



SCOTTS VALLEY WATER DISTRICT

AGENDA PACKET

REGULAR BOARD MEETING

05/13/21 at 6:00 p.m.

This meeting is conducted in remote access format in compliance with Executive Order N-29-20.

Public participation is encouraged, join the meeting remotely through the meeting link: <https://zoom.us/j/98388137072>

Or by phone: 669 900 9128 Webinar ID: 983 8813 7072

The public has opportunities to make comments throughout the meeting: to comment online, use the raise hand option, by phone press *9.

BOARD OF DIRECTORS

Bill Ekwall, President

Ruth Stiles, Vice President

Wade Leishman, Director

Chris Perri, Director

Danny Reber, Director

Noelle Downing, Associate Director

Annie Finch Associate Director

Piret Harmon, General Manager

Water Industry Acronyms

AF – Acre Foot

AFY – Acre Foot per Year

ACWA – Association of California Water Agencies

ACWA JPIA – ACWA Joint Powers Insurance Authority

AWWA – American Water Works Association

BMP – Best Management Practices

CCR – Consumer Confidence Report

CD – Certificate of Deposit

CEQA - California Environmental Quality Act

CSDA – California Special District Association

DHS – Department of Health Services

DWR – Department of Water Resources

EIR – Environmental Impact Report

EPA – Environmental Protection Agency

FY – Fiscal Year

GASB – Governmental Accounting Standards Board

IRWM – Integrated Regional Water Management

JPA – Joint Powers Agreement

LAIF – Local Agency Investment Fund

LAFCO – Local Agency Formation Commission

LID – Low Impact Development

MCL – Maximum Containment Level

MGD – Million Gallons per Day

MGY – Million Gallons per Year

MOU – Memorandum of Understanding

O&M – Operations and Maintenance

PERS – Public Employees Retirement System

PHG – Public Health Goal

PPB – Parts Per Billion

PRV – Pressure Relief Valve

PVC Pipe – Polyvinyl Chloride Pipe

RWMF – Regional Water Management Foundation

RFP – Request for Proposals

ROW – Right-of-way

RWQCB – Regional Water Quality Control Board

SCWD – Santa Cruz Water Department (City of)

SDWA – Safe Drinking Water Act

SGMA – Sustainable Groundwater Management Act

SLVWD – San Lorenzo Valley Water District

SMGWA – Santa Margarita Groundwater Agency

SqCWD – Soquel Creek Water District

SWRCB – State Water Resources Control Board

TP – Treatment Plant

WY – Water Year



SCOTTS VALLEY WATER DISTRICT

Board of Directors
Regular Meeting
05/13/21 at 6:00 p.m.
Agenda

BOARD OF DIRECTORS
PRESIDENT Bill Ekwall
VICE PRESIDENT Ruth Stiles
Wade Leishman
Chris Perri
Danny Reber

ASSOCIATE DIRECTORS
Noelle Downing
Annie Finch

GENERAL MANAGER
Piret Harmon

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If experiencing technological difficulties online, then join the meeting via phone.

1. Convene

- 1.1. Call to Order and Roll Call
- 1.2. Pledge of Allegiance and Invocation
- 1.3. Closed Session Report (none)
- 1.4. Additions/Deletions to the Agenda
- 1.5. Oral Communications

2. Presentations

Biannual Water Use Efficiency Report
LeAnne Ravinale, Water Use Efficiency Coordinator

Capital and Maintenance Projects Fiscal Year 2022 - 2026
David McNair, Operations Manager

3. Administrative

Items are informational in nature and do not include an agenda report.

3.1. Approval of Minutes

Regular Board Meeting 04/08/21

3.2. Committee and other Agency Meeting Reports

Engineering and Water Resources Committee 04/26/21

Executive & Public Affairs Committee (none)

Finance & Personnel Committee 04/28/21

Interagency Committee (none)

Joint City–District Committee 04/12/21 and 05/06/21– oral

Santa Margarita Groundwater Agency (SMGWA) Board 04/22/21

3.3. [ACWA Region 5 Call for Candidates](#)

3.4. [LAFCO Service and Sphere Review for Scotts Valley Water District](#)

4. Consent

Items are routine in nature, may be approved by one motion and each item includes an agenda report.

4.1 [Reclassification of an Electrician/Instrumentation Technician position](#)

Recommendation: Approve the reclassification of one (1) Electrician / Instrumentation Technician position to alternatively staffed Electrical Instrumentation Technician / Electrical Instrumentation Technician Senior position.

4.2. [Surplus Vehicles](#)

Recommendation: Declare 2004 Ford F250 VIN 1FTMF20L84EC16472 and 2006 Ford F150 VIN FTRF17253NB26395 as surplus and authorize the advertisement of the vehicles for public sale.

5. Public Hearings (none)

6. Business

Items are complex in nature, considered individually, each item includes an agenda report with recommendation and an oral staff report or presentation.

6.1. [Debt Financing for Capital Projects and Pension Liability Funding Strategy](#)

Recommendation: 1) Authorize staff to proceed with efforts necessary for financing capital projects; and 2) Authorize the General Manager to proceed with the winning financing bid and execute necessary documents; and 3) Receive information and provide input on strategies for paying down the District's unfunded pension liability; and 4) Adopt Resolution 04-21 Establishing Policy P200-21-1 Debt Management.

6.2. [Water Supply Outlook and Demand Strategy 2021](#)

Recommendation: Establish Stage 2 Water Supply Conditions for Water Year 2021 and direct the staff to implement Add-on Drought Rates for the 2 billing periods: June-August, August-October.

6.3. [Water Use Efficiency Program Think Twice 2021 Update and Rebate Program 2021 Update](#)

Recommendation: 1) Approve the Think Twice Water Use Efficiency Program; and 2) Approve the Rebate Program.

6.4. [FY 2022 Proposed Budget Summary](#)

Recommendation: Receive Information and provide input.

7. Staff Reports

7.1. Legal

District Counsel - oral

7.2. Administrative

General Manager - oral

7.3. Finance

Financial Reports 07/01/20 through 03/31/21

7.4. Operations

Operations Report - oral

Production, Demand and Rainfall Data through 04/30/21

Leak Adjustment Program Report 07/01/20 through 03/31/21

7.5. Water Use Efficiency

Biannual Activity Report 11/01/20 through 04/30/21

8. Directors Reports

Travel and Meetings

ACWA and ACWA/JPIA Updates

Other

9. Written Correspondence

Letter of Opposition: AB 1434 Indoor Residential Water Use Standards 04/09/21

Letter of Support: AB 1500 Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2022.

10. Community Relations

[A Dry Year Leads Water Manager to Think about Conservation Measures](#), KSBW 8, 04/09/21

11. Closed Session (none)

12. Report on Closed Session and Additional Items (none)

13. Future Items

Budget Fiscal Year 2022

Urban Water Management Plan 2020

AWIA Risk and Resilience Assessment

Water Rate Study

14. Meetings and Event Calendar

Board Meetings

06/10/21

07/08/21

08/12/21

Committee Meetings

05/24/21 Executive & Public Affairs

05/26/21 Finance & Personnel

05/24/21 Engineering & Water Resources

06/03/21 Interagency

Santa Margarita Groundwater Agency

Board Meetings

05/27/21

06/24/21

07/22/21

Association of California Water Agencies (ACWA) Events

2021 Fall Conference and Exhibition 11/30/21 – 12/03/21 Pasadena

15. Adjourn

The next regular meeting of the Scotts Valley Board of Directors is scheduled for 06/10/21.

AVAILABILITY OF PUBLIC RECORDS PROVIDED TO THE BOARD OF DIRECTORS: THE DISTRICT WILL MAKE AVAILABLE FOR PUBLIC REVIEW ANY PUBLIC RECORDS FURNISHED TO THE BOARD OF DIRECTORS AT THE SAME TIME SUCH RECORDS ARE FURNISHED TO THE BOARD OF DIRECTORS. **SUCH RECORDS SHALL BE AVAILABLE AT WWW.SVWD.ORG AND AT THE DISTRICT OFFICE DURING NORMAL BUSINESS HOURS.**

PUBLIC ACCESS – ACCOMMODATIONS UNDER THE ADA: PURSUANT TO TITLE II OF THE AMERICANS WITH DISABILITIES ACT OF 1990, THE SCOTTS VALLEY WATER DISTRICT REQUESTS THAT ANY PERSON IN NEED OF ANY TYPE OF SPECIAL EQUIPMENT, ASSISTANCE OR ACCOMMODATION(S) IN ORDER TO EFFECTIVELY COMMUNICATE AT THE DISTRICT'S PUBLIC MEETING PLEASE MAKE SUCH A REQUEST TO THE DISTRICT OFFICE AT THE ABOVE ADDRESS OR BY CALLING (831) 438-2363 A MINIMUM OF THREE (3) WORKING DAYS PRIOR TO THE SCHEDULED MEETING. ADVANCE NOTIFICATION WITHIN THIS GUIDELINE WILL ENABLE THE DISTRICT TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY.

Scotts Valley Water District

Board of Directors
Regular Meeting
04/08/21 at 6:00 p.m.
Minutes

1. Convene

1.1. Call to Order and Roll Call

President Ekwall called the meeting to order at 6:02 p.m. This meeting was conducted in a remote access format in compliance with Executive Order N-29-20.

Directors

Bill Ekwall
Wade Leishman (absent)
Chris Perri
Danny Reber
Ruth Stiles

Staff

Bob Bosso, Legal Counsel
Piret Harmon, General Manager
Nick Kurns, Finance & Customer Service Manager
Donna Paul, Assistant to General Manager

Associate Directors

Noelle Downing
Annie Finch (absent)

Audience

6 guests

1.2. Pledge of Allegiance and Invocation

Associate Director Perri led the pledge of allegiance and Director Reber provided the invocation.

1.3. Closed Session Report (none)

1.4. Additions/Deletions to the Agenda

None.

1.5. Oral Communications

None.

2. Presentation

Pure Water Soquel

Ron Duncan, General Manager and Melanie Mow Schumacher, Special Projects and Communications Manager, Soquel Creek Water District presented the Pure Water Soquel Project. [Click here](#) to view presentation.

3. Administrative

3.1. Approval of Minutes

03/11/21 Regular Board Meeting

MOTION carried to approve the minutes of the 03/11/21 Regular Board Meeting by unanimous roll call vote, Director Leishman absent.

3.2. Committee and other Agency Meeting Reports

Engineering and Water Resources Committee 03/22/21

There was nothing further to add to the written report.

Executive & Public Affairs Committee (none)

Finance & Personnel Committee 03/17/21

There was nothing further to add to the written report.

Interagency Committee 03/04/21

There was nothing further to add to the written report.

Joint City–District Committee 02/22/21

Director Perri and Directors Stiles reported that the City and District are discussing a plan for what to do if the recycled water plant is down and recycled water is not available to the recycled water customers.

Santa Margarita Groundwater Agency (SMGWA) Board 02/25/21

In addition to the written report, Director Stiles and Director Perri provided comments.

4. Consent

MOTION carried to approve the consent agenda by unanimous roll call vote, Director Leishman absent.

4.1. Legal Services Agreement

Recommendation: Authorize the General Manager to execute an agreement with the Law Offices of Robert E. Bosso in the amount of \$42,000 per year for legal services.

4.2. Water Supply Outlook 2021

Recommendation: Receive information and proclaim May 2021 as Water Awareness Month.

5. Public Hearings (none)

6. Business

6.1. Groundwater Report, Water Year 2020

Georgina King, Montgomery & Associates presented the SVWD Groundwater Report for Water Year 2020 and responded to questions from the Board. [Click here](#) to view the presentation.

One guest provided public comment.

Motion carried to accept the Groundwater Management Plan Annual Report for Water Year 2020 with the addition of the following recommendations: 1) improve the pressure transducer data collection program; 2) resurvey well reference point elevations; and 3) continued participation in the development of the County of Santa Cruz's regional data management system; by unanimous roll call vote, Director Leishman absent.

6.2. Draft Annual Work Plan Fiscal Year 2022

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

MOTION carried to accept the Draft Annual Work Plan for FY 2022 by unanimous roll call vote, Director Leishman absent.

6.3. Capital and Maintenance Projects FY 2022-2026 Budget Projection

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

Operations Manager McNair presentation has been rescheduled to 05/13/21.

No action was taken on this item.

6.4. Budget Assumptions FY 2022

Finance and Customer Service Manager Kurns provided the staff report.

No action was taken on this item.

6.5. Water Rate Study Update

Finance and Customer Service Manager Kurns provided the staff report and responded to questions from the Board.

No action was taken on this item.

6.6. Exploration of Possible Consolidation of Scotts Valley Water District and San Lorenzo Valley Water District

General Manager Harmon provided the staff report.

Joe Serrano, Executive Officer LAFCO provided comments. He also reported that the District's service review will be discussed at the May 5th LAFCO meeting.

No action was taken on this item.

7. Staff Reports

7.1. Legal

District Counsel Bosso reported that he has worked on the recycled water issues and the Scottsborough payment was received.

7.2. Administrative

General Manager – oral

The General Manager's report is appended.

7.3. Finance

Financial Reports 07/01/20 through 02/28/21

The financial reports received no comments.

7.4. Operations

Operations Report (none)

Production, Demand and Rainfall Data (none)

Leak Adjustment Program Report 07/01/20 through 01/31/21

The operations reports received no comments.

8. Directors Reports

Director Reber reported that the Art Wine and Beer Festival will be held at Siltanen Park.

President Ekwall reported that all Directors have submitted Form 700s and are current on mandatory trainings.

9. Written Correspondence

ACWA Groundwater Committee Meeting Report 03/04/21 (Montgomery & Associates)

Letter of Support: SB 323 Local Government: water or sewer service: legal actions 03/19/20

The written correspondence received no comments.

10. Community Relations

Water District Merger a Good Move, Scotts Valley Times 03/01/21

March Newsletter

SVWD News, Scotts Valley Senior Life Online Webinar on YouTube 03/01/21

The community relations items received not comments.

11. Closed Session (none)

12. Report on Closed Session and Additional Items (none)

13. Future Items

Think Twice, Water Use Efficiency Program

Rebate Program

Water Supply Outlook 2021

Proposed Budget Fiscal Year 2022

Urban Water Management Plan

AWIA Risk and Resilience Assessment

Water Rate Study

14. Meetings and Event Calendar

Board Meetings

05/13/21

06/10/21

07/08/21

Committee Meetings

04/26/21 Executive & Public Affairs

04/28/21 Finance & Personnel

04/26/21 Engineering & Water Resources

06/03/21 Interagency

04/13/21 Joint City District

Santa Margarita Groundwater Agency

Board Meetings

04/22/21

05/27/21

06/24/21

Association of California Water Agencies (ACWA) Events

2021 Virtual Spring Conference and Exhibition 05/12/21 – 05/13/21

15. Adjourn

The meeting adjourned at 9:03 p.m.

