of the Equipment and charge Obligor for cost incurred. Notwithstanding that Obligees has taken possession of the Equipment, Obligor shall still be obligated to pay the remaining Contract Payments due up until the end of the then current Original Term or Renewal Term. Obligor will be liable for any damage to the Equipment caused by Obligor or its employees or agents.
- (c) Obligees may take whatever action at law or in equity that may appear necessary or desirable to enforce its rights. Obligor shall be responsible to Obligees for all costs incurred by Obligees in the enforcement of its rights under this Contract including, but not limited to, reasonable attorney fees.

Section 9.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to Obligees is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Contract now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or shall be construed to be a waiver thereof.

Section 9.04. Return of Equipment and Storage.

- (a) **Surrender:** The Obligor shall, at its own expense, surrender the Equipment to the Obligees in the event of a default or a non-appropriation by delivering the Equipment to the Obligees to a location within the continental United States accessible by common carrier and designated by Obligees. In the case that any of the Equipment consists of software, Obligor shall destroy all intangible items constituting such software and shall deliver to Obligees all tangible items constituting such software. At Obligees request, Obligor shall also certify in a form acceptable to Obligees that Obligor has complied with the above software return provisions and that they will immediately cease using the software and that they shall permit Obligees and/or the vendor of the software to inspect Obligor's locations to verify compliance with the terms hereto.
- (b) **Delivery:** The Equipment shall be delivered to the location designated by the Obligees by a common carrier unless the Obligees agrees in writing that a common carrier is not needed. When the Equipment is delivered into the custody of a common carrier, the Obligor shall arrange for the shipping of the item and its insurance in transit in accordance with the Obligees's instructions and at the Obligor's sole expense. Obligor at its expense shall completely sever and disconnect the Equipment or its component parts from the Obligor's property all without liability to the Obligees. Obligor shall pack or crate the Equipment and all of the component parts of the Equipment carefully and in accordance with any recommendations of the manufacturer. The Obligor shall deliver to the Obligees the plans, specifications operation manuals or other warranties and documents furnished by the manufacturer or vendor on the Equipment and such other documents in the Obligor's possession relating to the maintenance and methods of operation of such Equipment.
- (c) **Condition:** When the Equipment is surrendered to the Obligees it shall be in the condition and repair required to be maintained under this Contract. It will also meet all legal regulatory conditions necessary for the Obligees to sell or lease it to a third party and be free of all liens. If Obligees reasonably determines that the Equipment or an item of the Equipment, once it is returned, is not in the condition required hereby, Obligees may cause the repair, service, upgrade, modification or overhaul of the Equipment or an item of the Equipment to achieve such condition and upon demand, Obligor shall promptly reimburse Obligees for all amounts reasonably expended in connection with the foregoing.
- (d) **Storage:** Upon written request by the Obligees, the Obligor shall provide free storage for the Equipment or any item of the Equipment for a period not to exceed 60 days after the expiration of its Contract Term before returning it to the Obligees. The Obligor shall arrange for the insurance described to continue in full force and effect with respect to such item during its storage period and the Obligees shall reimburse the Obligor on demand for the incremental premium cost of providing such insurance.

X. Miscellaneous

Section 10.01. Notices. All notices shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties at their respective places of business as first set forth herein or as the parties shall designate hereafter in writing.

Section 10.02. Binding Effect. Obligor acknowledges this Contract is not binding upon the Obligees or its assignees unless the Conditions to Funding listed on the Documentation Instructions have been met to Obligees's satisfaction, and Obligees has executed the Contract. Thereafter, this Contract shall inure to the benefit of and shall be binding upon Obligees and Obligor and their respective successors and assigns.

Section 10.03. Severability. In the event any provision of this Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.04. Amendments, Addenda, Changes or Modifications. This Contract may be amended, added to, changed or modified by written Contract duly executed by Obligee and Obligor. Furthermore, Obligee reserves the right to charge Obligor a fee, to be determined at that time, as compensation to Obligee for the additional administrative expense resulting from any such amendment, addenda, change or modification made at Obligor's request.

Section 10.05. Execution in Counterparts. This Contract may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.06. Captions. The captions or headings in this Contract do not define, limit or describe the scope or intent of any provisions or sections of this Contract.

Section 10.07. Master Contract. This Contract can be utilized as a Master Contract. This means that the Obligee and the Obligor may agree to the financing of additional Equipment under this Contract at some point in the future by executing one or more Additional Schedules to Exhibit A, Exhibit B, Exhibit C and Exhibit D as well as other exhibits or documents that may be required by Obligee. Additional Schedules will be consecutively numbered on each of the exhibits which make up the Additional Schedule and all the terms and conditions of the Contract shall govern each Additional Schedule.

Section 10.08. Entire Writing. This Contract constitutes the entire writing between Obligee and Obligor. No waiver, consent, modification or change of terms of this Contract shall bind either party unless in writing and signed by both parties, and then such waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given. There are no understandings, Contracts, representations, conditions, or warranties, express or implied, which are not specified herein regarding this Contract or the Equipment financed hereunder. Any terms and conditions of any purchase order or other documents submitted by Obligor in connection with this Contract which are in addition to or inconsistent with the terms and conditions of this Contract will not be binding on Obligee and will not apply to this Contract.

Obligee and Obligor have caused this Contract to be executed in their names by their duly authorized representatives listed below.

San Lorenzo Valley Water District

NBH Bank, N.A.

Signature

Signature

Name and Title

Name and Title

EXHIBIT A
PAYMENT SCHEDULE

RE: Government Obligation Contract dated as of November 15, 2016, between NBH Bank, N.A. (Obligee) and San Lorenzo Valley Water District (Obligor)

Date of First Payment:	December 15, 2016
Original Balance:	\$325,982.51
Total Number of Payments: \$3,249.90	One Hundred-Twenty (120)
Number of Payments Per Year:	Twelve (12)

(Payment Schedule Attached)

San Lorenzo Valley Water District

Signature

Name and Title

**Assumes all Contract Payments due to date are paid*

EXHIBIT A
SCHEDULE OF PAYMENTS

Commencement Date
15-Nov-16

Pmt #	Payment Date	Principal Balance	Total Payment	Interest Portion	Principal Portion	Purchase Price *
		325,982.51				
1	15-Dec-16	323,730.23	3,249.90	997.62	2,252.28	341,558.15
2	15-Jan-17	321,471.05	3,249.90	990.72	2,259.18	339,031.21
3	15-Feb-17	319,204.96	3,249.90	983.81	2,266.09	336,498.93
4	15-Mar-17	316,931.93	3,249.90	976.87	2,273.03	333,961.29
5	15-Apr-17	314,651.95	3,249.90	969.92	2,279.98	331,418.28
6	15-May-17	312,364.99	3,249.90	962.94	2,286.96	328,869.88
7	15-Jun-17	310,071.03	3,249.90	955.94	2,293.96	326,316.09
8	15-Jul-17	307,770.06	3,249.90	948.92	2,300.98	323,756.89
9	15-Aug-17	305,462.04	3,249.90	941.88	2,308.02	321,192.28
10	15-Sep-17	303,146.96	3,249.90	934.82	2,315.08	318,622.24
11	15-Oct-17	300,824.79	3,249.90	927.73	2,322.17	316,046.75
12	15-Nov-17	298,495.51	3,249.90	920.62	2,329.28	313,465.82
13	15-Dec-17	296,159.11	3,249.90	913.50	2,336.40	310,879.43
14	15-Jan-18	293,815.56	3,249.90	906.35	2,343.55	308,287.55
15	15-Feb-18	291,464.83	3,249.90	899.17	2,350.73	305,690.20
16	15-Mar-18	289,106.92	3,249.90	891.98	2,357.92	303,087.34
17	15-Apr-18	286,741.78	3,249.90	884.76	2,365.14	300,478.98
18	15-May-18	284,369.41	3,249.90	877.53	2,372.37	297,865.09
19	15-Jun-18	281,989.78	3,249.90	870.27	2,379.63	295,245.68
20	15-Jul-18	279,602.86	3,249.90	862.98	2,386.92	292,620.72
21	15-Aug-18	277,208.64	3,249.90	855.68	2,394.22	289,990.20
22	15-Sep-18	274,807.09	3,249.90	848.35	2,401.55	287,354.11
23	15-Oct-18	272,398.19	3,249.90	841.00	2,408.90	284,712.44
24	15-Nov-18	269,981.93	3,249.90	833.63	2,416.27	282,065.19
25	15-Dec-18	267,558.26	3,249.90	826.23	2,423.67	279,412.33
26	15-Jan-19	265,127.18	3,249.90	818.82	2,431.08	276,753.85
27	15-Feb-19	262,688.66	3,249.90	811.38	2,438.52	274,089.75
28	15-Mar-19	260,242.67	3,249.90	803.91	2,445.99	271,420.01
29	15-Apr-19	257,789.20	3,249.90	796.43	2,453.47	268,744.61
30	15-May-19	255,328.22	3,249.90	788.92	2,460.98	266,063.56
31	15-Jun-19	252,859.71	3,249.90	781.39	2,468.51	263,376.83
32	15-Jul-19	250,383.66	3,249.90	773.84	2,476.06	260,684.41
33	15-Aug-19	247,900.02	3,249.90	766.26	2,483.64	257,986.29
34	15-Sep-19	245,408.78	3,249.90	758.66	2,491.24	255,282.46
35	15-Oct-19	242,909.91	3,249.90	751.03	2,498.87	252,572.91
36	15-Nov-19	240,403.40	3,249.90	743.39	2,506.51	249,857.63
37	15-Dec-19	237,889.21	3,249.90	735.71	2,514.19	247,136.59
38	15-Jan-20	235,367.33	3,249.90	728.02	2,521.88	244,409.80
39	15-Feb-20	232,837.73	3,249.90	720.30	2,529.60	241,677.24
40	15-Mar-20	230,300.40	3,249.90	712.56	2,537.34	238,938.89
41	15-Apr-20	227,755.30	3,249.90	704.80	2,545.10	236,194.74
42	15-May-20	225,202.41	3,249.90	697.01	2,552.89	233,444.79
43	15-Jun-20	222,641.70	3,249.90	689.19	2,560.71	230,689.02
44	15-Jul-20	220,073.16	3,249.90	681.36	2,568.54	227,927.41

45	15-Aug-20	217,496.76	3,249.90	673.50	2,576.40	225,159.96
46	15-Sep-20	214,912.47	3,249.90	665.61	2,584.29	222,386.65
47	15-Oct-20	212,320.27	3,249.90	657.70	2,592.20	219,607.47
48	15-Nov-20	209,720.15	3,249.90	649.77	2,600.13	216,822.40
49	15-Dec-20	207,112.06	3,249.90	641.81	2,608.09	214,031.44
50	15-Jan-21	204,495.99	3,249.90	633.83	2,616.07	211,234.58
51	15-Feb-21	201,871.92	3,249.90	625.83	2,624.07	208,431.79
52	15-Mar-21	199,239.82	3,249.90	617.80	2,632.10	205,623.08
53	15-Apr-21	196,599.66	3,249.90	609.74	2,640.16	202,808.41
54	15-May-21	193,951.42	3,249.90	601.66	2,648.24	199,987.79
55	15-Jun-21	191,295.08	3,249.90	593.56	2,656.34	197,161.20
56	15-Jul-21	188,630.62	3,249.90	585.43	2,664.47	194,328.63
57	15-Aug-21	185,957.99	3,249.90	577.27	2,672.63	191,490.06
58	15-Sep-21	183,277.18	3,249.90	569.09	2,680.81	188,645.48
59	15-Oct-21	180,588.17	3,249.90	560.89	2,689.01	185,794.88
60	15-Nov-21	177,890.93	3,249.90	552.66	2,697.24	182,938.25
61	15-Dec-21	175,185.44	3,249.90	544.41	2,705.49	180,075.57
62	15-Jan-22	172,471.67	3,249.90	536.13	2,713.77	177,206.83
63	15-Feb-22	169,749.59	3,249.90	527.82	2,722.08	174,332.02
64	15-Mar-22	167,019.19	3,249.90	519.49	2,730.41	171,451.12
65	15-Apr-22	164,280.42	3,249.90	511.13	2,738.77	168,564.13
66	15-May-22	161,533.27	3,249.90	502.75	2,747.15	165,671.02
67	15-Jun-22	158,777.72	3,249.90	494.35	2,755.55	162,771.79
68	15-Jul-22	156,013.73	3,249.90	485.91	2,763.99	159,866.43
69	15-Aug-22	153,241.28	3,249.90	477.45	2,772.45	156,954.91
70	15-Sep-22	150,460.35	3,249.90	468.97	2,780.93	154,037.24
71	15-Oct-22	147,670.91	3,249.90	460.46	2,789.44	151,113.38
72	15-Nov-22	144,872.94	3,249.90	451.92	2,797.98	148,183.34
73	15-Dec-22	142,066.40	3,249.90	443.36	2,806.54	145,247.10
74	15-Jan-23	139,251.27	3,249.90	434.77	2,815.13	142,304.64
75	15-Feb-23	136,427.53	3,249.90	426.16	2,823.74	139,355.95
76	15-Mar-23	133,595.14	3,249.90	417.51	2,832.39	136,401.02
77	15-Apr-23	130,754.09	3,249.90	408.85	2,841.05	133,439.84
78	15-May-23	127,904.34	3,249.90	400.15	2,849.75	130,472.39
79	15-Jun-23	125,045.88	3,249.90	391.43	2,858.47	127,498.66
80	15-Jul-23	122,178.66	3,249.90	382.68	2,867.22	124,518.63
81	15-Aug-23	119,302.67	3,249.90	373.91	2,875.99	121,532.29
82	15-Sep-23	116,417.88	3,249.90	365.11	2,884.79	118,539.64
83	15-Oct-23	113,524.26	3,249.90	356.28	2,893.62	115,540.65
84	15-Nov-23	110,621.78	3,249.90	347.42	2,902.48	112,535.31
85	15-Dec-23	107,710.42	3,249.90	338.54	2,911.36	109,523.61
86	15-Jan-24	104,790.15	3,249.90	329.63	2,920.27	106,505.54
87	15-Feb-24	101,860.95	3,249.90	320.69	2,929.21	103,481.08
88	15-Mar-24	98,922.78	3,249.90	311.73	2,938.17	100,450.21
89	15-Apr-24	95,975.62	3,249.90	302.74	2,947.16	97,412.93
90	15-May-24	93,019.44	3,249.90	293.72	2,956.18	94,369.23
91	15-Jun-24	90,054.21	3,249.90	284.67	2,965.23	91,319.08
92	15-Jul-24	87,079.91	3,249.90	275.60	2,974.30	88,262.47
93	15-Aug-24	84,096.50	3,249.90	266.49	2,983.41	85,199.39
94	15-Sep-24	81,103.96	3,249.90	257.36	2,992.54	82,129.83
95	15-Oct-24	78,102.28	3,249.90	248.21	3,001.69	79,053.77

96	15-Nov-24	75,091.40	3,249.90	239.02	3,010.88	75,971.21
97	15-Dec-24	72,071.30	3,249.90	229.80	3,020.10	72,882.11
98	15-Jan-25	69,041.96	3,249.90	220.56	3,029.34	69,786.48
99	15-Feb-25	66,003.35	3,249.90	211.29	3,038.61	66,684.30
100	15-Mar-25	62,955.44	3,249.90	201.99	3,047.91	63,575.55
101	15-Apr-25	59,898.20	3,249.90	192.66	3,057.24	60,460.22
102	15-May-25	56,831.61	3,249.90	183.31	3,066.59	57,338.29
103	15-Jun-25	53,755.64	3,249.90	173.92	3,075.98	54,209.76
104	15-Jul-25	50,670.25	3,249.90	164.51	3,085.39	51,074.61
105	15-Aug-25	47,575.42	3,249.90	155.07	3,094.83	47,932.81
106	15-Sep-25	44,471.12	3,249.90	145.60	3,104.30	44,784.37
107	15-Oct-25	41,357.32	3,249.90	136.10	3,113.80	41,629.27
108	15-Nov-25	38,233.99	3,249.90	126.57	3,123.33	38,467.48
109	15-Dec-25	35,101.10	3,249.90	117.01	3,132.89	35,299.01
110	15-Jan-26	31,958.62	3,249.90	107.42	3,142.48	32,123.83
111	15-Feb-26	28,806.53	3,249.90	97.80	3,152.10	28,941.92
112	15-Mar-26	25,644.79	3,249.90	88.16	3,161.74	25,753.28
113	15-Apr-26	22,473.37	3,249.90	78.48	3,171.42	22,557.90
114	15-May-26	19,292.25	3,249.90	68.78	3,181.12	19,355.75
115	15-Jun-26	16,101.39	3,249.90	59.04	3,190.86	16,146.82
116	15-Jul-26	12,900.77	3,249.90	49.28	3,200.62	12,931.10
117	15-Aug-26	9,690.35	3,249.90	39.48	3,210.42	9,708.57
118	15-Sep-26	6,470.11	3,249.90	29.66	3,220.24	6,479.22
119	15-Oct-26	3,240.02	3,249.90	19.80	3,230.10	3,243.03
120	15-Nov-26	0.00	3,249.90	9.88	3,240.02	0.00
TOTALS			389,987.85	64,005.34	325,982.51	

Interest Rate 3.67%

San Lorenzo Valley Water District

BY _____

TITLE _____

DATE _____

* Purchase Price after the lease payment has been paid.

EXHIBIT B
DESCRIPTION OF EQUIPMENT

RE: Government Obligation Contract dated as of November 15, 2016, between NBH Bank, N.A. (Obligee) and San Lorenzo Valley Water District (Obligor)

Attached is a detailed description of all the items of Equipment including location, quantity, model number and serial number where applicable.

B-1

EXHIBIT C

CERTIFICATE OF ACCEPTANCE

RE: Government Obligation Contract dated as of November 15, 2016, between NBH Bank, N.A. (Obligee) and San Lorenzo Valley Water District (Obligor)

I, the undersigned, hereby certify that I am a duly qualified representative of Obligor and that I have been given the authority by the Governing Body of Obligor to sign this Certificate of Acceptance with respect to the above referenced Contract. I hereby certify that:

1. The Equipment described on Exhibit B has been delivered and installed in accordance with Obligor's specifications.
2. Obligor has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes.
3. Obligor has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Contract Payments required to be paid under the Contract during the current Budget Year of Obligor, and such moneys will be applied in payment of all Contract Payments due and payable during such current Budget Year.
4. Obligor has obtained insurance coverage as required under the Contract from an insurer qualified to do business in the State.
5. No event or condition that constitutes or would constitute an Event of Default exists as of the date hereof.
6. The governing body of Obligor has approved the authorization, execution and delivery of this Contract on its behalf by the authorized representative of Obligor who signed the Contract.
7. Please list the Source of Funds (Fund Item in Budget) for the Contract Payments that come due under Exhibit A of this Contract: District's Water Fund.

If the above Source of Funds is solely a grant type fund, then the Obligor, by signing below, hereby authorizes the General Fund of the Obligor as a backup source of funds from which the Contract Payments can be made.

San Lorenzo Valley Water District

Signature

Name and Title

EXHIBIT D

OBLIGOR RESOLUTION

RE: Government Obligation Contract dated as of November 15, 2016, between NBH Bank, N.A. (Obligee) and San Lorenzo Valley Water District (Obligor)

At a duly called meeting of the Governing Body of the Obligor (as defined in the Contract) held on _____ the following resolution was introduced and adopted:

BE IT RESOLVED by the Governing Body of Obligor as follows:

1. **Determination of Need.** The Governing Body of Obligor has determined that a true and very real need exists for the acquisition of the Equipment described on Exhibit B of the Government Obligation Contract dated as of November 15, 2016, between San Lorenzo Valley Water District (Obligor) and NBH Bank, N.A. (Obligee).
2. **Approval and Authorization.** The Governing Body of Obligor has determined that the Contract, substantially in the form presented to this meeting, is in the best interests of the Obligor for the acquisition of such Equipment, and the Governing Body hereby approves the entering into of the Contract by the Obligor and hereby designates and authorizes the following person(s) to execute and deliver the Contract on Obligor's behalf with such changes thereto as such person(s) deem(s) appropriate, and any related documents, including any Escrow Contract, necessary to the consummation of the transaction contemplated by the Contract.

Authorized Individual(s): _____
(Printed or Typed Name and Title of individual(s) authorized to execute the Contract)

3. **Adoption of Resolution.** The signatures below from the designated individuals from the Governing Body of the Obligor evidence the adoption by the Governing Body of this Resolution.

Signature: _____
(Signature of Secretary, Board Chairman or other member of the Governing Body)

Name & Title: _____
(Name and Title of individual who signed directly above)

Attested By: _____
(Signature of one additional person who can witness the passage of this Resolution)

Name & Title: _____
(name of individual who signed directly above)

OPINION OF COUNSEL

(Must be Re-typed onto attorney's letterhead)

(Date, must be on or after the meeting date listed on Exhibit D, Obligor Resolution)

NBH Bank, N.A. and/or its Assigns
1616 17th Street, Suite 467
Denver, CO 80202

Re: Government Obligation Contract dated as of November 15, 2016, between NBH Bank, N.A. (Obligee) and San Lorenzo Valley Water District (Obligor)

Ladies and Gentlemen:

As legal counsel to Obligor, I have examined the foregoing Contract and such other opinions, documents and matters of law as I have deemed necessary in connection with this Contract. Based on the foregoing, I am of the following opinions:

1. Obligor is a California Municipal Corporation organized and existing under the laws of the State of California.
2. Obligor has the requisite power and authority to purchase the Equipment and to execute and deliver the Contract and to perform its obligations under the Contract. The Contract and the other documents either attached hereto or required herein have been duly authorized, approved and executed by and on behalf of Obligor, and the Contract is a legal, valid and binding obligation of Obligor enforceable in accordance with its terms.
3. The authorization, approval and execution of the Contract and all other proceedings of Obligor relating to the transactions contemplated thereby have been performed in accordance with all open meeting laws, public bidding laws and all other applicable state and federal laws.
4. There is no litigation, action, suit or proceeding pending or before any court, administrative agency, arbitrator or governmental body that challenges the authority of the Obligor or any of the Obligor's officers or employees to enter into the Contracts.
5. The above opinion is for the sole benefit of the Obligee listed above and can only be relied upon by the Obligee or any permitted assignee or subassignee or successor of Obligee under the Contract.