Approved:

Attest:

Bill Ekwall,
Board President

Piret Harmon
General Manager

Draft

STAFF REPORT – General Items

Scotts Valley Water District

Date: April 8, 2021

To: Board of Directors

From: General Manager

1. A couple of resignation notices from neighboring agencies: Tina To, SLVWD Board Member and Daryl Jordan, City of Scotts Valley Public Works Director.
2. Scotts Valley City Council discussed the proposed wastewater rates at its meeting on 4/7 and supported staff recommendation for 9% increases in each year for FY 2022-FY 2026 period. The 5-year financial plan includes capital expenditure requirements for repair and replacement needs of the treatment plant and collection system but not the funds necessary to rehabilitate and modernize the treatment facilities. The City has issued an RFP for Wastewater Reclamation Facility Options Study: the proposals are due 4/23 and the draft study expected to be completed in a 3-month timeframe.
3. LAFCO Santa Cruz County is conducting a periodic Service and Sphere Review for Scotts Valley Water District. The staff of LAFCO is proposing a sphere amendment that aligns the existing sphere and service area boundaries. The draft report will be presented and available for public review later this spring.
4. As the dry weather continues, water purveyors in the Northern California are starting to declare drought conditions and establish response actions:
 - Santa Cruz Water Commission voted unanimously on 4/5 to recommend the City Council enact Stage 1 water shortage that means 10% systemwide water usage reduction.
 - Marin Municipal Water District is proposing mandatory conservation rules for the first time since 1988.
5. I was asked to serve on ACWA Region 5 Nominating Committee to select the Region 5 board members for the next term.
6. ACWA Spring Conference is scheduled for May 12-13 in virtual format. Please consider attending and reach out to Nick/Donna for additional information or assistance with registration.



SCOTTS VALLEY WATER DISTRICT

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Engineering and Water Resources Committee

04/26/21 4:00 p.m.

Meeting Report

1. Convene

The meeting convened at 4:00 p.m. and was conducted in remote access format in compliance with Executive Order N-29-20.

Present

Members: Community Member Krotcov, Director Leishman and Director Perri

Staff: General Manager Harmon, Finance & Customer Service Manager Kurns,
Operations Manager McNair and Assistant to General Manager Paul.

Guests: Director Ekwall (observer) and Director Stiles (observer).

2. Discussion Items

2.1. Leak Adjustment Program Report 07/01/20 through 03/31/21

The committee reviewed and briefly discussed the leak adjustment program report.

2.2. Water Supply Outlook 2021

The committee reviewed the water supply outlook and discussed strategies for balancing demand versus supply this year. The committee discussed a preference towards Stage 2 and 11% target reductions but will defer a final until tech memo from the spring groundwater measurements is complete and available.

2.3. Program Review: Think Twice and Rebates

The committee reviewed and accepted the revisions to the Think Twice and Rebate programs.

2.4. Draft Water Shortage Contingency Plan (included in Urban Water Mgmt Plan 2020)

The committee received and accepted the draft water shortage contingency plan.

3. Oral Communications

None.

4. Future Agenda Items

AWIA Risk and Resilience Assessment

Urban Water Management Plan 2020

5. Adjourn

The meeting adjourned at 5:29 p.m.



SCOTTS VALLEY WATER DISTRICT

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Finance and Personnel Committee

04/28/21 4:00 p.m.

Meeting Report

1. Convene

The meeting convened at 4:02 p.m. and was conducted in remote access format in compliance with Executive Order N-29-20.

Present

Members: Community Member Callahan, Director Ekwall and Director Reber.

Staff: General Manager Harmon, Finance & Customer Service Manager Kurns and Assistant to General Manager Paul.

Guests: Julio Morales, UFI and Wing-See Fox, UFI.

2. Discussion Items

2.1. Presentation: Unfunded Accrued Liabilities (UAL) Financing Strategies

Julio Morales, UFI Financial Solutions presented strategies for unfunded accrued liabilities financing and responded to questions.

2.2. Proposed Budget FY 2022

The committee reviewed and discussed the proposed FY 2022 budget.

2.3. Alternately Staffed Classification: Electrical Instrumentation Technician / Electrical Instrumentation Technician Senior

The committee reviewed and recommended Board approval of the reclassification of the Electrician/Instrumentation Technician to an alternately staffed classification of Electrical Instrumentation Technician / Electrical Instrumentation Technician Senior.

2.4. Financial Reports 07/01/20 through 03/31/21

The committee reviewed and discussed the financial reports.

3. Oral Communications

None.

4. Future Agenda Items

Water Rate Study

Identity Theft Prevention Program

5. Adjourn

The meeting adjourned at 5:06 p.m.

Board Meeting Recap: Apr 2021

SMGWA Board reviews Project and Management Actions

Santa Margarita Groundwater Agency's April board meeting was held Thursday, April 22, and was conducted via all-remote, web- and phone-based access due to the coronavirus prevention guidelines. The Board is working to develop the state-mandated Groundwater Sustainability Plan (GSP), aiming to complete a draft for review at the July 29, 2021, board meeting. Technical Consultant Georgina King from Montgomery & Associates presented an update on the statuses of the various sections of the GSP, which is due to Department of Water Resources in early 2022.

King presented revised approaches for determining measurable objectives and undesirable results for the three of the four aquifers within the basin (Lompico, Monterey and Butano). Board members had previously shown a preference for ensuring sufficient operational flexibility in case of an emergency and/or potential drought conditions. Following a discussion that modified the methodologies, the board directed staff to proceed with the updated criteria as presented.

The board also received a presentation on potential Projects and Management Actions (PMAs) for the GSP, including high level benefits analysis, preliminary planning costs and scenarios for implementation and incorporating the information into the GSP. PMAs demonstrate that the Agency has identified multiple ways the basin could reach sustainability and considered initial costs for those projects. Following a discussion of the proposed projects and management actions — ranging from water-use efficiency programs to groundwater replenishment projects — the board concluded that the presented information was sufficient and there is no reason for holding a separate workshop about PMAs.

Financial reports for the period January – March 2021 were included in the agenda packet for board review.

The next SMGWA Board of Directors meeting will be held Thursday, May 27, at 5:30 p.m. More information at www.smgwa.org.



SCOTTS VALLEY
WATER DISTRICT

MEMORANDUM

Date: May 3, 2021

To: ACWA REGION 5 MEMBER AGENCY PRESIDENTS AND GENERAL MANAGERS
(sent via e-mail)

From: ACWA REGION 5 NOMINATING COMMITTEE

- **Piret Harmon**, Scotts Valley Water District
- **Brian Lockwood**, Pajaro Valley Water Management Agency
- **Robert McDonald**, Carpinteria Valley Water District

The Region 5 Nominating Committee is looking for ACWA members who are interested in leading the direction of ACWA Region 5 for the 2022-2023 term. The Nominating Committee is currently seeking candidates for the Region 5 Board, which is comprised of Chair, Vice Chair and up to five Board Member positions.

The leadership of ACWA's ten geographical regions is integral to the leadership of the Association as a whole. The Chair and Vice Chair of Region 5 serve on ACWA's Statewide Board of Directors and recommend all committee appointments for Region 5. The members of the Region 5 Board determine the direction and focus of region issues and activities. Additionally, they support the fulfillment of ACWA's goals on behalf of members and serve as a key role in ACWA's grassroots outreach efforts.

If you, or someone within your agency, are interested in serving in a leadership role within ACWA by becoming a Region 5 Board Member, please familiarize yourself with the [Role of the Regions](#) and Responsibilities; the [Election Timeline](#); and the [Region 5 Rules and Regulations](#) and complete the following steps:

- **Complete the attached Region Board Candidate Nomination Form [HERE](#)**
- **Obtain a Resolution of Support from your agency's Board of Directors** (Sample Resolution [HERE](#))
- **Submit the requested information to ACWA as indicated by Wednesday, June 30, 2021**

The Region 5 Nominating Committee will announce their recommended slate by July 31, 2021. On August 2, 2021, the election will begin with ballots sent to General Managers and Board Presidents. One ballot per agency will be counted. The election will be completed on September 30, 2021. On October 4, 2021, election results will be announced. The newly elected Region 5 Board Members will begin their two-year term of service on January 1, 2022.

If you have any questions, please contact Regional Affairs Representative Jennifer Rotz at JenniferR@acwa.com or (916) 441-4545.

ACWA Regions provide the grassroots support to advance ACWA's legislative and regulatory agenda.

Background

As a result of ACWA's 1993 strategic planning process, known as Vision 2000, ACWA modified its governance structure from one that was based on sections to a regional-based configuration. Ten regions were established to provide geographic balance and to group agencies with similar interests.

Primary Charge of Regions

- To provide a structure where agencies can come together and discuss / resolve issues of mutual concern and interest and based on that interaction, provide representative input to the ACWA board.
- To assist the Outreach Task Force in building local grassroots support for the ACWA Outreach Program in order to advance ACWA's legislative and regulatory priorities as determined by the ACWA Board and the State Legislative, Federal Affairs or other policy committees.
- To provide a forum to educate region members on ACWA's priorities and issues of local and statewide concern.
- To assist staff with association membership recruitment at the regional level.
- To recommend specific actions to the ACWA Board on local, regional, state and federal issues as well as to recommend endorsement for various government offices and positions.

Region chairs and vice chairs, with support from their region boards, provide the regional leadership to fulfill this charge.

Note: Individual region boards CANNOT take positions, action or disseminate communication on issues and endorsements without going through the ACWA Board structure.

GENERAL DUTIES / RESPONSIBILITIES FOR REGION OFFICERS

Region Chair

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Chair will also call at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Serves as a member of ACWA's Outreach Program, and encourages region involvement. Appoints Outreach Captain to help lead outreach effort within the region.
- Presides over all region activities and ensures that such activities promote and support accomplishment of ACWA's Goals.
- Makes joint recommendations to the ACWA President regarding regional appointments to all ACWA committees.
- Appoints representatives in concurrence of the region board, to serve on the region's nominating committee with the approval of the region board.
- Facilitates communication from the region board and the region membership to the ACWA board and staff.

Region Vice Chair

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Vice Chair will also participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Performs duties of the Region Chair in the absence of the chair.
- Serves as a member of ACWA's Outreach Program, and encourages region involvement.
- Makes joint recommendations to the ACWA president regarding regional appointments to all ACWA committees.

Region Board Member

- Participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Supports program planning and activities for the region.
- Actively participates and encourages region involvement in ACWA's Outreach Program.
- May serve as alternate for the chair and/or vice chair in their absence (if appointed) to represent the region to the ACWA Board.

ACWA Region 5 Rules & Regulations

Each region shall organize and adopt rules and regulations for the conduct of its meetings and affairs not inconsistent with the Articles of Incorporation or bylaws of the Association (ACWA Bylaw V, 6.).

Officers

Region officers must be a local agency board member.

The chair shall appoint a secretary to the Board if one is deemed necessary.

Attendance

If a region chair or vice chair is no longer allowed to serve on the Board of Directors due to his / her attendance, the region board shall appoint from the existing region board a new region officer. (ACWA Policy & Guideline Q, 1.)

If a region chair or vice chair misses three consecutive region board / membership meetings, the same process shall be used to backfill the region officer position. (ACWA Policy & Guideline Q, 1.)

If a region board member has three consecutive unexcused absences from a region board meeting or general membership business meeting, the region board will convene to discuss options for removal of the inactive board member. If the vacancy causes the board to fail to meet the minimum requirement of five board members, the region must fill the vacancy according to its rules and regulations. (ACWA Policy & Guideline Q, 3.)

Vacancy

The vice chair position shall automatically ascend to the chair position in the event that a vacancy occurs in the chair position during the regular term cycle.

Elections

All nominations received for the region chair, vice chair and board positions must be accompanied by a resolution of support from each sponsoring member agency, signed by an authorized representative of the Board of Directors. Only one individual may be nominated from a given agency to run for election to a region board. Agencies with representatives serving on the nominating committees should strive not to submit nominations for the region board from their agency. (ACWA Policy & Guideline P, 2.)

Election ballots will be e-mailed to ACWA member agency general managers and presidents.

The nominating committee shall consist of three to five members.

In an effort to preserve objectivity during the nominating committee process, candidates other than nominating committee members shall be nominated for election.

The nominating committee should pursue qualified members within the region to run for the region board, and should consider geographic diversity, agency size and focus in selecting a slate.

See the current region election timeline for specific dates.

Endorsements

ACWA, as a statewide organization, may endorse potential nominees and nominees for appointment to local, regional, and statewide commissions and boards. ACWA's regions may submit a recommendation for consideration and action to the ACWA Board of Directors to endorse a potential nominee or nominee for appointment to a local, regional or statewide commission or board. (ACWA Policy & Guideline P, 3.)

Committee Recommendations & Representation

All regions are given equal opportunity to recommend representatives of the region for appointment to a standing or regular committee of the Association. If a region fails to provide full representation on all ACWA committees, those committee slots will be left open for the remainder of the term or until such time as the region designates a representative to complete the remainder of the term. (ACWA Policy & Guideline P, 4. A.)

At the first region board / membership meeting of the term, regions shall designate a representative serving on each of the standing and regular committees to serve as the official reporter to and from the committee on behalf of the region to facilitate input and communication. (ACWA Policy & Guideline P, 4. B.)

Tours

ACWA may develop and conduct various tours for the regions. All tour attendees must sign a "release and waiver" to attend any and all region tours. Attendees agree to follow environmental guidelines and regulations in accordance with direction from ACWA staff; and will respect the rights and privacy of other attendees. (ACWA Policy & Guideline P, 6.)

Finances

See "Financial Guidelines for ACWA Region Events" document.

Amending the Region Rules & Regulations

ACWA policies and guidelines can be amended by approval of the ACWA Board of Directors. The Region 5 Rules & Regulations can be amended by a majority vote of those present at any Region 5 meeting as long as a quorum is present.