Signature of Legal Counsel

INSURANCE REQUIREMENTS

Pursuant to Article V of the Government Obligation Contract, you have agreed to provide us evidence of insurance covering the Equipment. A Certificate of Insurance listing the information stated below should be sent to us no later than the date on which the equipment is delivered.

Insured:

Certificate Holder:

- ✓ **LIABILITY:** *Minimum Combined Single Limit of \$1,000,000.00 combined single-limit on bodily injury and property damage.*
- ✓ **PHYSICAL DAMAGE:** *All risk coverage to guarantee proceeds of at least \$750,000.00.*
- ✓ **Obligee and/or Its Assigns MUST be listed as additional insured and loss payee.**
- ✓ *The deductible amounts on the insurance policy should not exceed \$750,000.00.*
- ✓ **Equipment Description:** *Please include all applicable VIN's, serial numbers, etc.*

**PLEASE EMAIL THE CERTIFICATE TO US AS SOON AS POSSIBLE AT (sherry.villafane@nbhbank.com), AND MAIL THE ORIGINAL TO:
NBH Bank, N.A.
1111 Main Street,
Kansas City, MO 64105**

PLEASE COMPLETE THE INFORMATION BELOW AND RETURN THIS FORM ALONG WITH THE CONTRACT.

San Lorenzo Valley Water District

Insurance Company: _____

Agent's Name: _____

Telephone #: _____

Fax #: _____

Address, City, State & Zip: _____

SAN LORENZO VALLEY WATER DISTRICT

POST-ISSUANCE COMPLIANCE POLICY FOR TAX-EXEMPT AND TAX-ADVANTAGED OBLIGATIONS

Established: November 3, 2016

Statement of Purpose

This Post-Issuance Compliance Policy (the “Policy”) sets forth specific policies of San Lorenzo Valley Water District, California, (the “Issuer”) designed to monitor post-issuance compliance of tax-exempt obligations or tax-advantaged obligations (“Obligations”) issued by the Issuer with applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations promulgated thereunder (“Treasury Regulations”) and the Securities and Exchange Commission Rule 15c2-12 (“SEC Rule 15c2-12”).

This Policy is intended to document practices and describe various procedures and systems designed to identify on a timely basis facts relevant to demonstrating compliance with the requirements that must be satisfied subsequent to the issuance of Obligations in order that the interest on such Obligations continue to be eligible to be excluded from gross income for federal income tax purposes or that the Obligations continue to receive tax-advantaged treatment. The federal tax law requirements applicable to each particular issue of Obligations will be detailed in the arbitrage or tax certificate prepared by bond counsel and signed by officials of the Issuer and the post-closing compliance checklist provided by bond counsel with respect to that issue. This Policy establishes a permanent, ongoing structure of practices and procedures that will facilitate compliance with the requirements for individual borrowings.

The Issuer recognizes that compliance with applicable provisions of the Code and Treasury Regulations is an on-going process, necessary during the entire term of the Obligations, and is an integral component of the Issuer’s debt management. Accordingly, the analysis of those facts and implementation of the Policy will require on-going monitoring and consultation with bond counsel and the Issuer’s accountants.

General Policies and Procedures

The following policies relate to procedures and systems for monitoring post-issuance compliance generally.

- A. The Finance Manager (the “Compliance Officer”) shall be responsible for monitoring post-issuance compliance issues. The Compliance Officer will coordinate with the District Manager with respect to monitoring post-issuance compliance.
- B. The Compliance Officer will coordinate procedures for record retention and review of such records.
- C. All documents and other records relating to Obligations issued by the Issuer shall be maintained by or at the direction of the Compliance Officer. In maintaining such documents and records, the Compliance Officer will comply with applicable Internal Revenue Service (“IRS”) requirements, such as those contained in Revenue Procedure 97-22 (a copy of which is attached for reference).
- D. The Compliance Officer shall be aware of options for voluntary corrections for failure to comply with post-issuance compliance requirements (such as remedial actions under

Section 1.141-12 of the Regulations and the Treasury's Tax-Exempt Bonds Voluntary Closing Agreement Program) and take such corrective action when necessary and appropriate.

- E. The Compliance Officer will review post-issuance compliance procedures and systems on a periodic basis, but not less than annually. The Compliance Officer will at all times be aware of the Issuer's obligations set forth in this Policy, including the Issuer's ongoing recordkeeping and compliance responsibilities associated with its Obligations. The Compliance Officer will at all times be familiar with this Policy and will be authorized to consult with third-party professionals (e.g., legal counsel, bond counsel and arbitrage calculating agents), as necessary, to ensure compliance with this Policy. In addition, the Compliance Officer will be familiar with the following publications of the Internal Revenue Service ("IRS"): IRS Publication 4079 "Tax-Exempt Governmental Bonds". The Compliance Officer will also be familiar with the IRS's website at www.irs.gov/Tax-Exempt-Bonds and aware that such website contains information, forms and publications pertaining to tax-exempt bonds.

Issuance of Obligations - Documents and Records

With respect to each issue of Obligations, the Compliance Officer will:

- A. Obtain and store a closing binder and/or CD or other electronic copy of the relevant and customary transaction documents (the "Transcript").
- B. Confirm that bond counsel has filed the applicable information report (e.g., Form 8038, Form 8038-G, Form 8038-CP) for such issue with the IRS on a timely basis.
- C. Coordinate receipt and retention of relevant books and records with respect to the investment and expenditure of the proceeds of such Obligations with other applicable staff members of the Issuer.

Arbitrage

The following policies relate to the monitoring and calculating of arbitrage and compliance with specific arbitrage rules and regulations.

The Compliance Officer will:

- A. Confirm that a certification of the initial offering prices of the Obligations with such supporting data, if any, required by bond counsel, is included in the Transcript.
- B. Confirm that a computation of the yield on such issue from the Issuer's financial advisor or bond counsel (or an outside arbitrage rebate specialist) is contained in the Transcript.
- C. Maintain a system for tracking investment earnings on the proceeds of the Obligations.
- D. Coordinate the tracking of expenditures, including the expenditure of any investment earnings. If the project(s) to be financed with the proceeds of the Obligations will be funded with multiple sources of funds, confirm that the Issuer has adopted an accounting methodology that maintains each source of financing separately and monitors the actual expenditure of proceeds of the Obligations.

- E. Maintain a procedure for the allocation of proceeds of the issue and investment earnings to expenditures, including the reimbursement of pre-issuance expenditures. This procedure shall include an examination of the expenditures made with proceeds of the Obligations within 18 months after each project financed by the Obligations is placed in service and, if necessary, a reallocation of expenditures in accordance with Section 1.148-6(d) of the Treasury Regulations.
- F. Monitor compliance with the applicable “temporary period” (as defined in the Code and Treasury Regulations) exceptions for the expenditure of proceeds of the issue, and provide for yield restriction on the investment of such proceeds if such exceptions are not satisfied.
- G. Ensure that investments acquired with proceeds of such issue are purchased at fair market value. In determining whether an investment is purchased at fair market value, any applicable Treasury Regulation safe harbor may be used.
- H. Avoid formal or informal creation of funds reasonably expected to be used to pay debt service on such issue without determining in advance whether such funds must be invested at a restricted yield.
- I. Consult with bond counsel prior to engaging in any post-issuance credit enhancement transactions or investments in guaranteed investment contracts.
- J. Identify situations in which compliance with applicable yield restrictions depends upon later investments and monitor implementation of any such restrictions.
- K. Monitor compliance with six-month, 18-month or 2-year spending exceptions to the rebate requirement, as applicable.
- L. Procure a timely computation of any rebate liability and, if rebate is due, to file a Form 8038-T and to arrange for payment of such rebate liability.
- M. Arrange for timely computation and payment of “yield reduction payments” (as such term is defined in the Code and Treasury Regulations), if applicable.

Private Activity Concerns

The following polices relate to the monitoring and tracking of private uses and private payments with respect to facilities financed with the Obligations.

The Compliance Officer will:

- A. Maintain records determining and tracking facilities financed with specific Obligations and the amount of proceeds spent on each facility.
- B. Maintain records, which should be consistent with those used for arbitrage purposes, to allocate the proceeds of an issue and investment earnings to expenditures, including the reimbursement of pre-issuance expenditures.
- C. Maintain records allocating to a project financed with Obligations any funds from other sources that will be used for otherwise non-qualifying costs.

- D. Monitor the expenditure of proceeds of an issue and investment earnings for qualifying costs.
- E.
 - 1. Monitor private use of financed facilities to ensure compliance with applicable limitations on such use. Examples of potential private use include:
 - a. Sale of the facilities, including sale of capacity rights;
 - b. Lease or sub-lease of the facilities (including leases, easements or use arrangements for areas outside the four walls, e.g., hosting of cell phone towers) or leasehold improvement contracts;
 - c. Management contracts (in which the Issuer authorizes a third party to operate a facility, e.g., cafeteria) and research contracts;
 - d. Preference arrangements (in which the Issuer permits a third party preference, such as parking in a public parking lot);
 - e. Joint-ventures, limited liability companies or partnership arrangements;
 - f. Output contracts or other contracts for use of utility facilities (including contracts with large utility users);
 - g. Development agreements which provide for guaranteed payments or property values from a developer;
 - h. Grants or loans made to private entities, including special assessment agreements; and
 - i. Naming rights arrangements.
 - 2. Monitoring of private use should include the following:
 - a. Procedures to review the amount of existing private use on a periodic basis; and
 - b. Procedures for identifying in advance any new sale, lease or license, management contract, sponsored research arrangement, output or utility contract, development agreement or other arrangement involving private use of financed facilities and for obtaining copies of any sale agreement, lease, license, management contract, research arrangement or other arrangement for review by bond counsel.

If the Compliance Officer identifies private use of facilities financed with tax-exempt or tax-advantaged debt, the Compliance Officer will consult with the Issuer's bond counsel to determine whether private use will adversely affect the tax status of the issue and if so, what remedial action is appropriate. The Compliance Officer should retain all documents related to any of the above potential private uses.

Qualified Tax-Exempt Obligations

If the Issuer issues "qualified tax-exempt obligations" in any year, the Compliance Officer shall monitor all tax-exempt financings (including lease purchase arrangements and other similar financing arrangements and conduit financings on behalf of 501(c)(3) organizations) to assure that the \$10,000,000 "small issuer" limit is not exceeded.