2021 ACWA Region Election Timeline 2022-2023 Term

February 26:

NOMINATING COMMITTEES APPOINTED

- With concurrence of the region board, the region chairs appoint at least three region members to serve as the respective region's Nominating Committee
- Those serving on nominating committees are ineligible to seek region offices
- Nominating Committee members are posted online at www.acwa.com

March 1-31:

NOMINATING COMMITTEE TRAINING

- Nominating Committee packets will be e-mailed to each committee member
- ACWA staff will hold a Zoom training session with the nominating committees to educate them on their specific roles and duties
 - Regions 1-10 Nominating Committees: via Zoom

May 3:

CALL FOR CANDIDATES

- The Call for Candidate Nominations packet will be e-mailed to ACWA member agency Board Presidents and General Managers

June 30:

DEADLINE FOR COMPLETED NOMINATION FORMS

- Deadline to submit all Nomination Forms and Board Resolutions of Support for Candidacy for region positions
- Nominating Committee members may need to solicit additional candidates in person to achieve a full complement of nominees for the slate

July 1:

CANDIDATE INFORMATION TO NOMINATING COMMITTEES

- All information submitted by candidates will be forwarded by ACWA staff to the respective region Nominating Committee members with a cover memo explaining their task

July 11 - 31:

RECOMMENDED SLATES SELECTED

- Nominating Committees will meet to determine the recommended individuals for their region. The slate will be placed on the election ballot.
- Nominating Committee Chairs will inform their respective ACWA Regional Affairs Representative of their recommended slate by July 23
- Candidates will be notified of the recommended slate by July 30
- The Nominating Committee Chair will approve the official region ballot

August 2:

ELECTIONS BEGIN

- All 10 official electronic ballots identifying the recommended slate and any additional candidates for consideration for each region will be produced and e-mailed to ACWA member agencies only
- Only one ballot per agency will be counted

September 30:

ELECTION BALLOTS DUE

- ***Deadline for all region elections. All region ballots must be received by ACWA by **September 30, 2021*****

October 4:

ANNOUNCEMENT OF ELECTION RESULTS

- Newly-elected members of the region boards will be contacted accordingly
- An ACWA Advisory will be distributed electronically to all members reporting the statewide region election results
- Results will be posted at acwa.com and will be published in the October issue of ACWA News

REGION BOARD CANDIDATE NOMINATION FORM



Submit completed form by **June 30, 2021** to regionelections@acwa.com

Name of Candidate:	Title:
Agency:	Agency Phone:
Direct Phone:	E-mail:
Address:	ACWA Region: County:

Region Board Position Preference
<i>If you are interested in more than one position, please indicate priority - 1st, 2nd and 3rd choice.</i>
Chair:
Vice Chair:
Board Member:

If you are not chosen for the recommended slate, would you like to be listed in the ballot's individual candidate section?
<i>If neither is selected, your name will NOT appear on the ballot.</i>
Yes
No

Agency Function(s)
<i>Check all that apply</i>
Wholesale
Urban Water Supply
Ag Water Supply
Sewage Treatment
Retailer
Wastewater Reclamation
Flood Control
Groundwater Management / Replenishment
Other:

Describe your ACWA-related activities that help qualify you for this office:

Write below or attach a half-page bio summarizing the experience and qualifications that make you a viable candidate for ACWA Region leadership. Please include the number of years you have served in your current agency position, the number of years you have been involved in water issues and in what capacity you have been involved in the water community.

I acknowledge that the role of a region board member is to actively participate on the Region Board during my term, including attending region board and membership meetings, participating in region conference calls, participating in ACWA's Outreach Program, as well as other ACWA functions to set an example of commitment to the region and the association.

I hereby submit my name for consideration by the Nominating Committee.

Signature	Title	Date
-----------	-------	------

RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
(DISTRICT NAME)
PLACING IN NOMINATION (NOMINEE NAME)
AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
REGION ____ (POSITION)**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF (DISTRICT NAME) AS FOLLOWS:

A. Recitals

(i) The Board of Directors (Board) of the (District Name) does encourage and support the participation of its members in the affairs of the Association of California Water Agencies (ACWA).

(ii) (Nominee Title), (Nominee Name) is currently serving as (Position) for ACWA Region ____

and/or

(iii) (Nominee Name) has indicated a desire to serve as a (Position) of ACWA Region ____.

B. Resolves

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF (DISTRICT NAME),

(i) Does place its full and unreserved support in the nomination of (Nominee Name) for the (Position) of ACWA Region ____.

(ii) Does hereby determine that the expenses attendant with the service of (Nominee Name) in ACWA Region ____ shall be borne by the (District Name).

Adopted and approved this ____ day of ____ (month) 2021.

(SEAL)

(Nominee Name), (Title)
(District Name)

March 31, 2021

ATTEST:

(Secretary Name), Secretary

I, (SECRETARY NAME), Secretary to the Board of Directors of (District Name), hereby certify that the foregoing Resolution was introduced at a regular meeting of the Board of Directors of said District, held on the ____ day of ____ (month) 2021, and was adopted at that meeting by the following roll call vote:

AYES:

NOES:

ABSENT:

ATTEST:

(Secretary Name), Secretary to the
Board of Directors of
(District Name)

March 31, 2021



Santa Cruz Local Agency Formation Commission

Date: May 5, 2021
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Service and Sphere Review for Scotts Valley Water District**

SUMMARY OF RECOMMENDATION

LAFCO periodically performs municipal service reviews and sphere of influence updates for each agency subject to LAFCO's boundary regulations. As part of the Commission's Multi-Year Work Program, LAFCO staff has drafted a service and sphere review for Scotts Valley Water District ("District") and scheduled a public hearing.

It is recommended that the Commission take the following actions:

1. Find, pursuant to Section 15061(b)(3) of the State CEQA Guidelines, that LAFCO determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
2. Determine, pursuant to Government Code Section 56425, that LAFCO is required to develop and determine a sphere of influence for Scotts Valley Water District, and review and update, as necessary;
3. Determine, pursuant to Government Code Section 56430, that LAFCO is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
4. Adopt LAFCO Resolution (No. 2021-11) approving the 2021 Service and Sphere of Influence Review for Scotts Valley Water District with the following conditions:
 - a. Update the District's current sphere of influence to include areas already served by SVWD and within the District's jurisdictional boundary;
 - b. Coordinate with the SVWD to analyze possible annexations of the eight unserved areas substantially surrounded or immediately adjacent to the water district; and
 - c. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the Scotts Valley Water District and any other interested or affected parties, including but not limited to the City of Scotts Valley and the San Lorenzo Valley Water District.

EXECUTIVE OFFICER'S REPORT:

State law requires LAFCO to periodically review and update the services and spheres of all cities and special districts. In accordance with the Commission's adopted Multi-Year Work Program, LAFCO staff has prepared a service and sphere review for Scotts Valley Water District (refer to **Attachment 1**). Key findings and recommendations are presented in the *Executive Summary* of the attached report. The service and sphere review also includes an analysis of the District's ongoing operations, current financial performance, existing governance structure, ability to provide services, and its importance within its jurisdictional area. The attached report concludes with determinations required by State law. This staff report summarizes the service and sphere review's findings, as shown below.

Purpose & Key Findings

The goal of this analysis is to accomplish the Commission's direction to complete a service and sphere review for the District under the Multi-Year Work Program and fulfill the service and sphere determinations under the Cortese-Knox-Hertzberg Act. The following are the main conclusions of the report:

1. The District provides water services to an estimated 12,000 constituents.

SVWD currently provides water service to a population of 11,800 through approximately 4,300 residential, commercial, and institutional connections, and fire services. The District operates and maintains a potable water distribution system that includes groundwater wells, treatment facilities, storage tanks, pump stations, pressure regulating stations and distribution mains and services to meet the potable water demands of its customers. The District delivers approximately 1,100 to 1,200 acre feet per year (AFY) of potable water to its customers. LAFCO staff projects that the entire population of SVWD will reach 12,200 by 2040.

2. The District is financially sound.

SVWD's financial ability to provide services is well-established. The District has successfully kept operating costs below its operating revenue since 2017. Four of the last six audited financial statements had an overall annual surplus ranging from \$260,000 to \$2.2 million. As of June 30, 2020, the District is operating with a net fund balance of approximately \$17 million.

3. The District has a capital improvement plan in place.

SVWD adopts a capital improvement plan every year as part of its annual budget. A total of 15 capital improvement projects are planned to be completed by 2021. The District has also prepared a complete system condition assessment and a 10-year capital improvement plan. The purpose of this long-range plan is to identify and prioritize needs and project costs for planned repair and replacement to the infrastructure that will serve the affected ratepayers in an efficient and cost-effective manner.

4. The District is complying with website requirements under State law.

State law now requires all independent special districts to maintain and operate a website as of January 1, 2020. SVWD continues to provide a large array of information on their website. LAFCO staff encourages the District to continue this effort and include other useful documents outlined in Senate Bill 929, including but not limited to LAFCO's adopted services reviews.

- 5. The District is one of two agencies that provides water services to Scotts Valley.**
The City of Scotts Valley currently receives water service primarily from the SVWD but also the San Lorenzo Valley Water District (SLVWD). By having two water providers, the residents of Scotts Valley are subject to two different boards, policies, and water rates. It may be beneficial for the City, the two water districts, and LAFCO to collaborate and determine the most efficient method of providing water service to the entire Scotts Valley community.
- 6. The District's sphere of influence requires an update.**
The last sphere amendment occurred in November 2016. Based on staff's analysis, a total of eight unserved areas that are substantially surrounded or immediately adjacent to the water district should be annexed in the foreseeable future. The size of these areas range from 0.24 to 96 acres. Additionally, there are some areas served by the District that are not reflected in the sphere boundary. LAFCO staff is recommending that the sphere boundary include these areas.

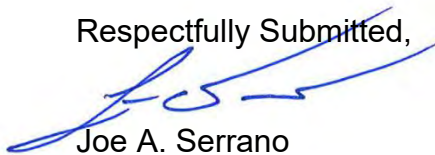
Environmental Review

LAFCO staff has conducted an environmental review for the draft service and sphere review in accordance with the California Environmental Quality Act (CEQA). Staff has determined that the service and sphere review is exempt because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and the activity is not subject to CEQA (Section 15061[b][3]). A Notice of Exemption, as shown in **Attachment 2**, was recorded on April 6.

Agency Coordination and Public Notice

A hearing notice for this draft service review was published in the April 13th issue of the Santa Cruz Sentinel (**Attachment 3**). The draft service and sphere review is attached to this staff report. Due to the size of the report, the appendices are not included in the attached service review. The complete service and sphere review, with all appendices, is available on LAFCO's website: <https://www.santacruzlafco.org/reviews/>. An administrative draft of the report was shared with Piret Harmon, the District's General Manager. This allowed the District an opportunity to review LAFCO staff's findings and provide corrections and/or feedback. Ms. Harmon's assistance in completing this service review was appreciated. In conclusion, staff is recommending that the Commission adopt the attached resolution (refer to **Attachment 4**) approving the service and sphere review.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachments:

1. Service and Sphere Review – Administrative Draft (without Appendices)
2. Environmental Determination – Categorical Exemption
3. Public Hearing Notice
4. Draft Resolution No. 2021-11

cc: Piret Harmon, Scotts Valley Water District General Manager
Rick Rogers, San Lorenzo Valley Water District General Manager
Tina Friend, Scotts Valley City Manager

Scotts Valley Water District

Service and Sphere of Influence Review



Administrative Draft (May 5, 2021)

Local Agency Formation Commission of Santa Cruz County

701 Ocean Street, Room 318-D Santa Cruz, CA 95060

Website: www.santacruzlafco.org

Phone: (831) 454-2055



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EXECUTIVE SUMMARY

Introduction

This Service and Sphere of Influence Review provides information about the services and boundaries of the Scotts Valley Water District (SVWD). The report will be used by the Local Agency Formation Commission (LAFCO) to conduct a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that LAFCO conduct periodic reviews and updates of Spheres of Influence for all cities and special districts in Santa Cruz County (Government Code section 56425). It also requires LAFCO to conduct a review of municipal services before adopting sphere updates (Government Code Section 56430). The District's last service review was adopted on November 2, 2016.

The municipal service review process does not require LAFCO to initiate changes of organization based on service review conclusions or findings; it only requires that LAFCO make determinations regarding the delivery of public services in accordance with the provisions of Government Code Section 56430. However, LAFCO, local agencies, and the public may subsequently use the determinations and related analysis to consider whether to pursue changes in service delivery, government organization, or spheres of influence.

Service and sphere reviews are informational documents and are generally exempt from environmental review. LAFCO staff has conducted an environmental review of the District's existing sphere of influence pursuant to the California Environmental Quality Act (CEQA) and determined that this report is exempt from CEQA. Such exemption is due to the fact that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment (Section 15061[b][3]).

District Overview

The Scotts Valley Water District was formed in 1961 and operates under the County Water District Law (Sections 30000 et seq. of the California Water Code) for the purpose of developing and providing water for domestic use, fire protection, commercial/industrial use, and recreation in the Scotts Valley area. At present, SVWD provides water service to approximately 4,330 connections covering most of the City of Scotts Valley and the unincorporated communities north of Scotts Valley. The District also distributes recycled water from the Tertiary Treatment Plant owned and operated by the City of Scotts Valley. As of June 30, 2020, residential customers represent approximately 80% of the District's customer base and consume approximately 67% of the potable water produced annually by the District. The District currently has a total of six production wells with a maximum capacity of 1,400 gallons per minute. An overview map, depicting its current jurisdictional and sphere boundaries, is shown as **Figure 1** on page 5.

Sphere of Influence

Santa Cruz LAFCO adopted the first sphere of influence for SVWD on October 16, 1985. The current sphere excludes areas within the District's jurisdictional boundary. The last sphere update occurred in November 2016 as part of the District's last service and sphere review. LAFCO staff is recommending that the sphere boundary be amended to include the areas already served by SVWD, as shown in **Figure 8** on page 30.

Key Findings

The following are key findings of the 2021 Service and Sphere of Influence Review for the Scotts Valley Water District:

1. The District provides water services to an estimated 12,000 constituents.

SVWD currently provides water service to a population of 11,800 through approximately 4,300 residential, commercial, and institutional connections, and fire services. The District operates and maintains a potable water distribution system that includes groundwater wells, treatment facilities, storage tanks, pump stations, pressure regulating stations and distribution mains and services to meet the potable water demands of its customers. The District delivers approximately 1,100 to 1,200 acre feet per year (AFY) of potable water to its customers. LAFCO staff projects that the entire population of SVWD will reach 12,200 by 2040.

2. The District is financially sound.

SVWD's financial ability to provide services is well-established. The District has successfully kept operating costs below its operating revenue since 2017. Four of the last six audited financial statements had an overall annual surplus ranging from \$260,000 to \$2.2 million. As of June 30, 2020, the District is operating with a net fund balance of approximately \$17 million.

3. The District has a capital improvement plan in place.

SVWD adopts a capital improvement plan every year as part of its annual budget. A total of 15 capital improvement projects are planned to be completed by 2021. The District has also prepared a complete system condition assessment and a 10-year capital improvement plan. The purpose of this long-range plan is to identify and prioritize needs and project costs for planned repair and replacement to the infrastructure that will serve the affected ratepayers in an efficient and cost-effective manner.

4. The District is complying with website requirements under State law.

State law now requires all independent special districts to maintain and operate a website as of January 1, 2020. SVWD continues to provide a large array of information on their website. LAFCO staff encourages the District to continue this effort and include other useful documents outlined in Senate Bill 929, including but not limited to LAFCO's adopted services reviews.

5. The District is one of two agencies that provides water services to Scotts Valley.

The City of Scotts Valley currently receives water service primarily from the SVWD but also the San Lorenzo Valley Water District (SLVWD). By having two water providers, the residents of Scotts Valley are subject to two different boards, policies, and water rates. It may be beneficial for the City, the two water districts, and LAFCO to collaborate and determine the most efficient method of providing water service to the entire Scotts Valley community.

6. The District's sphere of influence requires an update.

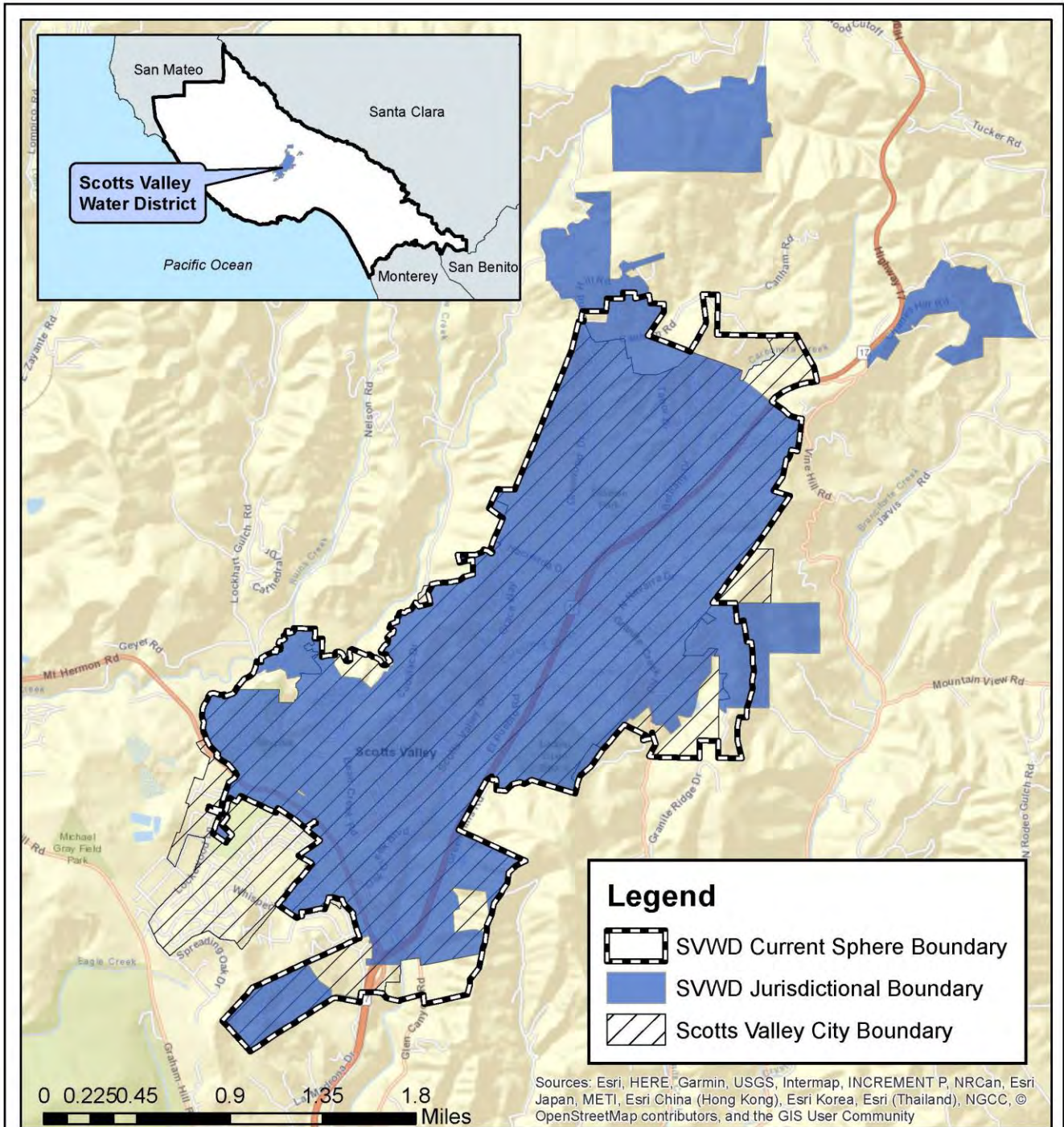
The last sphere amendment occurred in November 2016. Based on staff's analysis, a total of eight unserved areas that are substantially surrounded or immediately adjacent to the water district should be annexed in the foreseeable future. The size of these areas range from 0.24 to 96 acres. Additionally, there are some areas served by the District that are not reflected in the sphere boundary. LAFCO staff is recommending that the sphere boundary include these areas.

Recommended Actions

Based on the analysis and findings in the 2021 Service and Sphere of Influence Review for the Scotts Valley Water District, the Executive Officer recommends that the Commission:

1. Find that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, LAFCO determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
2. Determine, pursuant to Government Code Section 56425, the Local Agency Formation Commission of Santa Cruz County is required to develop and determine a sphere of influence for the Scotts Valley Water District, and review and update, as necessary;
3. Determine, pursuant to Government Code Section 56430, the Local Agency Formation Commission of Santa Cruz County is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
4. Adopt Resolution (LAFCO No. 2021-11) approving the 2021 Service and Sphere of Influence Review for Scotts Valley Water District with the following conditions:
 - a. Update the District's current sphere of influence to include areas already served by SVWD and within the District's jurisdictional boundary;
 - b. Coordinate with the SVWD to analyze possible annexations of the eight unserved areas substantially surrounded or immediately adjacent to the water district; and
 - c. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the Scotts Valley Water District and any other interested or affected parties, including but not limited to the City of Scotts Valley and the San Lorenzo Valley Water District.

Figure 1: Current Sphere Map



Scotts Valley Water District Jurisdictional and Sphere Boundaries

Original sphere adopted on October 16, 1985
 Sphere reaffirmed on November 2, 2016
 Proposed sphere amendment on May 5, 2021

Vicinity map created on March 17, 2021



DISTRICT OVERVIEW

History

The SVWD was formed in 1961 as a County Water District under the County Water District Act with the purpose of providing water for domestic, commercial, municipal and firefighting purposes. The District is located six miles north of the City of Santa Cruz, along State Highway 17 and covers approximately six square miles. The District is located in the Santa Cruz Mountains approximately five miles inland from the Monterrey Bay and the service boundary runs approximately five miles from north to south and one mile from east to west encompassing the majority of the incorporated area of the City of Scotts Valley and a portion of an unincorporated area north of the City. Notable exceptions to the service area include the Pasatiempo Pines and Mañana Woods subdivisions, Vista Del Lago Mobile Home Park that are served by the San Lorenzo Valley Water District.

The District's customer base is predominantly single and multi-family residential with some commercial, industrial, institutional, recreational and landscape customers. SVWD operates and maintains both a potable water and recycled water distribution system to serve customers within its service boundary. The District delivers approximately 1,100 to 1,200 acre feet per year (AFY) of potable water to its customers. In 2020, recycled water delivery was approximately 180 AFY totaling about 13% of the District's total demand.

A total of 42 boundary changes have been approved by LAFCO, with a 73-acre annexation being last recorded in July 2019. **Table 1**, on pages 7 and 8, provides an overview of all the approved boundary changes since 1965. Today, the District's service area encompasses approximately six (6) square miles, as shown in **Figure 1** on page 5.



Table 1: SVWD Past Boundary Changes

Project Number	Proposal Title	Action Date
60	Jud Annexation to SVWD	11/17/1965
67	Molina Annexation to SVWD	2/16/1966
68	Gregson Annexation to SVWD	2/16/1966
95	Stevens, Seuss, Martin, Gordon, PG & E Annexation to SVWD	9/21/1966
108	Sandhill Annexation No. 1 to SVWD	5/24/1967
132	Green Valley Annexation to SVWD	8/21/1968
145	Ow Annexation to SVWD	11/20/1968
146	Gordon Annexation to SVWD	11/20/1968
219	Glenwood Acres Annexation to SVWD	6/17/1970
248	Montevelle Annexation to SVWD	10/21/1971
249	Steinberg Annexation to SVWD	12/16/1970
304	Graham Annexation to SVWD	4/19/1972
305	Monteith / Church Annexation	3/15/1972
325	Mt. Hermon Rd. Annexation to SVWD	9/20/1972
330	Watkins-Johnson Annexation to SVWD	7/19/1972
341	Fox Annexation to SVWD	10/18/1972
348	Baker Annexation to SVWD	11/15/1972
361	Graham Reorganization from SLVWD to SVWD	6/20/1973
380	Bean Creek Detachment from SVWD	5/8/1974
398	Scottsborough Annexation to SVWD	9/11/1974
404	Lakin Annexation to SVWD	11/13/1974

Project Number	Proposal Title	Action Date
416	Rodriguez Annexation to SVWD	4/2/1975
431	Koon Annexation to SVWD	9/3/1975
445	Fontenay Annexation to SVWD	11/5/1975
516	Casa Way / Highgate Rd. Annexation to SVWD	2/1/1978
520	Kirkorian Annexation to SVWD	4/5/1978
537	Buse Annexation to SVWD	12/6/1978
560	Hatten Annexation to SVWD	7/11/1979
573	Crescent Court (B) Reorganization	7/2/1980
634	Granite Creek Annexation	12/19/1983
647	Interim SOI	10/16/1985
652	Hacienda Dr. / Mills No. 652 Reorganization	12/19/1983
717	Whispering Pines Dr. Reorganization	4/2/1986
743	Granite Creek / Wright Annexation	3/1/1989
782	Making Determinations & Authorizing Proceedings to Reorganize Territory Designated as Green Hills Reorganization	2/5/1992
791	Skypark Reorganization	3/10/1994
792	Valley Gardens Golf Course Reorganization	5/5/1993
792	SOI Amendment to SVWD	5/5/1993
831	Latos Reorganization & Subsequent Sphere Amendment	12/4/1996
923	3132 Glen Canyon Road Extraterritorial Water Service from SVWD	1/9/2008
965	Cumbre Lane Reorganization	3/6/2019
966	Heritage Parks Annexation to SVWD	1/9/2019

Services and Operations

The District operates and maintains a potable water distribution system that includes groundwater wells, treatment facilities, storage tanks, pump stations, pressure regulating stations and distribution mains and services to meet the potable water demands of its customers. The District operates its system facilities primarily through a radio based Supervisory Control and Data Acquisition (SCADA) system. District operators continually assess system supply and demand conditions throughout each day using the SCADA system and make adjustments to system operations as needed. A primary operational objective is ensuring uninterrupted and safe water supply to its customers at all times. The District relies on its local groundwater basin for its entire potable water supply. As a result, water systems operations are driven by groundwater well and treatment plant production. The following section provides a general description of the water system and its operating characteristics.

Pressure Zones

The District operates with a total of thirteen (13) pressure zones, each with a unique hydraulic gradient that provides water service within acceptable operating pressure ranges. Pressure zones are defined as areas of service that are supplied by a source (or combination of sources) that provide a constant hydraulic gradient. Pressure zone boundaries are determined by ground elevations and facility locations. Some of the pressure zones have similar hydraulic gradients but are hydraulically independent from one another due to the location of pump stations or storage tanks.

Each pressure zone is isolated by boundary conditions, such as pumps, pressure reducing stations, storage tanks, and normally closed valves. The hydraulic grade line (HGL) of each pressure zone is generally based on the high-water level of the storage tank serving each respective zone. **Table 2** identifies the District's potable water system pressure zones, their HGL designation, and the facility establishing the HGL for each zone.

Table 2: Pressure Zones (Listed by Distance)

Pressure Zone Name	HGL (distance by feet)	Pressure Zone Facility
1. Green Valley	565	Watkins Johnson PRV
2. Camp Evers (Sequoia)	820	MacDorsa Tank
3. Glenwood	946	Glenwood Tank
4. MacDorsa	961	MacDorsa Tank
5. Hacienda (Closed)	1,052	Hacienda Pump Station
6. Southwood	1,077	Southwood Tank
7. Bethany	1,082	Bethany Tank
8. Monte Fiore (Closed)	1,115	Monte Fiore Pump Station
9. Green Acres No. 2	1,160	Green Acres PRV #2 & #3
10. Villa Fonteney	1,178	Villa Fonteney Tank
11. Sand Hill	1,202	Sand Hill PRV
12. Green Acres No. 1	1,307	Green Acres PRV #1
13. Northridge	1,480	Mt. Roberta Tank

Footnote: PRV means pressure reducing valves

Groundwater Wells

SVWD relies solely on the local groundwater basin for its potable water supply, which is extracted by six (6) groundwater wells, all of which receive treatment to meet potable water quality requirements. **Table 3** provides a summary of the groundwater wells.

Table 3: Groundwater Wells (Listed by Alphabetical Order)

Groundwater Well	Nominal Production (gallons per minute)	Status (Active or Standby)	Water Treatment Plant
3B	320	Active	Orchard Run
Orchard Run	450	Active	Orchard Run
9	90	Active (Emergency)	WTP Well 9
10	0	Abandoned	-
10A	300	Active	WTP Well 10A
11A	100	Active	El Pueblo
11B	300	Active	El Pueblo

Groundwater Treatment Plants

There are four (4) groundwater treatment plants that remove various hazardous materials from the groundwater supply to meet State and Federal water quality requirements. **Table 4** provides a summary of the groundwater treatment plants.

Table 4: Groundwater Treatment Plants (List by Rated Capacity)

Treatment Plant	Rated Capacity (gallons per minute)	Sources	Hazardous Materials	Treatment Regime
Well 9	100	Well 9	Sulfate, MTBE, VOC's, Hydrogen Sulfide	Chlorination, Granular Activated Carbon Filtration
Well 10A	400	Well 10 & Well 10A	Iron, Manganese, VOC's, Hydrogen Sulfide	Air Stripper, Chlorination, Dual Media Filtration, Sequestering Agent, Standby GAC Filtration, PO4 Corrosion Inhibitor
El Pueblo	800	Well 11A & Well 11B	Iron, Manganese, Arsenic, VOC's	pH Adjustment, Chlorination, Dual Media Filtration, Sequestering Agent, PO4 Corrosion Inhibitor
Orchard Run	1,200	Well 3B & Well 7A	Iron, Manganese, Hydrogen Sulfide	Air Stripper, Chlorination, Dual Media Filtration, Sequestering Agent, PO4 Corrosion Inhibitor

Footnote: VOC means volatile organic compounds; a type of VOC is Methyl tertiary butyl ether or "MTBE." MTBE increases octane and oxygen levels in gasoline and reduces pollution emissions.

Pump Stations

SVWD relies on ten (10) pump stations to boost water to higher elevations and storage tanks within the Distribution System. The pumps range in size, type, and capacity. As previously noted, four of these pump stations are co-located at the groundwater treatment plants and convey treated water from the treatment plant sites to the upper hydraulic gradients. Pump stations are critical elements of the District's Distribution System, moving the source water to the higher elevations. **Table 5** provides a summary of these pump stations.

Table 5: Pump Stations (Listed by Number of Pumps)

Pump Station	Nominal Capacity (gallons per minute)	Number of Pumps	Pump Size (HP)	Auxiliary Power
1. Well 9 WTP Booster	200	1	40	Generator Receptacle
2. Sand Hill	240	2	40	Generator Receptacle
3. Crescent	280	2	15	Generator Receptacle
4. Bethany	230	2	15	Generator Receptacle
5. Southwood	150	2	15	Generator Receptacle
6. Monte Fiore	12-15	2	15	On-Site Diesel Generator
7. Hacienda	4-6	2	5	None
8. Well 10A WTP Booster	420	3	20	Generator Receptacle
9. El Pueblo WTP Booster	800	2	40	On-Site Diesel Generator
10. Orchard Run WTP Booster	720	3	75	On-Site Diesel Generator

Footnote: Energy imparted to water by the pump is called water horsepower (HP)

Storage Tanks

SVWD owns, operates, and maintains eight (8) potable water storage tanks, all of which are located above ground. These storage tanks are located on separate sites and range in capacity from 0.03 million gallons (MG) to 1.25 MG providing a total nominal storage capacity of 4.5 MG. The storage tanks provide storage to meet peak demands and emergency storage for fire protection. **Table 6** provides a summary of these water tanks.