Federal Subsidy Payments

The Compliance Officer shall be responsible for the calculation of the amount of any federal subsidy payments and the timely preparation and submission of the applicable tax form and application for federal subsidy payments for tax-advantaged obligations such as Build America Bonds, New Clean Renewable Energy Bonds and Qualified School Construction Bonds.

Reissuance

The following policies relate to compliance with rules and regulations regarding the reissuance of Obligations for federal law purposes.

The Compliance Officer will identify and consult with bond counsel regarding any post-issuance change to any terms of an issue of Obligations which could potentially be treated as a reissuance for federal tax purposes.

Record Retention

The following policies relate to retention of records relating to the Obligations issued.

The Compliance Officer will:

- A. Coordinate with staff regarding the records to be maintained by the Issuer to establish and ensure that an issue remains in compliance with applicable federal tax requirements for the life of such issue.
- B. Coordinate with staff to comply with provisions imposing specific recordkeeping requirements and cause compliance with such provisions, where applicable.
- C. Coordinate with staff to generally maintain the following:
 1. The Transcript relating to the transaction (including any arbitrage or other tax certificate and the bond counsel opinion);
 2. Documentation evidencing expenditure of proceeds of the issue;
 3. Documentation regarding the types of facilities financed with the proceeds of an issue, including, but not limited to, whether such facilities are land, buildings or equipment, economic life calculations and information regarding depreciation.
 4. Documentation evidencing use of financed property by public and private entities (e.g., copies of leases, management contracts, utility user agreements, developer agreements and research agreements);
 5. Documentation evidencing all sources of payment or security for the issue; and
 6. Documentation pertaining to any investment of proceeds of the issue (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received by the investment of proceeds, guaranteed investment contracts, and rebate calculations).

- D. Coordinate the retention of all records in a manner that ensures their complete access to the IRS.
- E. Keep all material records for so long as the issue is outstanding (including any refunding), plus three (3) years.

Continuing Disclosure

Under the provisions of SEC Rule 15c2-12, underwriters are required to obtain an agreement for ongoing disclosure in connection with the public offering of securities in a principal amount in excess of \$1,000,000. Unless the Issuer is exempt from compliance with SEC Rule 15c2-12 as a result of certain permitted exemptions, the Transcript for each issue of Obligations will include an undertaking or agreement by the Issuer to comply with SEC Rule 15c2-12. The Compliance Officer of the Issuer will monitor compliance by the Issuer with its undertakings, which may include the requirement for an annual filing of operating and financial information and will include a requirement to file notices of listed “material events.”

Conduit Bond Financings

In conduit bond financings, such as industrial revenue bonds or “qualified 501(c)(3) Bonds”, the Issuer is not in a position to directly monitor compliance with arbitrage requirements and qualified use requirements because information concerning and control of those activities lies with the private or charitable organization borrower. The Issuer’s policy in connection with conduit financings is to require that the bond documents in such financings impose on the borrower (and trustee or other applicable party) responsibility to monitor compliance with qualified use rules and arbitrage and other federal tax requirements and to take necessary action if remediation of nonqualified bonds is required.

Taxable Governmental Bonds

Most of the provisions of this Policy, other than provisions Continuing Disclosure Obligations subsection of this procedural directive, are not applicable to governmental bonds the interest on which is includable in gross income for federal income tax purposes (i.e. “taxable governmental bonds”). If an issue of taxable governmental bonds is later refunded with the proceeds of an issue of tax-exempt governmental bonds, then the uses of the proceeds of the taxable governmental bonds and the uses of the facilities financed with the proceeds of the taxable governmental bonds shall be relevant to the tax-exempt status of the refunding bonds. Therefore, if there is any reasonable possibility that an issue of taxable governmental bonds may be refunded, in whole or in part, with the proceeds of an issue of tax-exempt governmental bonds then, for purposes of this procedural directive, the Compliance Officer shall treat the issue of taxable governmental bonds as if such issue were an issue of tax-exempt governmental bonds and shall carry out and comply with the requirements of this Policy with respect to such taxable governmental bonds. The Compliance Officer shall seek the advice of bond counsel as to whether there is any reasonable possibility of issuing tax-exempt governmental bonds to refund an issue of taxable governmental bonds.

Compliance Officer May Contract for Compliance Services

The Compliance Officer on behalf of the Issuer may retain, or engage to perform any or all obligations of the Issuer under this Policy or for particular transactions, one or more compliance professionals. A compliance professional may also be retained or engaged at the outset of a transaction to advise the Issuer with respect to the transaction structure that will allow the Issuer to take advantage of any available exceptions to the relevant rules. ■

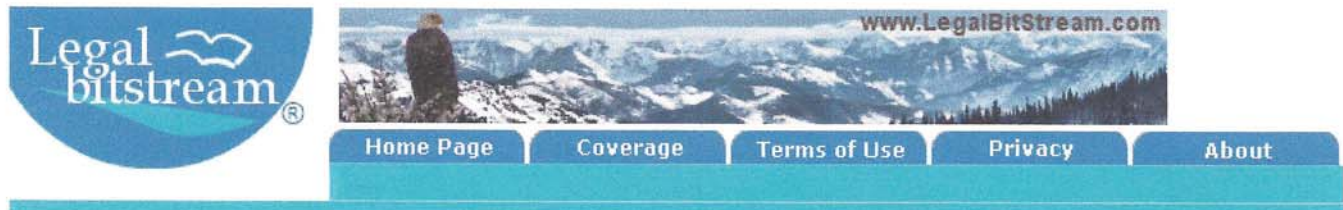
CERTIFICATION OF POST-ISSUANCE COMPLIANCE POLICY

The undersigned is the duly appointed, qualified and acting Finance Manager of San Lorenzo Valley Water District, California and that the foregoing pages are a true and correct copy of the Post-Issuance Compliance Policy duly established for the District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the District this 3rd day of November, 2016.

(SEAL)

Finance Manager



SEARCHING: **Revenue Procedures**

RESULTS: FOUND: 4 HITS IN 2 DOCUMENTS SEARCHING ON 97-22

First hit	Next document	Previous document	Back to results	New search
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Revenue Procedure **97-22**
Internal Revenue Service
1997-13 I.R.B. 9

26 CFR 601.105 Examination of returns and claims for refund, credits or abatement; determination of correct tax liability.

(Also Part I, Section 6001; 1.6001-1.)

Rev. Proc. 97-22

SECTION 1. PURPOSE

This revenue procedure provides guidance to taxpayers that maintain books and records by using an electronic storage system that either images their hardcopy (paper) books and records, or transfers their computerized books and records, to an electronic storage media, such as an optical disk. Records maintained in an electronic storage system that complies with the requirements of this revenue procedure will constitute records within the meaning of § 6001 of the Internal Revenue Code.

SECTION 2. BACKGROUND

.01 Section 6001 provides that every person liable for any tax imposed by the Code, or for the collection thereof, must keep such records, render such statements, make such returns, and comply with such rules and regulations as the Secretary may from time to time prescribe. Whenever necessary, the Secretary may require any person, by notice served upon that person or by regulations, to make such returns, render such statements, or keep such records, as the Secretary deems sufficient to show whether or not that person is liable for tax.

.02 Section 1.6001-1(a) of the Income Tax Regulations provides that, except for farmers and wage-earners, any person subject to income tax, or any person required to file a return of information with respect to income, must keep such books and records, including inventories, as are sufficient to establish the amount of gross income, deductions, credits, or other matters required to be shown by that person in any return of such tax or information.

.03 Section 1.6001-1(e) provides that the books or records required by § 6001 must be kept available at all times for inspection by authorized internal revenue officers or employees, and must be retained so long as the contents thereof may become material in the administration of any internal revenue law.

SECTION 3. SCOPE

.01 This revenue procedure applies to taxpayers who maintain books and records using an “electronic storage system.” An electronic storage system is a system to prepare, record, transfer, index, store, preserve, retrieve, and reproduce books and records by either:

- (1) electronically imaging hardcopy documents to an electronic storage media; or

(2) transferring computerized books and records to an electronic storage media using a technique such as “COLD” (computer output to laser disk), which allows books and records to be viewed or reproduced without the use of the original program.

.02 The requirements of this revenue procedure pertain to all matters under the jurisdiction of the Commissioner of Internal Revenue including, but not limited to, income, excise, employment, and estate and gift taxes, as well as employee plans and exempt organizations.

.03 A taxpayer’s use of a third party (such as a service bureau or timesharing service) to provide the taxpayer with an electronic storage system for its books and records does not relieve the taxpayer of the responsibilities described in this revenue procedure.

.04 Except as otherwise provided in this revenue procedure, all requirements of § 6001 that apply to hardcopy books and records apply as well to books and records that are stored electronically pursuant to this revenue procedure.

SECTION 4. ELECTRONIC STORAGE SYSTEM REQUIREMENTS

.01 *General Requirements.*

(1) An electronic storage system must ensure an accurate and complete transfer of the hardcopy or computerized books and records to an electronic storage media. The electronic storage system must also index, store, preserve, retrieve, and reproduce the electronically stored books and records.

(2) An electronic storage system must include:

(a) reasonable controls to ensure the integrity, accuracy, and reliability of the electronic storage system;

(b) reasonable controls to prevent and detect the unauthorized creation of, addition to, alteration of, deletion of, or deterioration of electronically stored books and records;

(c) an inspection and quality assurance program evidenced by regular evaluations of the electronic storage system including periodic checks of electronically stored books and records;

(d) a retrieval system that includes an indexing system (within the meaning of section 4.02 of this revenue procedure); and

(e) the ability to reproduce legible and readable hardcopies (within the meaning of section 4.01(3) of this revenue procedure) of electronically stored books and records.

(3) All books and records reproduced by the electronic storage system must exhibit a high degree of legibility and readability when displayed on a video display terminal and when reproduced in hardcopy. The term “legibility” means the observer must be able to identify all letters and numerals positively and quickly to the exclusion of all other letters or numerals. The term “readability” means that the observer must be able to recognize a group of letters or numerals as words or complete numbers. The taxpayer must ensure that the reproduction process maintains the legibility and readability of the electronically stored document.

(4) The information maintained in an electronic storage system must provide support for the taxpayer’s books and records (including books and records in an automated data processing system). For example, the information maintained in an electronic storage system and the taxpayer’s books and records must be cross-referenced in a manner that provides an audit trail between the general ledger and the source document(s).

(5) For each electronic storage system used, the taxpayer must maintain, and make available to the Service upon request, complete descriptions of:

(a) the electronic storage system, including all procedures relating to its use; and

(b) the indexing system (see section 4.02 of this revenue procedure).

(6) At the time of an examination, or for the tests described in section 5 of this revenue procedure, the taxpayer must:

(a) retrieve and reproduce (including hardcopies if requested) electronically stored books and records; and

(b) provide the Service with the resources (e.g., appropriate hardware and software, personnel, documentation, etc.) necessary to locate, retrieve, read, and reproduce (including hardcopies) any electronically stored books and records.