Table 6: Storage Tanks (Listed by Nominal Capacity)

Tank	Nominal Capacity (MG)	Material	Pressure Zone Served
1. Villa Fonteney	0.03	Redwood	Villa Fonteney
2. Mt. Roberta	0.05	Redwood	Northridge
3. Bethany	0.40	Welded Steel	Bethany
4. El Pueblo	0.40	Welded Steel	N/A (Clear Well)
5. Southwood	0.52	Bolted Steel	Southwood
6. MacDorsa	0.75	Welded Steel	MacDorsa
7. Glenwood	1.09	Bolted Steel	Glenwood
8. Sequoia	1.25	Welded Steel	Camp Evers

Recycled Water System

The City of Scotts Valley operates the Water Reclamation Facility (WRF) which includes a Tertiary Treatment Plant (TTP). The TTP is used to treat secondary effluent to a tertiary level using chemical coagulation and flocculation, filtration, denitrification, and ultraviolet (UV) disinfection. The effluent meets the California State Water Resources Control Board (SWRCB) Division of Drinking Water Title 22 recycled water standards for disinfected tertiary recycled water. While the City is responsible for producing recycled water, SVWD is responsible for the distribution of the recycled water to irrigation customers in the City of Scotts Valley. The District owns, operates and maintains a storage tank, a recycled water pump station, a pressure reducing station and nearly 6 miles of recycled water distribution mains.

Water Rates

SVWD has established a goal of ensuring that the revenues generated from District customers are sufficient to support all District operations including capital project funding. Accordingly, water rates are reviewed periodically. Water rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge and a fixed (readiness-to-serve) charge. **Tables 7 and 8** on pages 13-14 highlight the past and upcoming water rates for SVWD customers. SVWD also set appropriate charges for new connections, which is shown in **Appendix A**. Based on staff's analysis, water rates may increase by an average of 10% in the coming years. It is important to note that SVWD conducts rate studies on a continuous basis. The last rate study was conducted in 2016, as shown in **Appendix B**. It is LAFCO's understanding that the District is currently undertaking another rate study which is expected to lead into a Prop 218 hearing in early fall of 2021.

Table 7: Potable Water Rates (Bi-Monthly Rates)

	2016 (Adopted)	2017 (Adopted)	2018 (Adopted)	2019 (Adopted)	2020 (Adopted)
Basic Meter Charge (By Size)					
5/8"	\$59.93	\$68.92	\$75.82	\$78.09	\$85.90
5/8" Rate Assistance (Residential)	n/a	n/a	\$53.07	\$54.67	\$60.14
5/8" Fire Service (Residential/Commercial)	\$16.30	\$18.75	\$20.63	\$21.25	\$23.38
3/4" (Multi-Residential, including Fire Service)	\$76.23	\$87.67	\$96.45	\$99.34	\$109.27
3/4"	\$94.29	\$108.44	\$119.29	\$122.87	\$135.16
1"	\$101.43	\$116.65	\$128.32	\$132.17	\$145.39
1 1/2"	\$238.39	\$274.15	\$301.57	\$310.62	\$341.68
2"	\$323.68	\$372.24	\$409.47	\$421.75	\$463.93
3"	\$577.08	\$663.65	\$730.02	\$751.92	\$827.11
4"	\$1,009.03	\$1,160.39	\$1,276.43	\$1,314.72	\$1,446.19
6"	\$2,155.44	\$2,478.76	\$2,726.64	\$2,808.44	\$3,089.28
<i>Average Change (%)</i>		+15%	+10%	+3%	+10%
Residential Tiered Rates (Per 1,000 Gal)					
<u>Tiers for Residential Units with Individual Meters</u>					
0 to 6,000	\$4.89	\$5.63	\$6.20	\$6.39	\$7.03
6,001 to 12,000	\$8.59	\$9.82	\$10.77	\$11.09	\$12.20
12,001 to 16,000	\$13.72	\$15.72	\$17.26	\$17.78	\$19.56
Over 16,000	\$16.56	\$18.99	\$20.86	\$21.49	\$23.64
<i>Average Change (%)</i>		+15%	+10%	+3%	+10%
<u>Tiers for Multi-Residential Units with Master Meters</u>					
0 to 6,000	\$4.89	\$5.63	\$6.20	\$6.39	\$7.03
6,001 to 12,000	\$8.59	\$9.82	\$10.77	\$11.09	\$12.20
12,001 to 16,000	\$13.72	\$15.72	\$17.26	\$17.78	\$19.56
Over 16,000	\$16.56	\$18.99	\$20.86	\$21.49	\$23.64
<i>Average Change (%)</i>		+15%	+10%	+3%	+10%
Uniform Rates (Per 1,000 Gal)					
Commercial, Industrial, Institutional	\$11.45	\$13.14	\$14.44	\$14.87	\$16.36
Landscape Potable	\$14.31	\$16.43	\$18.06	\$18.60	\$20.46
Other	\$12.75	\$14.64	\$16.09	\$16.57	\$18.23
Qualifying Medical Needs Residential	\$8.59	\$9.82	\$10.77	\$11.09	\$12.20
Rate Assistance (Residential)	n/a	n/a	\$6.20	\$6.39	\$7.03
<i>Average Change (%)</i>		+15%	+10%	+3%	+10%

Table 8: Recycled Water Rates (Monthly Rates)

	2016 (Adopted)	2017 (Adopted)	2018 (Adopted)	2019 (Adopted)	2020 (Adopted)
Basic Meter Charge (By Size)					
5/8"	\$6.00	\$13.79	\$22.75	\$33.37	\$45.88
3/4"	\$9.43	\$21.69	\$35.79	\$52.49	\$72.18
1"	\$10.15	\$23.33	\$38.50	\$56.47	\$77.64
1 1/2"	\$23.84	\$54.83	\$90.48	\$132.70	\$182.46
2"	\$32.37	\$74.45	\$122.85	\$180.17	\$247.74
3"	\$57.71	\$132.73	\$219.01	\$321.22	\$441.67
4"	\$100.91	\$232.08	\$382.93	\$561.64	\$772.25
6"	\$215.55	\$495.76	\$818.00	\$1,199.73	\$1,649.63
<i>Average Change (%)</i>		+130%	+65%	+47%	+38%
Uniform Rates (Per 1,000 Gal)					
Landscape Recycled	\$11.77	\$12.64	\$13.19	\$13.37	\$13.64
<i>Average Change (%)</i>		+7%	+4%	+1%	+2%

Population and Growth

Based on staff’s analysis, the population of SVWD in 2020 was approximately 11,800. The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. Based on this slow growth trend, the population for unincorporated lands and the City of Scotts Valley is expected to increase by 0.86% and 0.56%, respectively. **Table 9** shows the anticipated population within SVWD. The average rate of change for SVWD is 0.71% based on the combined average rate of change for the County and City.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for SVWD. LAFCO staff increased the District’s 2020 population amount by 0.71% each year. Under this assumption, our projections indicate that the entire population of SVWD will be approximately 12,300 by 2040.

Table 9: Projected Population

	2020	2025	2030	2035	2040	Average Rate of Change
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645	0.86%
City of Scotts Valley	12,145	12,214	12,282	12,348	12,418	0.56%
Scotts Valley Water District	11,805	11,918	12,033	12,148	12,265	0.71%

Source: AMBAG 2018 Regional Growth Forecast and FY 2019-20 SVWD Audited Financial Statement

Disadvantaged Unincorporated Communities

State law requires LAFCO to identify and describe all “disadvantaged unincorporated communities” (DUCs) located within or contiguous to the existing spheres of influence of cities and special districts that provide fire protection, sewer, and/or water services. DUCs are defined as inhabited unincorporated areas within an annual median household income that is 80% or less than the statewide annual median household income.

In 2017, the California statewide median household income was \$67,169, and 80% of that was \$53,735. LAFCO staff utilized the ArcGIS mapping program to locate any potential DUCs in the County. Based on the criteria set forth by SB 244, staff’s analysis indicates that there are no areas within or surrounding the water district designated as a disadvantaged unincorporated community.

FINANCES

This section will highlight the District’s financial performance during the most recent fiscal years. The most recent audited financial statements were prepared for Fiscal Year 2019-20. LAFCO evaluated SVWD’s financial health from 2015 to 2020, including the last adopted budget for FY 2020-21. A comprehensive analysis of the District’s financial performance during the past five years is shown in **Tables 13 and 14** on pages 20-21. The sources used by LAFCO are available in **Appendix C and D**.

At the end of Fiscal Year 2019-20, total revenue collected was approximately \$8.6 million, representing a 12% increase from the previous year (\$7.7 million in FY 18-19). Total expenses for FY 2019-20 were approximately \$6.4 million, which decreased from the previous year by 6% (\$6.0 million in FY 18-19). The District has ended each fiscal year with a surplus, excluding FYs 2015-16 and 2016-17, as shown in **Figure 2**. LAFCO staff believes that this positive trend will continue based upon the District’s ongoing conservative budgetary practices which are also reflected in the FY 2020-21 adopted budget.

**Figure 2: Statement of Revenues & Expenditures
(FY 2014-15 to FY 2020-21)**



Revenues

Operating Revenue

The District's primary source of revenue is from operating revenues, specifically water consumption sales. In FY 2019-20, Water Sales (appx. \$4.5 million) and Water Service (appx. \$2 million) represent approximately 76% of SVWD's entire revenue stream. Other operating revenue sources include additional fees and charges. These additional fees and charges represent less than 1% of total revenue. During FY 2019-20, total operating revenue represents approximately 77% of the District's entire revenue stream.

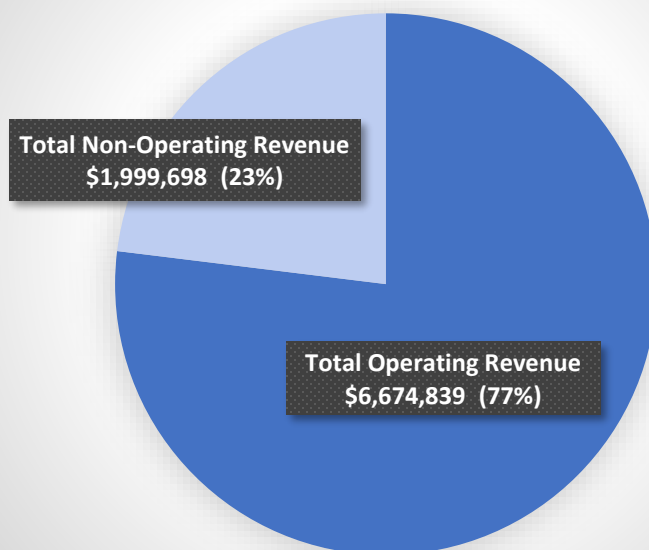
Non-operating Revenue

The remaining 23% of total revenue derive from non-operating revenue sources. These funds include Property Taxes, Capital Contributions, and Investment Earnings. **Table 10 and Figure 3** provide a breakdown of the District's revenue by category and source.

Table 10: Revenue Breakdown (FY 2019-20)

Revenue	Amount	Percentage
Operating Revenue		
Water Sales (Potable & Recycled)	\$4,566,923	52.65%
Water Service (Charges)	\$2,076,643	23.94%
Other Revenue (Fees & Charges)	<u>\$31,273</u>	<u>0.36%</u>
Total Operating Revenue	\$6,674,839	76.95%
Non-Operating Revenue		
Property Taxes	\$1,030,321	11.88%
Capital Contributions	\$783,284	9.03%
Other Revenue	\$119,616	1.38%
Investment Earnings	<u>\$66,477</u>	<u>0.77%</u>
Total Non-Operating Revenue	\$1,999,698	23.05%
Total Revenue	<u>\$8,674,537</u>	<u>100.00%</u>

Figure 3: Total Revenue (FY 2019-20)



Expenditures

Operating Expense

The District's operating expenses represented approximately 78% of total expenditure during FY 2019-20. Operating expenses include but are not limited to: Transmission & Distribution (appx. \$2 million), General & Administration (appx. \$994,000), Pumping (appx. \$481,000) and Recycled Water (appx. \$472,000).

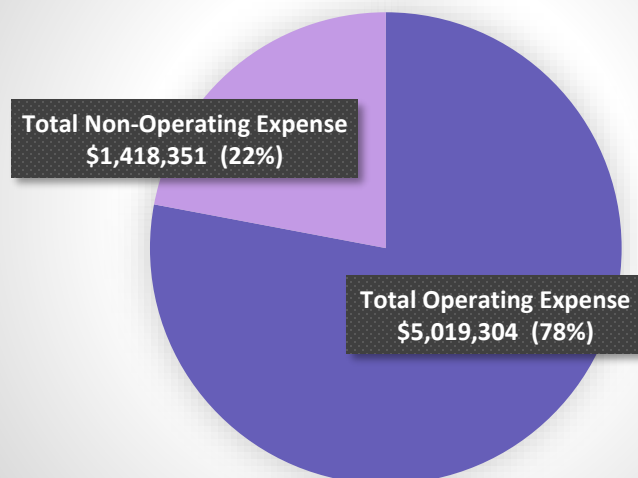
Non-operating Expense

The remaining 22% of total expenses derive from non-operating revenue sources. These costs include Depreciation (appx. \$1 million), Change in Investment (appx. \$240,000), and Interest Expense (\$86,000). **Table 11 and Figure 4** provide a breakdown of the District's costs by category and source.

Table 11: Expenditure Breakdown (FY 2019-20)

Expense	Amount	Percentage
Operating Expense		
Transmission & Distribution	\$1,990,814	30.92%
General & Administration	\$993,681	15.44%
Finance, Customer Service, & Conservation	\$659,450	10.24%
Pumping	\$480,655	7.47%
Recycled Water	\$472,247	7.34%
Water Treatment	\$239,722	3.72%
Source of Supply	\$182,735	2.84%
Total Operating Expense	\$5,019,304	77.97%
Non-Operating Expense		
Depreciation Expense	\$1,069,751	16.62%
Change in Investment in SMGA-JPA	\$240,719	3.74%
Interest Expense	\$86,262	1.34%
Capital Contribution	\$21,619	0.34%
Total Non-Operating Expense	\$1,418,351	22.03%
Total Expenditure	\$6,437,655	100.00%

Figure 4: Total Expenditure (FY 2019-20)



Fund Balance / Net Position

As of June 30, 2020, the total net position balance ended with approximately \$19 million. The following table highlights the net position balance from 2014 to 2021. As shown in **Table 12** and **Figure 5**, the District’s fund balance has fluctuated slightly over the years but has maintained an annual balance above \$15 million . Based on this historical trend, LAFCO staff believes the positive balance will continue. This healthy amount will be critical in the event that the District faces any unintended expenses, major capital improvements projects, or emergency repairs, such as the recent fires which will be discussed later in this report.

Table 12: Net Position (2014 to 2021)

	FY 14-15 (Audited)	FY 15-16 (Audited)	FY 16-17 (Audited)	FY 17-18 (Audited)	FY 18-19 (Audited)	FY 19-20 (Audited)	FY 20-21 (Projection)
Beginning Balance	\$16,366,105	\$16,626,644	\$16,214,003	\$14,562,508	\$15,366,587	\$17,090,559	\$17,090,559
Ending Balance	<u>\$16,626,644</u>	<u>\$16,214,003</u>	<u>\$16,123,574</u>	<u>\$15,362,004</u>	<u>\$17,090,559</u>	<u>\$19,327,441</u>	<u>\$17,455,225</u>
Change (\$)		\$(412,641)	\$(90,429)	\$(761,570)	\$1,728,555	\$2,236,882	\$(1,872,216)

Figure 5: Net Position from 2014 to 2021 (Ending Balance)

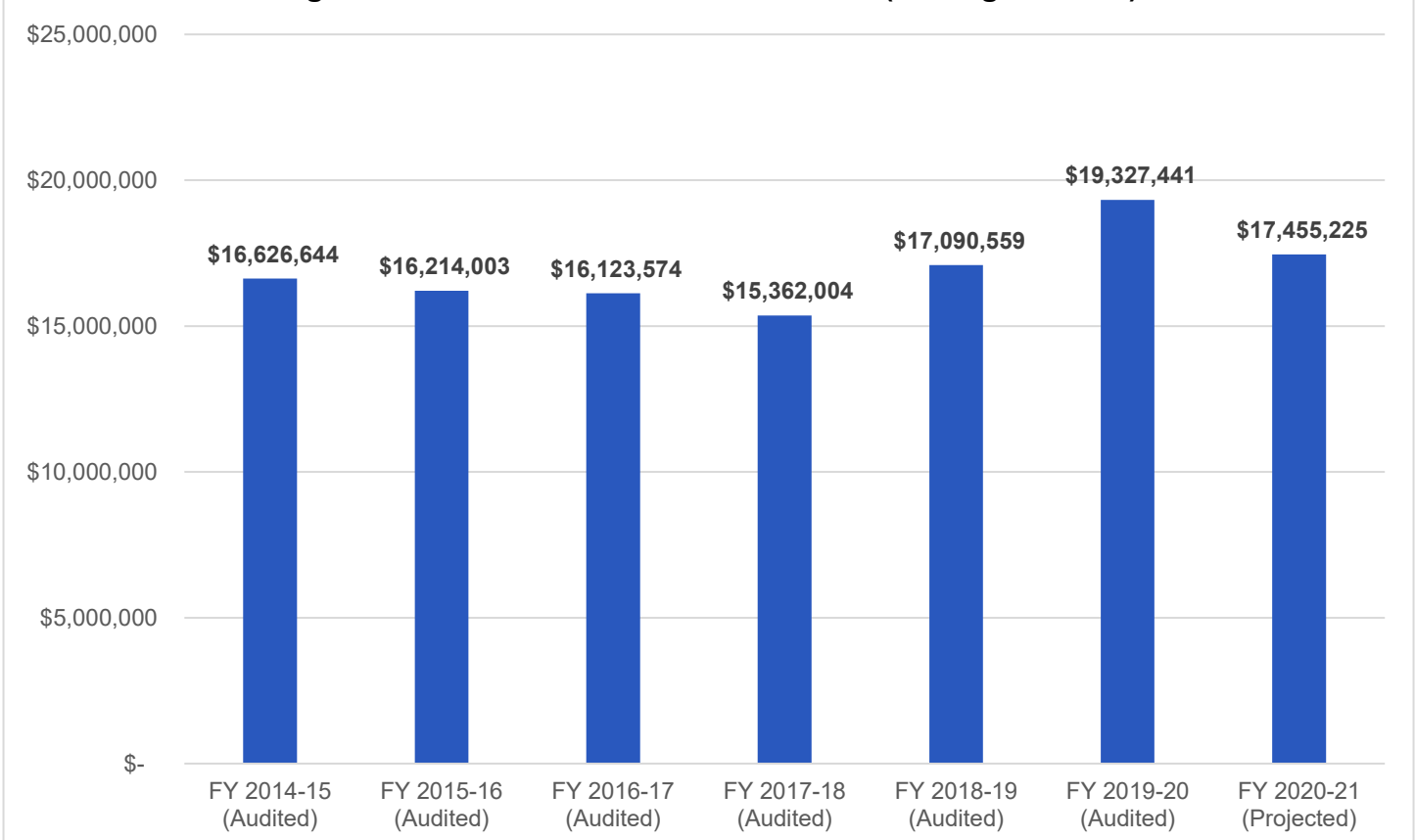


Table 13: Total Revenues & Expenditures

	FY 2014-15 (Audited)	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)
REVENUE						
<u>Operating Revenue</u>						
Water Sales (Potable & Recycled)	\$ 2,668,089	\$ 2,625,008	\$ 2,998,786	\$ 3,959,771	\$ 4,052,051	\$ 4,566,923
Water Service (Service Charges)	\$ 1,566,851	\$ 1,348,590	\$ 1,497,782	\$ 2,293,336	\$ 1,927,303	\$ 2,076,643
New Connections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue (Fees and Charges)	\$ 264,919	\$ 75,366	\$ 53,170	\$ 17,514	\$ 46,311	\$ 31,273
Total Operating Revenue	\$ 4,499,859	\$ 4,048,964	\$ 4,549,738	\$ 6,270,621	\$ 6,025,665	\$ 6,674,839
<u>Non-Operating Revenue</u>						
Capital Grants	\$ 399,554	\$ 246,704	\$ 792,779	\$ 720	\$ 720	\$ -
Capacity Buy-in Fee (Capital Contribution)	\$ -	\$ 89,000	\$ 10,500	\$ -	\$ 669,772	\$ 783,284
Gain on Disposal of Capital/Fixed Assets, Net	\$ 19,822	\$ 487,735	\$ -	\$ -	\$ -	\$ -
Property Taxes	\$ 724,433	\$ 775,679	\$ 839,095	\$ 923,894	\$ 975,085	\$ 1,030,321
Investment Earnings	\$ 24,848	\$ 39,106	\$ 25,159	\$ 22,574	\$ 35,893	\$ 66,477
Other Non-Operating Revenue	\$ 20,788	\$ 10,335	\$ 8,468	\$ 170,233	\$ 62,910	\$ 119,616
Total Non-Operating Revenue	\$ 1,189,445	\$ 1,648,559	\$ 1,676,001	\$ 1,117,421	\$ 1,744,380	\$ 1,999,698
TOTAL REVENUE	\$ 5,689,304	\$ 5,697,523	\$ 6,225,739	\$ 7,388,042	\$ 7,770,045	\$ 8,674,537
EXPENDITURE						
<u>Operating Expense</u>						
Source of Supply	\$ 1,638	\$ 97,655	\$ 150,614	\$ 163,709	\$ 99,307	\$ 182,735
Pumping	\$ 478,911	\$ 524,177	\$ 536,653	\$ 584,787	\$ 466,512	\$ 480,655
Water Treatment	\$ 558,991	\$ 688,601	\$ 660,704	\$ 829,736	\$ 293,069	\$ 239,722
Recycled Water	\$ 102,152	\$ 546,568	\$ 472,105	\$ 486,683	\$ 434,404	\$ 472,247
Transmission and Distribution	\$ 1,129,053	\$ 776,096	\$ 797,494	\$ 835,658	\$ 1,849,596	\$ 1,990,814
Conservation	\$ 202,521	\$ 241,892	\$ 158,507	\$ 163,778	\$ -	\$ -
Customer Accounts	\$ 188,335	\$ 207,833	\$ 192,925	\$ 198,613	\$ -	\$ -
Finance, Customer Service, and Conservation	\$ -	\$ -	\$ -	\$ -	\$ 649,335	\$ 659,450
General and Administrative Expenses	\$ 1,522,036	\$ 1,695,591	\$ 1,706,288	\$ 1,871,927	\$ 837,784	\$ 993,681
Total Operating Expense	\$ 4,183,637	\$ 4,778,413	\$ 4,675,290	\$ 5,134,891	\$ 4,630,007	\$ 5,019,304
<u>Non-Operating Expense</u>						
Depreciation Expense	\$ 883,615	\$ 913,955	\$ 937,847	\$ 998,094	\$ 1,085,254	\$ 1,069,751
Capacity Buy-Back (Capital Contribution)	\$ -	\$ -	\$ -	\$ -	\$ 235,856	\$ 21,619
Interest Expense	\$ 361,513	\$ 417,796	\$ 703,031	\$ 107,603	\$ 94,956	\$ 86,262
Change in Investment in SMGA-JPA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 240,719
Loss on Disposal of Capital Assets	\$ -	\$ -	\$ -	\$ 347,958	\$ -	\$ -
Total Non-Operating Expense	\$ 1,245,128	\$ 1,331,751	\$ 1,640,878	\$ 1,453,655	\$ 1,416,066	\$ 1,418,351
TOTAL EXPENDITURE	\$ 5,428,765	\$ 6,110,164	\$ 6,316,168	\$ 6,588,546	\$ 6,046,073	\$ 6,437,655
Surplus/(Deficit)	\$ 260,539	\$ (412,641)	\$ (90,429)	\$ 799,496	\$ 1,723,972	\$ 2,236,882
NET POSITION						
Beginning Balance (as restated)	\$ 16,366,105	\$ 16,626,644	\$ 16,214,003	\$ 14,562,508	\$ 15,366,587	\$ 17,090,559
Ending Balance	\$16,626,644	\$16,214,003	\$16,123,574	\$15,362,004	\$17,090,559	\$19,327,441

Table 14: Total Assets & Liabilities

	FY 2014-15 (Audited)	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)
ASSETS						
<u>Current Assets</u>						
Cash & Cash Equivalents	\$ 5,251,395	\$ 2,924,816	\$ 2,331,365	\$ 1,494,191	\$ 2,519,128	\$ 3,791,756
Accrued Interest Receivable	\$ 6,221	\$ 6,467	\$ 6,649	\$ 7,509	\$ 7,098	\$ 14,245
Accounts Receivable, Net	\$ 763,700	\$ 848,798	\$ 1,105,970	\$ 1,314,663	\$ 1,404,967	\$ 1,645,176
Property Taxes Receivable	\$ 17,905	\$ 42,991	\$ 61,524	\$ 54,828	\$ 49,824	\$ 84,758
Other Receivables	\$ 840,565	\$ 53,734	\$ 183,620	\$ 59,259	\$ 52,053	\$ 15,291
Notes Receivable	\$ 11,512	\$ 160,339	\$ 161,784	\$ 161,639	\$ 173,019	\$ 169,412
Inventory - Materials & Supplies	\$ 180,040	\$ 201,758	\$ 160,614	\$ 211,827	\$ 232,601	\$ 271,380
Prepaid Expenses	\$ 76,558	\$ 92,278	\$ 93,345	\$ 94,535	\$ 68,430	\$ 66,781
Total Current Assets	\$ 7,147,896	\$ 4,331,181	\$ 4,104,871	\$ 3,398,451	\$ 4,507,120	\$ 6,058,799
<u>Non-Current Assets</u>						
Restricted - Cash & Cash Equivalents	\$ 932,329	\$ 749,404		\$ -	\$ 516,092	\$ 610,477
Notes Receivable	\$ 118,023	\$ 715,853	\$ 554,070	\$ 392,431	\$ 267,745	\$ 98,333
Investment in SMGA - JPA	\$ -	\$ -	\$ -	\$ -	\$ 40,754	\$ 91,291
Prepaid Contribution to SMGA - JPA	\$ -	\$ -	\$ -	\$ -	\$ 291,256	\$ 295,821
Capital Assets - Not Being Depreciated	\$ 1,752,402	\$ 3,185,716	\$ 851,170	\$ 733,176	\$ 1,078,608	\$ 1,213,219
Capital Assets - Being Depreciated	\$ 17,769,454	\$ 16,842,017	\$ 19,948,767	\$ 21,067,532	\$ 20,563,817	\$ 20,571,981
Deferred Outflows of Resources						
Loss on Defeasance of Debt	\$ 603,814	\$ 460,564	\$ 40,190	\$ 36,171	\$ -	\$ -
Net OPEB Obligation	\$ -	\$ -	\$ -	\$ -	\$ 153,549	\$ 142,970
Net Pension Liability	\$ 619,531	\$ 209,294	\$ 456,821	\$ 656,179	\$ 680,989	\$ 694,399
Total Non-Current Assets	\$21,795,553	\$22,162,848	\$21,851,018	\$22,885,489	\$23,592,810	\$23,718,491
TOTAL ASSETS	\$28,943,449	\$26,494,029	\$25,955,889	\$26,283,940	\$28,099,930	\$29,777,290
LIABILITIES						
<u>Current Liabilities</u>						
Accounts Payable & Accrued Expenses	\$ 988,052	\$ 325,292	\$ 265,933	\$ 342,344	\$ 494,579	\$ 683,344
Accrued Wages & Related Payables	\$ 39,293	\$ 53,896	\$ 64,500	\$ 80,885	\$ -	\$ -
Customer Deposits for Services	\$ 105,468	\$ 33,893	\$ 110,346	\$ 112,436	\$ 166,905	\$ 126,332
Accrued Interest Payable	\$ 147,430	\$ 125,557	\$ 59,067	\$ -	\$ 47,513	\$ 43,179
Long-Term Liabilities - Due Within One Year						
Notes Payable	\$ 210,000	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated Absences	\$ 18,255	\$ 22,051	\$ 26,103	\$ 25,862	\$ 30,508	\$ 40,998
Certificates of Participation	\$ 160,000	\$ 165,000	\$ -	\$ -	\$ -	\$ -
Bonds Payable	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -
Loan Payable	\$ -	\$ 215,000	\$ 452,927	\$ -	\$ 468,579	\$ 567,298
Total Current Liabilities	\$ 1,818,498	\$ 940,689	\$ 978,876	\$ 561,527	\$ 1,208,084	\$ 1,461,151
<u>Non-Current Liabilities</u>						
Unearned Revenue	\$ 3,542	\$ 1,770	\$ 10,178	\$ 8,142	\$ -	\$ -
Long-Term Liabilities - Due in More Than 1 Yr						
Compensated Absences	\$ 54,764	\$ 66,154	\$ 78,305	\$ 77,585	\$ 91,522	\$ 122,992
Loan Payable	\$ -	\$ 4,110,000	\$ 5,596,621	\$ 5,136,591	\$ 4,668,012	\$ 4,100,714
Net OPEB Obligation	\$ 1,211,880	\$ 1,184,517	\$ 1,173,326	\$ 2,848,438	\$ 2,758,814	\$ 2,245,495
Net Pension Liability	\$ 1,329,971	\$ 1,233,015	\$ 1,782,379	\$ 2,106,130	\$ 2,070,658	\$ 2,304,037
Notes Payable	\$ 4,325,000	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds Payable	\$ 630,769	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of Participation	\$ 2,495,449	\$ 2,332,413	\$ -	\$ -	\$ -	\$ -
Deferred Inflows of Resources						
Net Pension Liability	\$ 446,932	\$ 411,468	\$ 212,630	\$ 183,523	\$ 212,281	\$ 215,460
Total Non-Current Liabilities	\$10,498,307	\$ 9,339,337	\$ 8,853,439	\$10,360,409	\$ 9,801,287	\$ 8,988,698
TOTAL LIABILITIES	\$12,316,805	\$10,280,026	\$ 9,832,315	\$10,921,936	\$11,009,371	\$10,449,849
NET POSITION						
Net Investment in Capital Assets	\$ 12,154,452	\$ 13,665,884	\$ 14,790,579	\$ 16,700,288	\$ 16,974,413	\$ 17,684,486
Restricted for Debt Service	\$ 932,329	\$ 749,404	\$ -	\$ -	\$ -	\$ -
Unrestricted (Deficit)	\$ 3,539,863	\$ 1,798,715	\$ 1,332,995	\$ (1,338,284)	\$ 116,146	\$ 1,642,955
Total Net Position	\$16,626,644	\$16,214,003	\$16,123,574	\$15,362,004	\$17,090,559	\$19,327,441

GOVERNANCE

Legal Authority

The District operates under the County Water District Law (Sections 30000 et seq. of the California Water Code; Division 12) for the purpose of developing and providing water for domestic use, fire protection, business use (commercial and industrial), and recreation in the Scotts Valley area.