(7) An electronic storage system must not be subject, in whole or in part, to any agreement (such as a contract or license) that would limit or restrict the Service's access to and use of the electronic storage system on the taxpayer's premises (or any other place where the electronic storage system is maintained), including personnel, hardware, software, files, indexes, and software documentation.

(8) The taxpayer must retain electronically stored books and records so long as their contents may become material in the administration of the Internal Revenue laws under § 1.6001-1(e).

(9) The taxpayer may use more than one electronic storage system. In that event, each electronic storage system must meet the requirements of this revenue procedure. Electronically stored books and records that are contained in an electronic storage system with respect to which the taxpayer ceases to maintain the hardware and the software necessary to satisfy the conditions of this revenue procedure will be deemed destroyed by the taxpayer, unless the electronically stored books and records remain available to the Service in conformity with this revenue procedure.

(10) Taxpayers may use reasonable data compression or formatting technologies as part of their electronic storage system so long as the requirements of this revenue procedure are satisfied.

.02 Requirements of an Indexing System.

(1) For purposes of this revenue procedure, an "indexing system" is a system that permits the identification and retrieval for viewing or reproducing of relevant books and records maintained in an electronic storage system. For example, an indexing system might consist of assigning each electronically stored document a unique identification number and maintaining a separate database that contains descriptions of all electronically stored books and records along with their identification numbers. In addition, any system used to maintain, organize, or coordinate multiple electronic storage systems is treated as an indexing system under this revenue procedure. The requirement to maintain an indexing system will be satisfied if the indexing system is functionally comparable to a reasonable hardcopy filing system. The requirement to maintain an indexing system does not require that a separate electronically stored books and records description database be maintained if comparable results can be achieved without a separate description database.

(2) Reasonable controls must be undertaken to protect the indexing system against the unauthorized creation of, addition to, alteration of, deletion of, or deterioration of any entries.

.03 Recommended Practices. The implementation of records management practices is a business decision that is solely within the discretion of the taxpayer. Records management practices may include the labeling of electronically stored books and records, providing a secure storage environment, creating back-up copies, selecting an off-site storage location, retaining hardcopies of books or records that are illegible or that cannot be accurately or completely transferred to an electronic storage system, and testing to confirm records integrity.

SECTION 5. DISTRICT DIRECTOR TESTING

.01 The District Director may periodically initiate tests of a taxpayer's electronic storage system. These tests may include an evaluation (by actual use) of a taxpayer's equipment and software, as well as the procedures used by a taxpayer to prepare, record, transfer, index, store, preserve, retrieve, and reproduce electronically stored documents. In some instances, the District Director may choose to review the internal controls, security procedures, and documentation associated with the taxpayer's electronic storage system.

.02 The tests described in section 5.01 of this revenue procedure are not an “examination,” “investigation,” or “inspection” of the books and records within the meaning of § 7605(b), or a prior audit for purposes of § 530 of the Revenue Act of 1978, 1978–3 (Vol.1) C.B. 119, as amended by § 1122 of the Small Business Job Protection Act of 1996, because these tests are not directly related to the determination of the tax liability of a taxpayer for a particular taxable period.

.03 The District Director must inform the taxpayer of the results of any tests under this section.

SECTION 6. COMPLIANCE

.01 A taxpayer’s electronic storage system that meets the requirements of this revenue procedure will be treated as being in compliance with the recordkeeping requirements of § 6001 and the regulations thereunder.

.02 A taxpayer’s electronic storage system that fails to meet the requirements of this revenue procedure may be treated as not being in compliance with the recordkeeping requirements of § 6001 and the regulations thereunder. See section 9 of this revenue procedure for applicable penalties. However, even though a taxpayer’s electronic storage system fails to meet the requirements of this revenue procedure, the penalties described in section 9 of this revenue procedure may not apply if the taxpayer maintains its original books and records, or maintains its books and records in micrographic form in conformity with Rev. Proc. 81–46, 1981–2 C.B. 621.

SECTION 7. DESTRUCTION AND DELETION OF ORIGINAL BOOKS AND RECORDS

This revenue procedure permits the destruction of the original hardcopy books and records and the deletion of the original computerized records (other than “machine-sensible” records required to be retained by Rev. Proc. 91–59, 1991–2 C.B. 841), after the taxpayer:

(1) has completed its own testing of the electronic storage system that establishes that hardcopy or computerized books and records are being reproduced in compliance with all the provisions of this revenue procedure; and

(2) has instituted procedures that ensure its continued compliance with all the provisions of this revenue procedure.

SECTION 8. IMPACT ON MACHINE-SENSIBLE RECORDS

The provisions of this revenue procedure regarding electronically stored books and records do not relieve taxpayers of the responsibility of retaining any other books and records required to be retained under § 6001. Such other books and records may include “machine-sensible” records required to be retained by Rev. Proc. 91–59 in connection with the taxpayer’s use of an automatic data processing (ADP) system.

SECTION 9. PENALTIES

The District Director may issue a Notice of Inadequate Records pursuant to § 1.6001–1(d) if the taxpayer’s books and records are available only as electronically stored books and records and the taxpayer’s electronic storage system fails to meet the requirements of this revenue procedure. Taxpayers whose electronic storage system fails to meet the requirements of this revenue procedure may also be subject to applicable penalties under subtitle F of the Code, including the § 6662(a) accuracy-related civil penalty and the § 7203 willful failure criminal penalty.

SECTION 10. INTERNAL REVENUE SERVICE OFFICE CONTACT

.01 Questions regarding this revenue procedure should be directed to the Office of the Assistant Commissioner (Examination). The telephone number for this office is (202) 622–5480 (not a toll-free number). Written questions should be addressed to:

Assistant Commissioner (Examination)
Attention: CP:EX
Internal Revenue Service
1111 Constitution Ave., NW
Washington, DC 20224

.02 Questions regarding the application of this revenue procedure to a specific factual situation should be directed to the appropriate District Director.

SECTION 11. PAPERWORK REDUCTION ACT

The collections of information contained in this revenue procedure have been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1533.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

The collections of information are in sections 4 and 5 of this revenue procedure. This information is required to ensure that records maintained in an electronic storage system will constitute records within the meaning of § 6001. The collections of information are mandatory for a taxpayer who chooses to electronically store its books and records. The likely respondents are individuals, state or local governments, farms, business or other for-profit institutions, federal agencies or employees, nonprofit institutions, and small businesses or organizations.

The estimated total annual recordkeeping burden is 1,000,400 hours.

The estimated annual burden per recordkeeper will vary from 20 hours to 22 hours, depending on individual circumstances, with an estimated average of 20 hours. The estimated number of recordkeepers is 50,000.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

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The Need for Post-Issuance Compliance Policies and Procedures

Must we really adopt post-issuance compliance policies and procedures?

Tax-advantaged bonds (tax-exempt, tax credit, and direct pay) are bonds that receive preferential tax treatment. For the purposes of this discussion, the term “bonds” includes certificates of participation in municipal leases and tax-exempt municipal leases themselves. These bonds, issued by or on behalf of state and local governments, are subject to applicable federal tax and federal securities requirements both at the time of issuance and for so long as the bonds remain outstanding, provided, in the case of federal securities requirements, that the issuer has entered into a related continuing disclosure undertaking or agreement in order that an underwriter may underwrite the bonds. An issuer's failure to comply with any applicable federal tax requirements with respect to tax-advantaged bonds jeopardizes the preferential tax status of these bonds and an issuer's failure to comply with any applicable securities law requirements may lead to fines and penalties, including personal fines and penalties against individuals working for a violating entity.

The general rules and requirements mentioned above are not new, but the establishment of written policies and/or procedures, while not expressly required in tax or securities laws or regulations, has become the new norm. Enforcement actions of both the Internal Revenue Service and the Securities Exchange Commission have been greatly increased after several surveys by the IRS and by the SEC indicated very low levels of post-issuance compliance. Both organizations have evidenced that they are very serious about enforcement.

IRS Form 8038-G. Upon closing of a tax-exempt bond issue, the issuer must file with the IRS an Information Return (IRS Form 8038-G). Form 8038-G contains information about the bond issue and becomes part of the IRS data base in the same way that individual and corporate tax returns do. The IRS uses this data and general information to select bonds to be audited which is the main enforcement tool for the IRS. Form 8038-G asks two questions regarding whether a bond issuer has in place written procedures to assure continuing compliance with federal tax law requirements. While having such written procedures in place is **not legally required**, answering “no” to either or both of those two questions certainly raises a “red flag” with the IRS and could itself result in a bond issue being audited.

Conclusion. All issuers who plan to or have issued tax-exempt bonds should adopt written post-issuance compliance procedures.

The Need for Post-Issuance Compliance Policies and Procedures

Must we really adopt post-issuance compliance policies and procedures?

Tax-advantaged bonds (tax-exempt, tax credit, and direct pay) are bonds that receive preferential tax treatment. For the purposes of this discussion, the term “bonds” includes certificates of participation in municipal leases and tax-exempt municipal leases themselves. These bonds, issued by or on behalf of state and local governments, are subject to applicable federal tax and federal securities requirements both at the time of issuance and for so long as the bonds remain outstanding, provided, in the case of federal securities requirements, that the issuer has entered into a related continuing disclosure undertaking or agreement in order that an underwriter may underwrite the bonds. An issuer's failure to comply with any applicable federal tax requirements with respect to tax-advantaged bonds jeopardizes the preferential tax status of these bonds and an issuer's failure to comply with any applicable securities law requirements may lead to fines and penalties, including personal fines and penalties against individuals working for a violating entity.

The general rules and requirements mentioned above are not new, but the establishment of written policies and/or procedures, while not expressly required in tax or securities laws or regulations, has become the new norm. Enforcement actions of both the Internal Revenue Service and the Securities Exchange Commission have been greatly increased after several surveys by the IRS and by the SEC indicated very low levels of post-issuance compliance. Both organizations have evidenced that they are very serious about enforcement.

IRS Form 8038-G. Upon closing of a tax-exempt bond issue, the issuer must file with the IRS an Information Return (IRS Form 8038-G). Form 8038-G contains information about the bond issue and becomes part of the IRS data base in the same way that individual and corporate tax returns do. The IRS uses this data and general information to select bonds to be audited which is the main enforcement tool for the IRS. Form 8038-G asks two questions regarding whether a bond issuer has in place written procedures to assure continuing compliance with federal tax law requirements. While having such written procedures in place is **not legally required**, answering “no” to either or both of those two questions certainly raises a “red flag” with the IRS and could itself result in a bond issue being audited.

Conclusion. All issuers who plan to or have issued tax-exempt bonds should adopt written post-issuance compliance procedures.