Local Accountability & Structure

SVWD is governed by a five-member Board of Directors, which are elected to four-year terms by the registered voters within the District's boundaries. The Board of Directors are responsible for the establishment of policy relative to the District's mission, goals, and operations. The current Board is as follows:

Table 15: Board of Directors

Board Member	Term of Office
William Ekwall, President	Elected: November 2018 Term Ends: December 1, 2022
Ruth Stiles, Vice-President*	Appointed: January 2015 Term Ends: December 1, 2022
Wade Leishman, Director	Elected: July 17, 2017 Term Ends: December 1, 2022
Chris Perri, Director*	Appointed: January 2007 Term Ends: December 1, 2024
Danny Reber, Director*	Appointed: November 2012 Term Limit Ends: December 1, 2024

Footnote: Board member originally appointed then subsequently elected.

The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The Scotts Valley Water District employs a full-time staff of 18 employees. The District's Board of Directors meet regularly, meetings are publicly noticed, and citizens are encouraged to attend. Board meetings are typically held on the second Thursday of each month at 6:00 p.m. The District's administrative offices are located in the City of Scotts Valley.

Website Requirements

Senate Bill 929 was signed into law in September 2018 and requires all independent special districts to have and maintain a website by January 1, 2020. SVWD continues to provide a large array of information on their website, which recently experienced a full revamp. LAFCO staff encourages the District to continue this effort and include other useful documents outlined in SB 929, such as copies of LAFCO's services reviews.

Anticipated Capital Improvement Projects

SVWD adopts a capital improvement plan every year as part of its annual budget. The District has also conducted a complete system condition assessment and developed a 10-year capital improvement plan. The purpose of this long-range plan is to identify and prioritize needs and project costs for planned repair and replacement to the infrastructure that will serve the affected ratepayers in an efficient and cost-effective manner throughout the next 10-years of growth and change. A total of 15 capital improvement projects are budgeted for FY 2020-21, as shown below. **Appendix E and F** also provide a copy of the District’s 2017 Master Plan and the proposed 10-Year CIP Plan.

Table 16: Capital Improvement Projects (FY 2020-21)

Project Name	Description	Budget
Transmission Mains		
1. Main Replacement Program – Potable	Replace and upgrade potable water mains based on leak history, service life, and size	\$625k
Treatment Plants		
2. Orchard Run Water Treatment Plant Improvements	Implement esthetic taste & odor improvements to treatment process by adding new GAC filter and chlorine analyzer injection system. Infrastructure improvements include replacing ammonia based H2S air scrubbing system with a Bio Filtration scrubber. Replace 40,000 gallon bolted steel back wash tank and install new sewer lateral.	\$2.2 Million
3. El Pueblo Water Treatment Plant Improvements	Replace manual 1980's filter control system with programmable automated control system linked with SCADA.	\$30k
4. Well 10 WTP Water Quality Improvements	Implement esthetic taste & odor improvements by adding additional filter bed and Chlorine analyzer equipment.	\$113k
5. Treatment Facility for New Production Well	New Lompico Formation Production Well and Treatment Plant.	\$100k
Storage Tanks		
6. Bethany Tank Rehabilitation	Construct additional tank on-site to allow for roof reconstruction and interior and exterior coating replacement of 400,000 gallon Bethany Tank. Project extends tank service life and provides additional permanent storage and redundancy.	\$200k

Project Name	Description	Budget
Pump Stations		
7. Polo Ranch Pump Station	Polo Ranch Flow control station has been modified to provide booster pumping into the Southwood pressure zone when needed. The Southwood Booster station on Granite Creek Road will be retired.	\$75k
Wells		
8. Lompico Formation Production Well (Well 9 Replacement)	Construct a new production well that is needed to offset lost production capacity from Well 9 & Well 11A. The replacement well will in part be sited to provide for a more balanced withdrawal rate from the Lompico Aquifer.	\$100k
Recycled Water Supply		
9. Purified Recycled Water Recharge	Supplemental supply project to increase groundwater reliability, especially in dry years (climate change related change). Could be shifted to SMGWA or replaced with conjunctive use.	\$525k
Meters		
10. Automated Metering Infrastructure (AMI)	Install AMI transmitters on all meters over 3-4 year period.	\$100k
11. Meter Replacement Program	Replace all meters installed before 2012 at the rate of 800-1000 meters per year.	\$75k
Technology		
12. Utility Billing Software Improvements	Improvements and/or enhancements to Utility Billing (UB) and Payment Processing software.	\$30k
Fleet		
13. Vehicle Replacement Program	Replace aging fleet: one vehicle per year on average, starting FY 2019.	\$42k
14. Specialized Operations Equipment	Replace heavy equipment and specialized vehicles on as needed basis.	\$25k
Buildings		
15. Administrative Building Improvements	Repairs and modifications to the office facility to support business operations.	\$30k

Opportunities and Challenges

SVWD is financially sound and has been operating in an efficient manner over the recent years. It is LAFCO staff's position that public agencies should always prepare and consider future opportunities and potential challenges. The following sections explore possible actions that may be considered by the District.

Potential Consolidation

The recent fires in California, and within Santa Cruz County, have been the most destructive fires in State history and will have a profound impact on the governmental services provided within the San Lorenzo Valley area. Fortunately, SVWD and the Scotts Valley community were not greatly impacted by the fires. However, neighboring water agencies including San Lorenzo Valley Water District (s), have begun the recovery effort. During this time, SVWD and SLVWD have held preliminary discussions about the possibility of consolidation during public meetings. The two districts are currently analyzing the potential benefits and/or constraints involving consolidation. Such analysis will be presented to their respective boards by May 2021. It is LAFCO staff's experience that collaborative efforts, including consolidation, historically occur during challenging times (i.e. natural disasters; fiscal distress) because neighboring agencies look towards one another to ensure their residents continue to receive adequate level of service.

It is important to recognize that while LAFCO will play an important role in the consolidation effort if initiated, it will be up to SVWD and SLVWD to determine whether they decide to proceed in this change of governance. Therefore, it is LAFCO staff's position that it may be premature to analyze a potential consolidation in this report since the two water districts are currently within the preliminary stage of exploration. It may be beneficial to highlight the Districts' progress sometime in late-2021 if discussions have advanced. This will give the two water districts an opportunity to evaluate the benefits and challenges associated with consolidation and discuss their initial findings during public meetings without input from LAFCO staff unless requested.

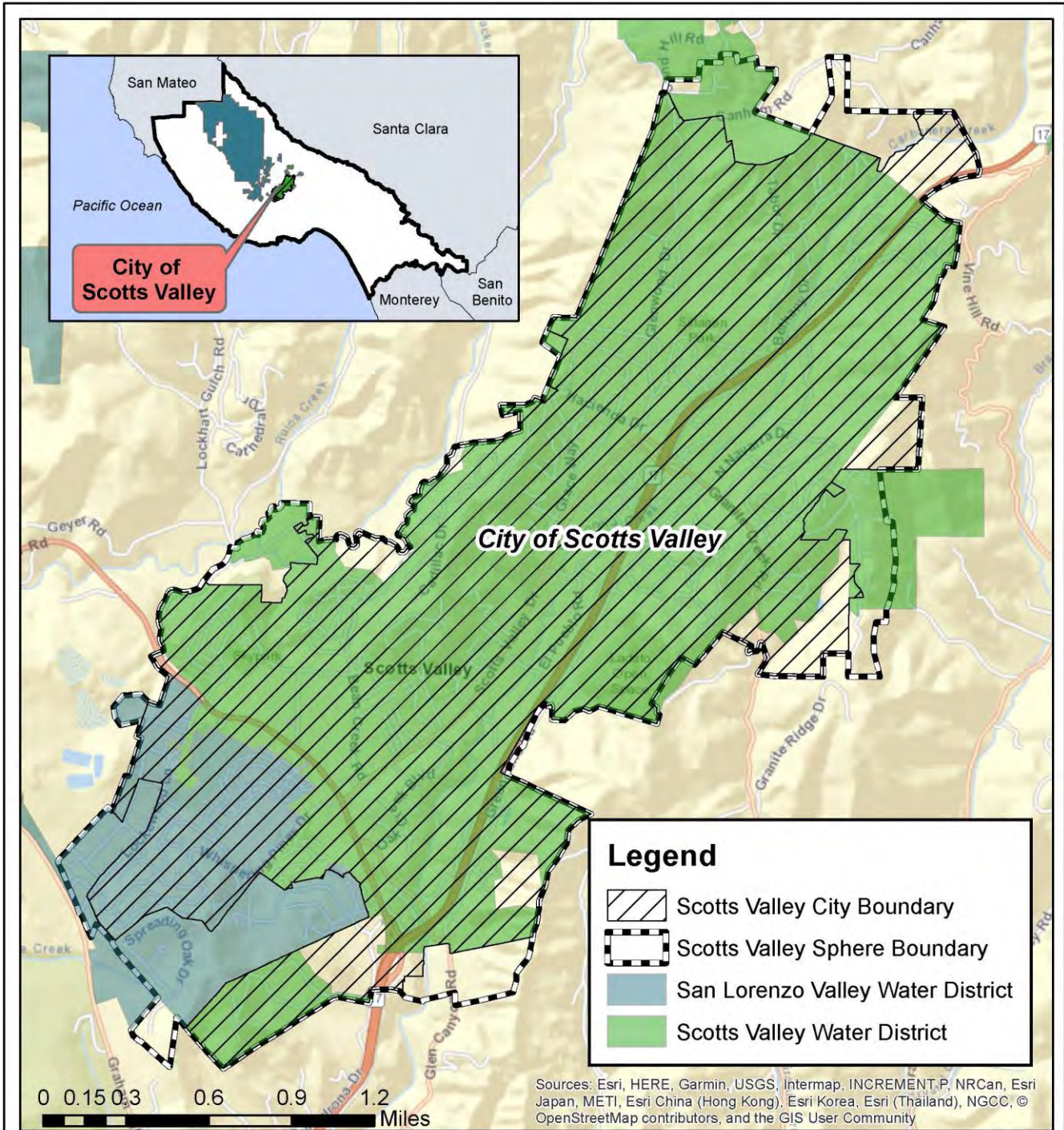
LAFCO Staff Recommendation: *LAFCO staff should continue to collaborate with the two water districts and provide assistance when needed. LAFCO staff may provide the Commission a status update on the effort by November 2021.*

Water Service Providers

The Scotts Valley community currently receives water service from either SVWD or SLVWD. **Figure 6** on page 26 shows that the majority of Scotts Valley residents receive water from SVWD. Only a portion of the City gets water from SLVWD. By having two water providers, the residents of Scotts Valley are subject to two different board members, policies, and water rates. It may be beneficial if the City, the two water districts, and LAFCO collaborate to determine the most efficient method to provide water service to the entire Scotts Valley community. This joint effort may lead to potential boundary changes, an improvement in water distribution, or a consistent water rate for constituents within the entire city.

LAFCO Staff Recommendation: *Coordination between the City of Scotts Valley, San Lorenzo Valley Water District, Scotts Valley Water District and LAFCO to determine whether there is a more efficient way to provide water service to the Scotts Valley community beyond the status quo.*

Figure 6: Water Providers



City of Scotts Valley Jurisdictional and Sphere Boundaries

Residents from the City of Scotts Valley receive water service from two water districts (Scotts Valley and San Lorenzo Valley Water Districts).

Vicinity Map dated March 3, 2021

Potential Annexations

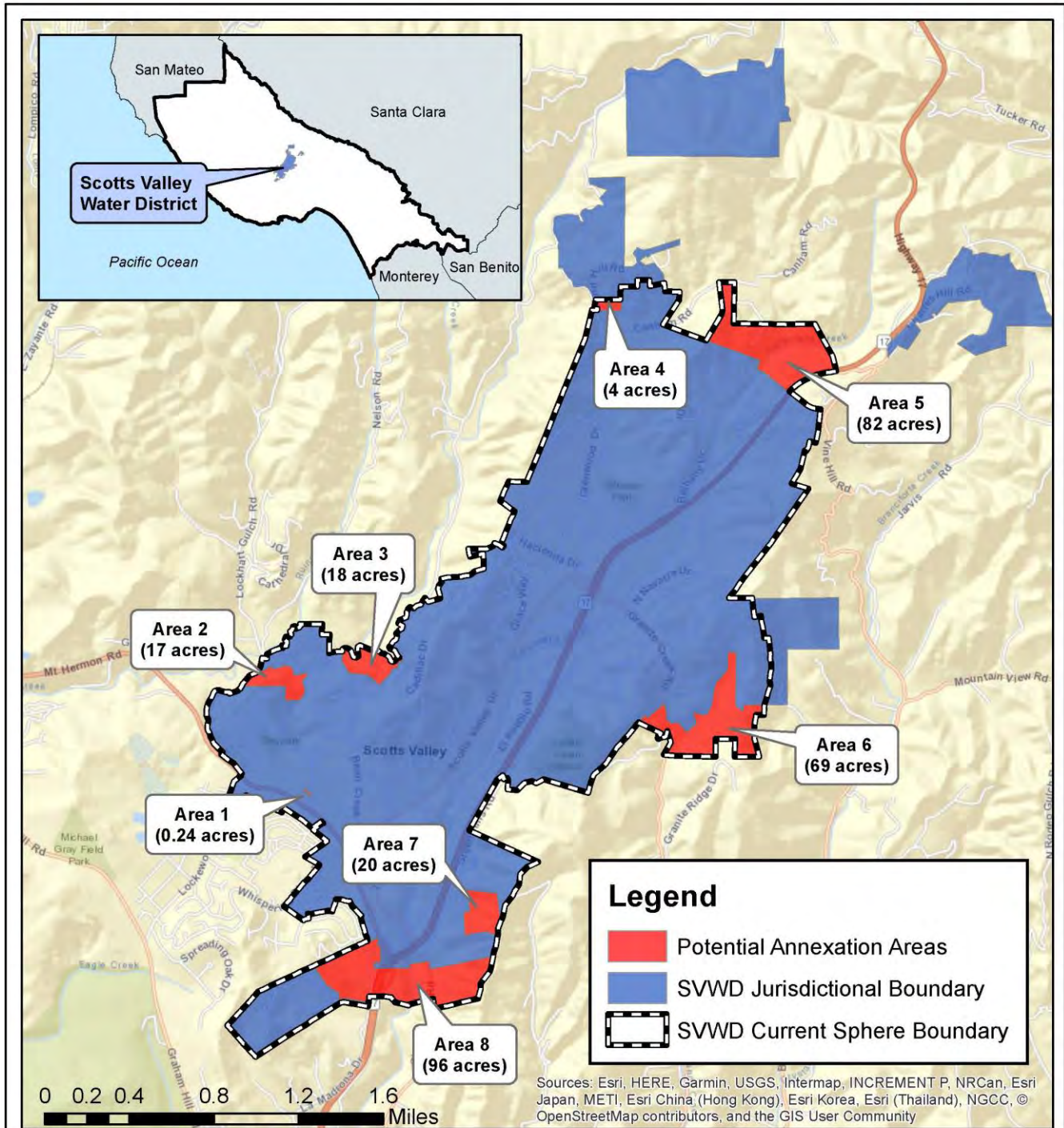
A sphere of influence is designated for each city and special district indicating the probable physical boundaries and service area for that agency. The current sphere of influence for SVWD includes eight (8) areas totaling over 300 acres that should be annexed in the foreseeable future. **Table 17** provides an overview of each area and **Figure 7** on page 28 shows the location within the District’s sphere.