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
► See separate instructions.
Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>
1 Issuer's name		2 Issuer's employer identification number (EIN)
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	5 Report number (For IRS Use Only)
6 City, town, or post office, state, and ZIP code		7 Date of issue
8 Name of issue		9 CUSIP number
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)		10b Telephone number of officer or other employee shown on 10a

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17		
18 Other. Describe ►	18		
19 If obligations are TANs or RANs, check only box 19a		<input type="checkbox"/>	
If obligations are BANs, check only box 19b		<input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box		<input type="checkbox"/>	

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21		\$	\$	years	%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22		
23 Issue price of entire issue (enter amount from line 21, column (b))	23		
24 Proceeds used for bond issuance costs (including underwriters' discount)	24		
25 Proceeds used for credit enhancement	25		
26 Proceeds allocated to reasonably required reserve or replacement fund	26		
27 Proceeds used to currently refund prior issues	27		
28 Proceeds used to advance refund prior issues	28		
29 Total (add lines 24 through 28)	29		
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30		

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	►	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	►	_____ years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	►	_____
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	►	_____

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

Form **8038-G** (Rev. 9-2011)

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	
b Enter the final maturity date of the GIC ▶ _____		
c Enter the name of the GIC provider ▶ _____		
37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	
38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ <input type="checkbox"/> and enter the following information:		
b Enter the date of the master pool obligation ▶ _____		
c Enter the EIN of the issuer of the master pool obligation ▶ _____		
d Enter the name of the issuer of the master pool obligation ▶ _____		
39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ <input type="checkbox"/>		
40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ <input type="checkbox"/>		
41a If the issuer has identified a hedge, check here ▶ <input type="checkbox"/> and enter the following information:		
b Name of hedge provider ▶ _____		
c Type of hedge ▶ _____		
d Term of hedge ▶ _____		
42 If the issuer has superintegrated the hedge, check box ▶ <input type="checkbox"/>		
43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ <input type="checkbox"/>		
44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ <input type="checkbox"/>		
45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ <input type="checkbox"/> and enter the amount of reimbursement ▶ _____		
b Enter the date the official intent was adopted ▶ _____		

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	▶ _____ Signature of issuer's authorized representative	▶ _____ Date	▶ _____ Type or print name and title	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ▶	Firm's EIN ▶		
	Firm's address ▶	Phone no.		

ARBITRAGE AND TAX CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Finance Manager of San Lorenzo Valley Water District, California ("District"), and that in my official capacity as such officer, I am responsible for executing and delivering on behalf of the District the Government Obligation Contract dated as of November 15, 2016, (the "Contract"), by and between the District, as "Obligor" as defined thereunder, and NBH Bank, N.A. a national banking association ("NBH"), as "Obligee" as defined thereunder. This Certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable Treasury Regulations (the "Regulations"). The following facts, estimates and circumstances are in existence on the date of this Certificate or are reasonably expected to occur hereafter.

1. The Contract provides for refinancing (current refunding) the purchase of certain Equipment as described and defined in the Description of Equipment - Exhibit B thereto (the "Equipment") by the District. Pursuant to the Contract, the District is required to make Contract Payments with respect to the Equipment, comprising principal and interest, on the dates and in the amounts set forth in the Payment Schedule - Exhibit A to the Contract.

2. The Equipment was heretofore acquired and installed and has been in use by the District since its final acceptance.

3. All of the spendable proceeds of the Contract will be spent on the date of execution and delivery of this Contract.

4. The original proceeds of the Contract do not exceed the amount necessary for the purpose for which the Contract is executed and delivered.

5. The interest of the District in the Equipment has not been and is not expected during the term of the Contract to be sold or disposed of by the District.

6. No sinking fund is expected to be created by the District with respect to the Contract and the Contract Payments.

7. The District hereby covenants to comply with all requirements of the Code and Regulations relating to the rebate of arbitrage profit, if any, to the United States of America.

8. To the best of the knowledge and belief of the undersigned, the expectations of the District, as set forth above, are reasonable; and there are no present facts, estimates and circumstances which would change the foregoing expectations.

WITNESS my hand this 15th day of November, 2016.

SAN LORENZO VALLEY WATER
DISTRICT, CALIFORNIA

By: _____
Its: Finance Manager

MEMO

To: Board of Directors

From: District Manager

SUBJECT: DISCUSSION AND POSSIBLE ACTION REGARDING PROPOSED CHANGES TO COMMITTEE POLICY, SECTION 14 OF THE DIRECTOR'S POLICY MANUAL, TO INCLUDE A LOMPICO OVERSIGHT COMMITTEE

DATE: November 3, 2016

RECOMMENDATION

It is recommended that the Board of Directors adopt Resolution No. X (16-17), repealing and replacing Section 14 of the District's Board Policy Manual.

BACKGROUND

After review, the Administration Committee is proposing the attached changes to Section 14 (attached) of the Board Policy Manual to clarify compliance with requirement 'B' of LAFCO Resolution 953-A.

STRATEGIC PLAN:

Element 6.1 Increase Civic Understanding and Engagement

FISCAL IMPACT:

No impact to current budget year

SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. 13 (16-17)

SUBJECT: REPEAL AND REPLACEMENT OF SECTION 14 OF THE DISTRICT'S 2015 BOARD POLICY MANUAL TO INCLUDE A LOMPICO ASSESSMENT DISTRICT OVERSIGHT COMMITTEE

WHEREAS, the proper functioning of the District Board and Board Meetings is critical to proper functioning of the District; and

WHEREAS, an adopted set of policies assist in the proper functioning of the Board; and

WHEREAS, it is appropriate that the Board periodically review and amend said set of policies;

WHEREAS, Board Committees provide a vital service to the proper functioning of the District and governance of same; and

WHEREAS, Each Board Member, individually, has been provided an opportunity to read the proposed revision to Section 14 of the District's Board of Director's Policy Manual revising how Board Committee's function (attached);

WHEREAS, Each Board Member, individual, agrees with the revision to Section 14 of the Policy Manual and agrees to follow said policy manual;

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District that:

1. The Board repeals the current Section 14 of the District's 2015 Board Policy Manual and Replaces Section 14 with the language provided in the attached draft Section 14.
2. The Board directs staff to modify the Board Policy Manual, effectuating the changes as approved herein.

PASSED AND ADOPTED by the Board of Directors of San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 3rd day of November, 2016 by the following vote of the members thereof:

AYES:
NOS:
ABSTAIN:
ABSENT:

Holly B. Morrison, District Secretary
San Lorenzo Valley Water District

SECTION 14 - COMMITTEES

The Board shall organize committees that are advisory to the Board with regard to matters within their respective areas of responsibility.

The four District standing committees are as follows: Administrative, Budget & Finance, Environmental/Engineering/Planning and Lompico Oversight. Each standing committee shall have no power or authority to commit the District or to take any action on behalf of the Board of Directors. Standing Committees shall hold meetings at such times as deemed necessary by consensus of the committee members. Committees are encouraged to meet at least monthly.

Committee meetings shall be held in accordance with the provisions of the Ralph M. Brown Act. In order to promote attendance by Directors at Committee meetings without inadvertently creating a violation of the Ralph M. Brown Act, Directors that are not members of a committee may attend as observers, but shall not participate at the Committee's meeting.

Committee appointments will be reviewed by the full Board at the 2nd Board of Director's meeting in December of each Calendar Year, or as soon thereafter as practical. Applications to serve as a Public Member will be available at the District's Office or on-line at the District's website (www.slvwd.com). Public Member Applications will be reviewed by the full Board. Each committee member shall be appointed by a simple majority vote of the Board.

Administrative, Budget & Finance, Environmental/Engineering/Planning Committees may have no more than two Board Members and no more than one Public Member. During the appointment discussion each Director may present a public member to serve on each committee; Administrative, Budget & Finance, Environmental/Engineering/Planning Committees. If more than one public member is presented to serve on an individual committee, the full Board shall vote to determine which public member shall be seated on that committee for the year.

The Lompico Oversight Committee may have no more than five Public Members. Public members serving on the Lompico Oversight Committee shall have a residential mailing address within Assessment District 2016-1.

Members of the committees serve at the pleasure of the Board. Each committee shall designate their own chairperson. For the Administrative, Budget & Finance and Environmental/Engineering/Planning Committees the chairperson shall be a member of the Board. Each committee may elect a vice- chairperson. Members of committees, including the chairperson and vice-chairperson shall serve until their successors are appointed. The chairperson of a committee is its presiding officer and shall be responsible for communicating the recommendation of the committee to the Board. In the absence of the chairperson, the vice-chairperson shall perform the duties of the chairperson. The chairperson and vice-chairperson are not deprived of any of the rights and privileges of a committee member by reason of being the presiding officer.

A majority of the members of each committee shall constitute a quorum for the transaction of business. Only members of the committee are entitled to make, second or vote on any motion or other action of the committee. Each committee member shall be entitled to one vote on all matters considered by the committee. A simple majority vote of the members of the Committee shall designate approval of a motion.

During the first regular meeting after January 1st of each year, each Committee shall review the District's current Strategic Plan and identify Strategic Plan Elements pertaining to said Committee. The Committee's findings regarding such Strategic Plan review shall be reported back

to the Board at the next available regular Board Meeting for discussion and to allow the Board to provide direction back to the committees regarding completion of identified Strategic Plan Elements.

During the first regular meeting after January 1st of each year, each Committee shall prepare a multi-month forward looking calendar of items to be discussed by said Committee. Said calendar shall be no less than a three month look-ahead. Each Committee chairperson shall maintain said look-ahead calendar and submit same to the Board on a monthly basis.

The committee Chairperson shall record summary minutes of each committee meeting. The minutes of each committee meeting and any recommendation of a committee shall include a summary of the information presented.

All committee member absences will be considered by the majority of the committee members to determine whether or not the absence is without cause. Sickness, jury duty, vacation and/or bereavement will be considered excused absences. When three meetings in a row or a total of six meetings in one calendar year are missed the remaining committee members will consider removal of the individual from the committee. The removal must be voted upon and approved by the majority of the committee members with the exception of the committee member in question.

Vacancies shall be reported to the full Board as soon as practically possible. Vacancies shall be filled by simple majority vote of the Board.

Committee Members shall comply with the obligations and responsibilities of office including the obligation to comply with the disclosure requirements of the Political Reform Act (Form 700). The reporting categories made applicable to the Directors by San Lorenzo Valley Water District's local conflict of code shall apply to the members of the committee members.

All committee communications must go through the designated committee chairperson.

A committee has jurisdiction to consider and make a recommendation to staff, other committees and to the Board regarding any item of business within the responsibility of the committee. Committee recommendations shall be communicated to the Board. A committee may consider other matters referred to it by the Board.

The Board may refer a recommendation back to any committee for reevaluation whenever the Board deems additional evaluation is required.

Each Standing Committee shall, as a minimum, be responsible for the following:

Administrative Committee

The Committee shall be responsible for matters of internal and external administrative matters including: communications, staffing and staff support; District's data gap grant programs; interagency relations; codes and policies, pending State and Federal legislation; and other administrative programs.

Budget and Finance Committee

The Committee shall be responsible for the review of District finances including: rates, fees, charges and other sources of revenue; budget and reserves; audit; investments; insurance; and other financial matters.

Environmental / Engineering / Planning Committee

The Committee shall be responsible to review matters of stewardship, design, construction, replacement, and repair of the District facilities and property, including: The Capital Improvement Program; Master Plans; Urban Water Management Plans; Water Conservation Programs; Classic Watershed Education Grants; Watershed Management; Resource Management; and other environmental / engineering / operational and planning related matters.

Lompico ~~Assessment District~~ Oversight Committee

The Committee shall be responsible to review matters of ~~stewardship, design, construction, replacement, and repair of the District facilities and property~~ revenue and expenses directly related to Assessment District 2016-1, the Lompico Service Area.

MEMO

To: Board of Directors

From: District Manager
Prepared by: Environmental Programs Manager

SUBJECT: FINAL REPORT FOR THE FALL CREEK WATERSHED VIDEO

DATE: NOVEMBER 3, 2016

RECOMMENDATION

It is recommended that the Board of Directors review this memo and accept the 2015 Final Report for the FALL CREEK WATERSHED VIDEO.

BACKGROUND

June 2015 your Board awarded a Classic Watershed Education Grant in the amount of \$3,000 to Fred and Roberta McPherson for the production of the Fall Creek Watershed Video.

In October Fred and Roberta attended the Board of Directors Special Meeting and film premiere for the Fall Creek Watershed Video. It was well attended with over 50 attendees present to view the film. The McPhersons have shown the film at numerous other venues and have plans to continue to show the film to audiences around the San Lorenzo Valley and beyond. The final report as well as the list of community organizations who have received or viewed the video are provided in the attachment.

It is recommended that the Board of Directors accept the 2015 Final Report for the Fall Creek Watershed Video.

FISCAL IMPACT:
\$3,000

STRATEGIC PLAN:
Strategic Element 2.4 Watershed Stewardship - Environmental Education Program

TO: The Board of Directors and Educational Grant Committee Members
San Lorenzo Valley Water District

FROM: Fred and Roberta McPherson, Educational Grant Recipients

DATE: October 28, 2016

RE: FINAL REPORT FOR FALL CREEK WATERSHED VIDEO GRANT

First, we would like to thank the San Lorenzo Valley Water District for providing an educational grant, which made it possible for us to produce a video about the Fall Creek Watershed. It was a great adventure spending time in Fall Creek shooting footage from many different seasonal viewpoints and also getting to meet, spend time with and learn from the dedicated employees of the District who helped us in many different ways.

While we have not published any articles, we have publicized the video through personal contact and presentations with many community groups and classroom teachers. The main publicity comes from the video, itself, which begins with the statement “The following video was made possible by an education grant from the San Lorenzo Valley Water District.”

As stipulated in the grant, we have provided the District with two digital forms (a DVD and a flash drive) for use on the District Website. We can also provide a YouTube link that could be used on the Website to view the video.

We have made a number of public presentations of the video to the following groups and organizations where we distributed at least one copy of the video: At an evening meeting of the Henry Cowell docents and a second docent gathering after a Henry Cowell Native Plant Garden work day; for the SLVWD Board of Directors and public during Science Night at San Lorenzo Valley Elementary School, where we were able to share copies of the video with teachers not only from the San Lorenzo Valley School District, but also from the Pajaro Valley School District; at the recent District Employee Recognition Breakfast; and for a meeting of the Santa Cruz Mountains Bioregional Council.

We have scheduled upcoming classroom presentations at the high school with Jane Orbuch’s Advanced Placement Monitoring class and also Dave Grant’s Aquaculture classes. In addition, we are arranging to show the video to Science Academy classes at the middle school and have begun scheduling community presentations in Felton, Ben Lomond and Boulder Creek in cooperation with the San Lorenzo Valley Rotary, the Valley Women’s Club, Felton FLOW, and Henry Cowell Redwoods State Park. We are in the process of distributing the video to our three local libraries and will take one by Community TV in the near future. We also have tentative presentations with the California Native Plant Society and the San Lorenzo Valley Museum after the New Year.

We are in the process of distributing DVDs of the video to everyone who is acknowledged in the credits.

M E M O

TO: Board of Directors
FROM: District Manager
SUBJECT: Administration/Engineering Departments Status Report
DATE: ~~September 1st~~November 3rd, 2016

RECOMMENDATION:

It is recommended that the Board of Directors review and file the Administration/Engineering Departments status report.

BACKGROUND:

MEETINGS OF NOTE

- ~~September 16 the DM attended a Collaborative Water Resources Strategy Development Workgroup meeting attended by local water districts and County.~~
- ~~September 26 Director Baughman and DM attended a GSA formation subcommittee meeting~~
- ~~September 30 the DM attended an Internship Program formation meeting with local districts.~~
- ~~October 4th the DM attended a media event celebrating completion of the Regional Intertie project.~~
- ~~July 20 the DM and Board Secretary met with Chris Palmer, Regional Public Affairs Representative of CSDA.~~
- ~~July 25 the DM and Director Baughman attended a SGMA GSA Formation Committee Meeting at Scotts Valley Water District.~~
- ~~August 8 the DM, Ops Manager and Env. Prog. Manager attended a Regional Collaborative Agency Workshop with Scotts Valley WD, Sequel Creek WD, City of Santa Cruz and County of Santa Cruz to assist in identifying areas of mutual interest and benefit for future projects.~~
- ~~August 12 the DM attended a meeting at Community Foundation of Santa Cruz County regarding development of a regional internship program.~~
- ~~August 18 the DM attended a regional District Managers luncheon.~~
- ~~August 23 the DM attended the inaugural Lompico Oversight Committee~~

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ENTERPRISE WIDE COST-OF-SERVICE STUDY

- ~~Staffing study has been reviewed by Budget and Finance Committee and accepted by the Board for inclusion in the Cost of Service study.~~
- Capital Component ~~will was be~~ reviewed by Budget and Finance Committee on September 6th.
- Board-ready cost-of-service study draft expected to be presented to Budget and Finance Committee on ~~September 20~~ November 15

The intent of this study is to determine what the true cost of providing water and sewer service includes; watershed protection, water rights management, infrastructure, staffing and administration. These issues will be studied both from a geographical and seasonal standpoint.

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RATE STUDY REQUEST FOR PROPOSALS (RFP)

~~Staff and Budget & Finance Committee have begun work on preparing the Rate Study RFP. The B&F Committee hosted the GM's from Scotts Valley Water District and City of Santa Cruz on October 25th to discuss their recent rate study process and procedures.~~

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LEGAL SERVICES REQUEST FOR PROPOSALS (RFP)

~~Staff has been working with the Administration Committee preparing an RFP for legal services. Final edits were provided at the October 25th Administration Committee and the District is hoping to release the RFP in early November. Proposal review and interviews by the Board are expected to occur in early 2017.~~

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NEEDS ASSESSMENT REQUEST FOR PROPOSALS (RFP)

~~Staff has been working with the Administration Committee preparing an RFP for conducting an operational needs assessment for the District. The intent of a needs assessment is to determine, using current industry standards, how much space the District and individual departments need for efficient operation. The needs assessment will help the District in determining what should be done with current buildings (if anything) versus other options (leasing property, utilizing other District owned property, purchasing new property, etc.).~~

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~~The draft Needs Assessment RFP is expected to be released in late 2016.~~

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PROBATION TANK REPLACEMENT PROJECT

The 100% Plan Review is currently in progress. The Project's Habitat Conservation Plan (HCP) was approved by the Board in late summer.

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Staff and consultant continue to work on final HCP requirements. We are working to remain on track to obtain a permit in ~~Fall~~ Winter of 2016. Project is scheduled for bidding in ~~late early 2016-2017~~ and construction is expected to be completed in early ~~2017~~ 2018. Construction is expected to take 126 months

SRF Application has been submitted to State in August. State has responded and staff is working to provide additional information.

SWIM TANKS REPLACEMENT PROJECT

Plans and Specifications are complete and a Mitigated Negative Declaration ~~is being reviewed by the Board tonight for possible adoption~~ has been adopted by Board. Project has been deferred a minimum of six months while District applies for SRF funding.

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SRF Application has been submitted to State in August. State has responded and staff is working to provide additional information.

FALL CREEK FISH LADDER

100% plans and specifications are under staff review.

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Staff ~~recently~~ was informed in 2016 by Federal Fish and Wildlife (FFW) that the Fall Creek Diversion and Fish Ladder do not qualify for streamlined permitting. This is a change of direction from past conversations over the last three years. Individual consultation will be required and the District has submitted a request to the Army Corp of Civil Engineers. This new information will delay the project at least a year, if not longer.

INTERTIES 2, 3, 4

Primary project construction is finished. Testing is complete and the interties are fully functional and operational.

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County has rejected select area of paving on Graham Hill Road. District is in discussions with contractor to schedule a fix of the identified areas.

FELTON HEIGHTS WATER STORAGE TANK

Staff is working to obtain necessary easements on neighboring property. Design is expected for ~~fall~~ winter of 2016 with construction occurring in Spring 2017. Project has been deferred while District applies for SRF funding.

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LOMPICO

The merger was completed on June 1, 2016. Since that time staff has flushed the entire Lompico system. Currently the Lompico Service Area is being provided water through the booster station (former intertie) and all local water sources are off-line while the District conducts assessments of the local Lompico source water, particularly for Lead and Copper Rule compliance.

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~~New meters have arrived and staff has begun installation. As of this week all meters have been replaced.~~ Operations staff are to be commended for their aggressive schedule to complete replacement of all meters in the service area.

M E M O

TO: Board of Directors

FROM: District Manager

PREPARED BY: Environmental Programs Manager

SUBJECT: Environmental Status Report

DATE: November 3, 2016

RECOMMENDATION:

It is recommended that the Board of Directors review and file the Environmental Department status report.

BACKGROUND:

COUNTY ORDINANCE ON CANNABIS CULTIVATION

Staff worked with the Environmental Engineering and Planning Committee to prepare a letter on behalf of the District requesting environmental Best Management Practices (BMPs) be required as part of the licensing program for the Cultivation of Medical Cannabis Ordinance. Staff met with the County Commissions and many of the District's recommendations were incorporated into the recommendations that were submitted by the Commission on the Environment, the Water Advisory Commission and the Fish and Wildlife Advisory Commission. The County Board of Supervisors agenized the letter and a discussion of the details provided in the letter was held on October 13th. The Board of Supervisors had initiated an Environmental Impact Report for the Draft Ordinance, which will be reviewed late 2017.

FELTON LIBRARY

Staff has been meeting with a Technical Advisory Committee including Friends of the Felton Library, the Valley Women's Club and County Planners and administrators to design and implement an outdoor education area adjacent to the location for the new Felton Library and adjacent to the Kirby Treatment Plant. The New Library has been awarded 10 million dollars for construction of a new library. Public Planning Meetings have been set and the community is invited to attend and participate in the planning of the project.

The Felton Library Planning meeting will be held November 9th at 7:00 PM at 6299 Gushee St. Ideas are needed to make the new library an environmental mecca were youngsters can play and learn.

KIRBY RIPARIAN RESTORATION

Staff supported Linda Skeff and the CCC crews to remove a hybrid blackberry from District property at the Kirby Treatment Plant. The weed removal is part of a joint effort with County Parks to improve riparian habitat along Bull Creek in preparation for an outdoor education site, adjacent to the Kirby Treatment Property, which is planned by

the Friends of Felton Library. The Environmental, Engineering & Planning Committee discussed the effort at the June 29th meeting and decided to move forward with the plan to remove the blackberry, and heavily chip the area to prevent future growth. CCC crews conducted initial work on August 22-23, 2016. Staff communicated with County Officials, which determined there were no permit requirements. In the two days, 10 CCC crew members were able to remove about 1/3 to 1/2 of the invasive blackberry. Staff has requested that the funds from the Data Collection/Restoration Grants be reallocated to the restoration effort on Bull Creek at the Kirby Treatment Plant while the CCC is available. The Environmental Committee authorized the District Manager to reallocate the funds noting that it is within his spending authority.

SWIM TANKS MITIGATED NEGATIVE DECLARATION

Following the public comment period and the public hearing on October 6th, the district received no comments and therefore the Mitigated Negative Declaration for the Swim Tank Project has been submitted to submitted to the County Clerk for approval and permit to construct.

CONJUNCTIVE USE PLANNING GRANT APPLICATION

In a collaborative effort with the County of Santa Cruz a Planning Grant was submitted on behalf of the San Lorenzo Valley Water District in late August 2016 to address the following items: 1. operation of the interties for expanded conjunctive use, 2. Address inefficiencies in the Felton System. 3. Provide a plan for sustainable groundwater management. 4. Improve stream flow and fish habitat in Fall Creek and Lompico Creek.

If awarded, grant funds will be utilized for the initial planning phase for conjunctive use projects to balance District wide water needs to reduce overdraft on south system wells, while avoiding water right violations on Fall Creek, and enhancing stream flow and fish habitat on Fall Creek and the San Lorenzo River. We expect to learn if grant funds will be awarded in late November 2016.

FALL CREEK FISH LADDER- BIOLOGICAL ASSESSMENT

Staff is preparing an Initial Study to be submitted to the Army Corps of Engineers. Once submitted it will begin the permit process to acquire a Biological Opinion and a permit to construct the Fall Creek Fish Ladder Improvement Project. We anticipate construction to begin construction in Summer 2017 or Summer 2018.

FALL CREEK FISH LADDER GRANT APPLICATION

As part of a collaborative effort led by San Lorenzo 2025, to enhance fish habitat in the San Lorenzo River Watershed, the District has participated in a multi-project grant to acquire funding to help with the construction of the Fish Ladder. Other projects to enhance fish habitat include:

1. Lagoon Drain to prevent breaching of the river mouth, and to reduce flooding.
2. Branciforte Creek Passage Projects
3. Zayante Large Wood Project

The Grant was submitted June 2016. Staff expects to learn if grant funds will be awarded in late November 2016 and will provide updates on the grant process as they come available.

2015 URBAN WATER MANAGEMENT PLAN (UWMP)

Staff has worked closely with Water Systems Consulting (WSC) to update the 2015 UWMP. The Public Comment Period for the UWMP has been announced with 2 public notices in the Santa Cruz Sentinel. The Public Hearing is scheduled for November 3rd.

WATER CONSERVATION

Staff is working on public outreach to notify the customers that we are still in a Stage 2 Water Shortage Emergency. Water restrictions are still in effect. We have transitioned to a new water conservation message "Conserve to Preserve." Signs have been posted on two of the Hwy 9 (Route 35) bus lines. Soon new highway signs will be posted. Our monthly e-newsletters will be available in the coming week, Staff produces multiple posts on Facebook every week focused on various district business.

Rebates are Back! -Staff revised the Water Conservation Rebate program to include credits for water efficient clothes washers, greywater systems and irrigation controllers. We are directing our customers to the State's rebates for lawn removal and toilet replacement.

Staff continues to coordinate with the Water Conservation Coalition for a collaborative regional public outreach campaign. The District continues to support Cabrillo College water conservation/landscape course work. Spring classes are scheduled to begin in March. <http://www.cabrillo.edu/services/extension/green.html>

Upcoming Water Conservation Coalition collaborative efforts include:
County Faire: September 14-18th

PUBLIC OUTREACH/ DROUGHT OUTREACH

- E Newsletters are sent out to over 3000 customer email addresses at least monthly.
- The District Facebook page and website are updated regularly (3-5 times per week).
- Highway signs and truck decals were replaced in August with the new Conserve to Preserve theme.
- Media Alerts have been published in local papers regarding:
 1. 2 Public notices for the Public Comment Period for the 2015 UWMP Update
 2. Road closures for paving work on Graham Hill scheduled for October 28th

**SAN LORENZO VALLEY WATER DISTRICT
SPECIAL MEETING OF LOMPICO OVERSIGHT COMMITTEE
MINUTES
Oct 6, 2016
8 a.m.**

1) CONVENE MEETING/ROLL CALL:

Lompico Oversight Committee Chairperson Toni Norton convened the meeting at 8 a.m. April Crittenden, John Grunow, Lydia Hammack, Ruth Shaw and Toni Norton were in attendance.

2) ORAL COMMUNICATIONS:

No members of the public spoke at this point

3) OLD BUSINESS:

None.

4) NEW BUSINESS:

Chairperson Toni Norton requested that the discussion of the Lompico Surcharge be moved up to the first item on the Agenda, all agreed.

4b-Lompico Surcharge

Members of the public: Debbie Loewen, Ed Frech and John Schneider spoke in favor of the LOC (Lompico Oversight Committee) sending a memo supporting Debbie Loewen's assertion that the monthly surcharge amount was partially based on an outstanding debt owed by LCWD. Debbie provided documentation that led credence to this assertion. Apparently SLVWD agreed during the negotiations that if the debt was paid off, the surcharge would be reduced by the amount added to cover the debt repayment.

Ed Frech and former LCWD Board member, John Schneider spoke in support of Ms. Loewen's. John Schneider also spoke about his concerns that the SLVWD customers are not aware of the many assets LCWD has brought to the merger: i.e., over \$200,000 saved in a capital fund to begin the upgrades required by the state.

SLVWD Board Member Gene Ratcliffe also spoke at this time, explaining to the committee and members of the public that while SLVWD board members may have opinions regarding particular issues they cannot express them unless the issues appear on the Board agenda. She urged the public to attend meetings and state their opinions.

The LOC vote was unanimous to send a memo to the SLVWD Board urging them to reduce the surcharge as per Debbie Loewen's request.

4)a Assessment District Projects

Committee Member John Grunow spoke at length expressing his opinion that the replacement of tanks be delayed or deemed unnecessary. The other members of the committee expressed the opinion that the Lompico majority vote to approve the Assessment makes the argument moot and the projects must move forward. It was decided that the discussion will be continued at the next meeting.

4)c Disposition of Excess Cash at Time of Merger

District Manager Brian Le explained that the audit information is not yet available

4)d Status of the Lompico Merger Expenses Report

District Manager Lee explained that it is not yet available

4)e Tour of Facilities

After discussion between committee and District Manager Lee it was agreed that the facilities would be toured in groups of two by two.

4) f How to Address General Questions and Concerns from Customers

After discussion it was agreed that a link would be provided on the SLVWD website to a Lompico Oversight Committee page where Lompicans can leave questions. Chairperson Toni Norton will refer questions to SLVWD, when appropriate and take questions to the Committee for response when appropriate. The link will be posted to NextDoor and each of the Committee members named for the public's information.

4) g Water Main Repairs and Leakage Concerns

District Manager Brian Lee agreed to bring further information at a later date

4) h Placement of Lompico Surcharge on Bill

District Manager Brian Lee agreed to investigate and we'll revisit

INFORMATIONAL MATERIAL–

Debbie Loewen's information.

ADJOURNMENT

Chairperson Toni Norton adjourned the meeting

The next Administration Committee meeting will be on Thursday, November 10 at 6pm. at the old LCWD office.

SLVWD Admin Committee

October 25, 2016

Meeting Notes

2. Oral Communications

a. Ms. D Loewen of Lompico asked that committee meeting notes be paginated.

3. Old Business: Members of the public will be given the opportunity to address each scheduled item prior to Committee action. The Chairperson of the Committee may establish a time limit for members of the public to address the Committee on agenda items.

a. REQUEST FOR PROPOSAL FOR LEGAL SERVICES Discussion and possible action by the Committee regarding RFP for legal services.

DM Lee shared comments on the RFP from CM Fultz. CMs Bruce and Brown discussed CM Fultz's comments. CM's Bruce and Brown discussed with DM Lee various edits and clarifications. Consensus was reached that DM Lee should finalize the document and post for bidders at his earliest convenience so that replies may be considered late this year or early in the new year.

b. REQUEST FOR PROPOSAL FOR NEEDS ASSESSMENT Discussion and possible action by the Committee regarding RFP for needs assessment.

** Moving forward to November meeting **

c. LEAK ADJUSTMENT Discussion and possible action by the Committee regarding leak adjustment.

** Moving forward to November meeting **

4. New Business: Members of the public will be given the opportunity to address each scheduled item prior to Committee action. The Chairperson of the Committee may establish a time limit for members of the public to address the Committee on agenda items.

a. STATE WATER RESOURCES CONTROL BOARD – NOTICE OF VIOLATION Discussion by the Committee regarding the SWRCB – Notice of Violation.

DM Lee provided a brief overview of the SWRCB issued NOV to the SLVWD for failure to conserve. The basis of this NOV is the SWRCB's determination that adding the +/- 500 new connections should not be taken into consideration when calculating our production/consumption/conservation numbers.

The NOV memo from the state indicated that they were open to addressing this issue in the future. Committee members discussed strategies for engaging with the SWRCB to address this NOV and the

underlying “Catch 22” the District finds itself in on account of absorbing the Lompico district. CM Bruce recommended a trip to Sacramento to meet with the relevant SWRCB Department directors.

Public Comment: Ms. Loewen from Lompico commented that the District should try to be respectful in its communications with the State.

Ruth from Lompico commented that she was worried that the customers of the SLV in general would think that the NOV was Lompico’s fault and requested that the SLVWD be prepared to communicate that Lompico is not doing this on purpose. Ruth suggested that the SLVWD create a written piece describing the facts of the situation so that the state, media and interested citizens understand the issues.

b. LOMPICO OVERSIGHT COMMITTEE Discussion and possible action by the Committee regarding the Lompico Oversight Committee.

Public Comment: Ruth: Spell out charter in explicit detail to ensure roles are clear (not project management). DM Lee commented on the term “oversight” and CM Bruce and Brown suggested use of “review”. Toni (committee chair) re-committed to following all aspects of the Brown Act and asked about proper process.

D Loewen disagreed that the committee needs a name change. Wants to retain the word “oversight” in the title.

CM Bruce and CM Brown concur that in keeping with the phrasing and narrow scope of the original agreement, recommend retaining “oversight” in the name and proposed “Lompico Assessment District Oversight Committee”. This will go forward to Board.

Ed – Clarifications regarding agenda specificity – make sure titles in agenda are specific enough to convey to a regular citizen what the subject is about.