LAFCO Staff Recommendation: Encourage SVWD to consider annexation of these eight unserved areas, if desired by the Districts and the affected residents.

Table 17: Areas within District’s Current Sphere of Influence

Area	Size	Land Use Designation
Area 1	0.24 acres	Shopping Center (City General Plan)
Area 2	17 acres	Mountain Residential (County General Plan)
Area 3	18 acres	Residential, Estate (City General Plan)
Area 4	4 acres	Mountain Residential (County General Plan)
Area 5	82 acres	Rural Residential & Residential Mountain (City General Plan) Mountain Residential (County General Plan)
Area 6	69 acres	Rural Residential (City General Plan) Rural Residential (County General Plan)
Area 7	20 acres	Rural Residential (City General Plan)
Area 8	96 acres	Rural Residential & Mountain Residential (County General Plan) Service, Professional, Rural Residential, & Open Space (City General Plan)

Figure 7: Potential Annexation Areas



Scotts Valley Water District Jurisdictional and Sphere Boundaries

There are eight (8) areas within the District's sphere that should be annexed in the foreseeable future.

Vicinity map created on March 17, 2021



SPHERE OF INFLUENCE

Cortese-Knox-Hertzberg Act

City and special district spheres of influence define the probable physical boundaries and service area of a local agency, as determined by the Commission (Government Code Section 56076). The law requires that spheres be updated at least once every five years either concurrently or subsequently to the preparation of Municipal Service Reviews. Spheres are determined and amended solely at the discretion of the Commission. In determining the sphere of influence for each local agency, the Commission is required by Government Code Section 56425(e) to consider certain factors, including:

- The present and planned uses in the area, including agricultural and open-space lands;
- The present and probable need for public facilities and services in the area;
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency; and
- For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

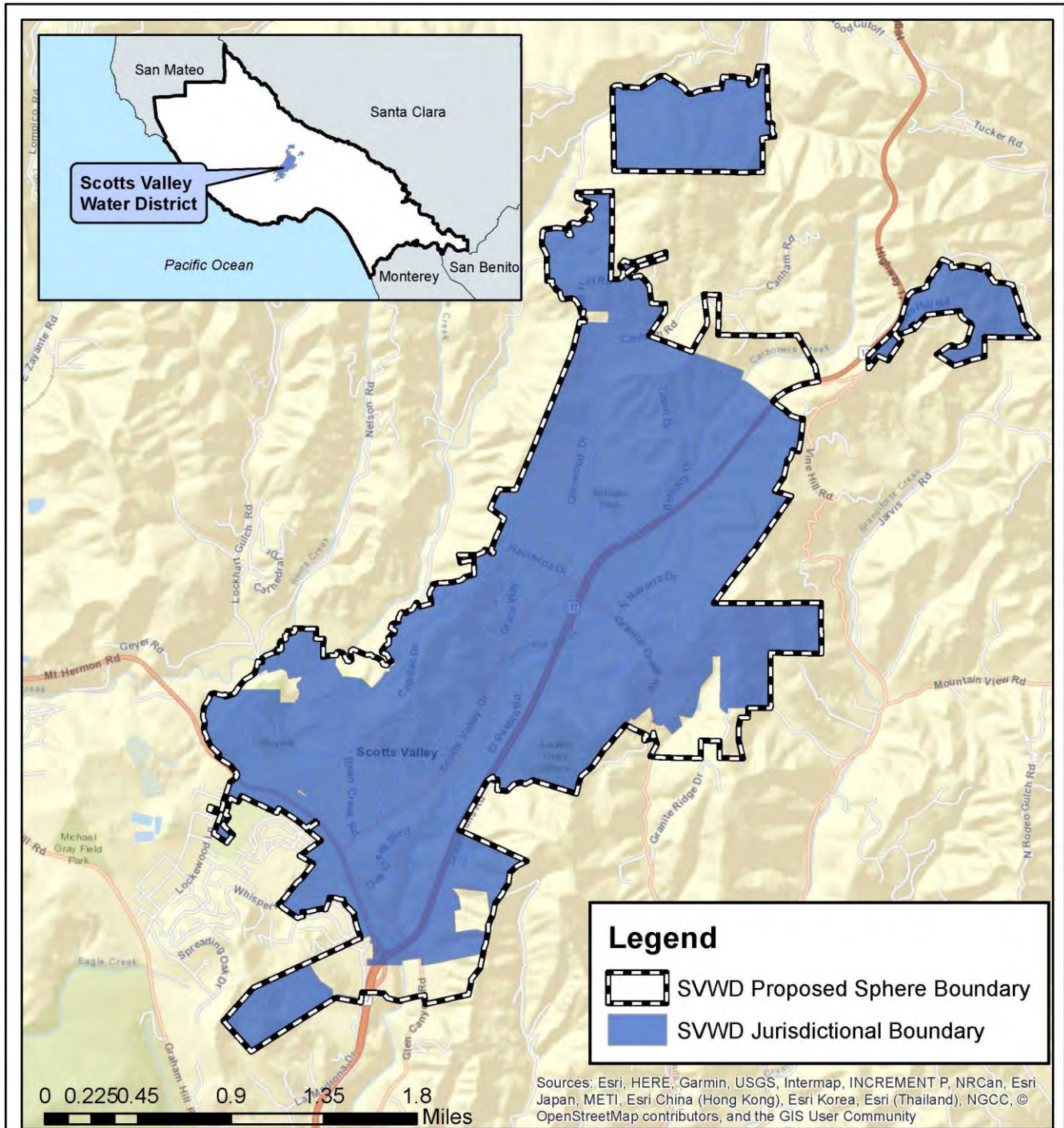
Current Sphere Boundary

Santa Cruz LAFCO adopted SVWD's first sphere of influence on October 16, 1985. The current sphere excludes areas within the District's jurisdictional boundary. The last sphere update occurred in November 2016 during the last service and sphere review cycle. **Figure 1** on page 5 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, a total of eight (8) unserved islands are either substantially surrounded or immediately adjacent to the water district and should be annexed. The size of these areas range from 0.24 to 96 acres. Additionally, there are areas outside the District's sphere but within SVWD's jurisdictional boundary. LAFCO staff is recommending that the sphere boundary be expanded to include the areas already served by SVWD. The District should also consider annexing the eight identified areas, if desired by their Board and affected residents. **Figure 8** on page 30 shows the proposed sphere boundary.

Figure 8: Proposed District Sphere Map



Scotts Valley Water District Jurisdictional and Sphere Boundaries

Original sphere adopted on October 16, 1985
 Sphere reaffirmed on November 2, 2016
 Proposed sphere amendment on May 5, 2021

Vicinity map created on March 17, 2021



DISTRICT SUMMARY

Scotts Valley Water District	
Formation	California Water Code, section 30,000 et seq.
Board of Directors	Five members, elected at-large to four-year terms
Contact Person	Piret Harmon, General Manager
Employees	18 Full-Time Employees
Facilities	60 miles of pipeline, 4 groundwater treatment plants, 6 groundwater wells, 8 storage tanks, 10 pump stations, and 13 pressure zones.
District Area	6 square miles (appx. 4,000 acres)
Sphere of Influence	Smaller than the District (i.e., sphere boundary does not include the District's existing jurisdictional boundary)
FY 2020-21 Budget	Total Revenue = \$8,672,095 Total Expenditure = \$8,307,429 Projected Net Position (Beginning Balance) = \$19,327,441
Contact Information	Mailing Address: 2 Civic Center Drive, Scotts Valley, CA 95066 Phone Number: (831) 438-2363 Email Address: PHarmon@svwd.org Website: https://www.svwd.org/
Public Meetings	Meetings are held on the second Thursday of each month at 6:00 p.m.
Mission Statement	"Scotts Valley Water District delivers a sustainable high quality water service in an environmentally responsible and financially sound manner."
Vision	"Scotts Valley Water District is a results-driven, data-oriented public agency that provides effective actions, superior customer service and visionary leadership."

SERVICE AND SPHERE REVIEW DETERMINATIONS

The following service and sphere review determinations fulfill the requirements outlined in the Cortese-Knox-Hertzberg Act.

Service Provision Determinations

Government Code Section 56430 requires LAFCO to conduct a municipal service review before, or in conjunction with, an action to establish or update a sphere boundary. Written statements of determination must be prepared with respect to each of the following:

1. Growth and population projections for the affected area.

SVWD currently provides water service to a population of 11,800. A slow growth is projected to occur in the unincorporated county area for the next twenty years. LAFCO staff estimates that the entire population of SVWD will reach 12,200 by 2040.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

LAFCO did not identify any DUCs within or contiguous to the District's sphere boundary. That said, SVWD has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

The City of Scotts Valley's General Plan designates the land use of the community for mountain residential, rural residential, and parks and recreational uses.

4. Financial ability of agencies to provide services.

SVWD's financial ability to provide services is well-established. The District has successfully kept costs below its revenue stream since 2017. Four of the last six audited financial statements had an overall surplus ranging from \$260,000 to \$2.2 million. As of June 30, 2020, the District is operating with a net fund balance of approximately \$17 million.

5. Status of, and opportunities for, shared facilities.

SVWD continues to explore for collaborative efforts to improve efficiencies. There have been preliminary discussions about exploring the consolidation between SVWD and San Lorenzo Valley Water District. LAFCO will support the districts should they decide to move forward with this change in governance.

6. Accountability for community service needs, including governmental structure and operational efficiencies.

Consolidation is currently being discussed. Such change in governance would involve various communities of social and economic differences. If consolidation is explored, it would be the responsibility of the two water districts to include these residents before, during, and after the consolidation effort.

7. Any other matter related to effective or efficient service delivery, as required by commission policy.

No additional local LAFCO policies are specifically relevant to this service review.

Sphere of Influence Determinations

Government Code Section 56425 requires LAFCO to periodically review and update spheres of influence in concert with conducting municipal service reviews. Spheres are used as regional planning tools to discourage urban sprawl and encourage orderly growth. Written statements of determination must be prepared with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.

The present and planned land uses are based on the general plan from the City of Scotts Valley, which range from urban to rural uses. General plans anticipate growth centered on existing urban areas and the maintenance of agricultural production, rural residential uses, and environmental protection in rural areas. The planned land uses within the City's General Plan are a mix of urban, rural and mountain residential, public recreation, and open-space lands.

2. The present and probable need for public facilities and services in the area.

Scotts Valley Water District's planning for current and future water needs has led to a counter-intuitive reality: improved technologies, changed behavior on the part of its customers and evolved attitudes communitywide. This has led to far less use of water than in the past, even though the community continues to grow. Since 2000, groundwater pumping (the District's sole source of potable water) in the Scotts Valley area has decreased 46%.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

SVWD currently provides water service to a population of 11,800 through approximately 4,300 residential, commercial, and institutional connections. The District operates and maintains a potable water distribution system that includes groundwater wells, treatment facilities, storage tanks, pumping stations, pressure reducing stations and distribution mains and services to meet the potable water demands of its customers.

4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

Scotts Valley Water District and San Lorenzo Valley Water District are considering the concept of consolidation. Such change in governance would involve various communities of social and economic differences. If consolidation is explored, it would be the responsibility of the two districts to include these residents before, during, and after the consolidation effort.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

LAFCO did not identify any DUCs within the District's sphere boundary. That said, SVWD has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.

APPENDICES

Appendix A: Rate Study (2016)

Appendix B: New Connection Fee Schedule (2020)

Appendix C: Audited Financial Source (2015 to 2021)

Appendix D: Adopted Budget (FY 2020-21)

Appendix E: Water System Assessment & Master Plan (2017)

Appendix F: Capital Improvement Plan (10-Year Projection)



Notice of Exemption

To: Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento CA 95814

From: (Public Agency)
Santa Cruz Local Agency Formation Commission
701 Ocean Street, Room 318-D
Santa Cruz CA 95060

To: Clerk of the Board
County of Santa Cruz
701 Ocean Street, Room 500
Santa Cruz CA 95060

Project Title: Service and Sphere of Influence Review for Scotts Valley Water District

Project Location: The Scotts Valley Water District was formed in 1961 and operates under the County Water District Law (Sections 30000 et seq. of the California Water Code) for the purpose of developing and providing water for domestic use, fire protection, commercial/industrial use, and recreation in the Scotts Valley area. At present, SVWD provides water service to approximately 4,330 connections covering most of the City of Scotts Valley and the unincorporated communities north of Scotts Valley. A vicinity map depicting the City’s jurisdictional and sphere boundaries is attached (refer to Attachment A).

Project Location City: Scotts Valley Project Location County: Santa Cruz County

Description of Nature, Purpose, and Beneficiaries of Project: The report is for use by the Local Agency Formation Commission in conducting a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that the Commission conduct periodic reviews and updates of spheres of influence of all cities and districts in Santa Cruz County (Government Code section 56425). It also requires LAFCO to conduct a review of municipal services before adopting sphere updates (Government Code section 56430). Santa Cruz LAFCO has prepared a municipal service review, and sphere of influence update for the District. The purpose of the report is to ensure the effectiveness and efficiency in the delivery of public services by the District, in accordance with the statutory requirements outlined in the Cortese-Knox-Hertzberg Act.

Name of Public Agency Approving Project: Local Agency Formation Commission of Santa Cruz County. The LAFCO public hearing on this proposal is scheduled for 9:00 a.m. on May 5, 2021.

Name of Person or Agency Carrying Out Project: Santa Cruz Local Agency Formation Commission


Exempt Status: (check one)

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269 (b)(c));
- Categorical Exemption: State type and section number
- Statutory Exemptions: State code number
- Other: The activity is not a project subject to CEQA.

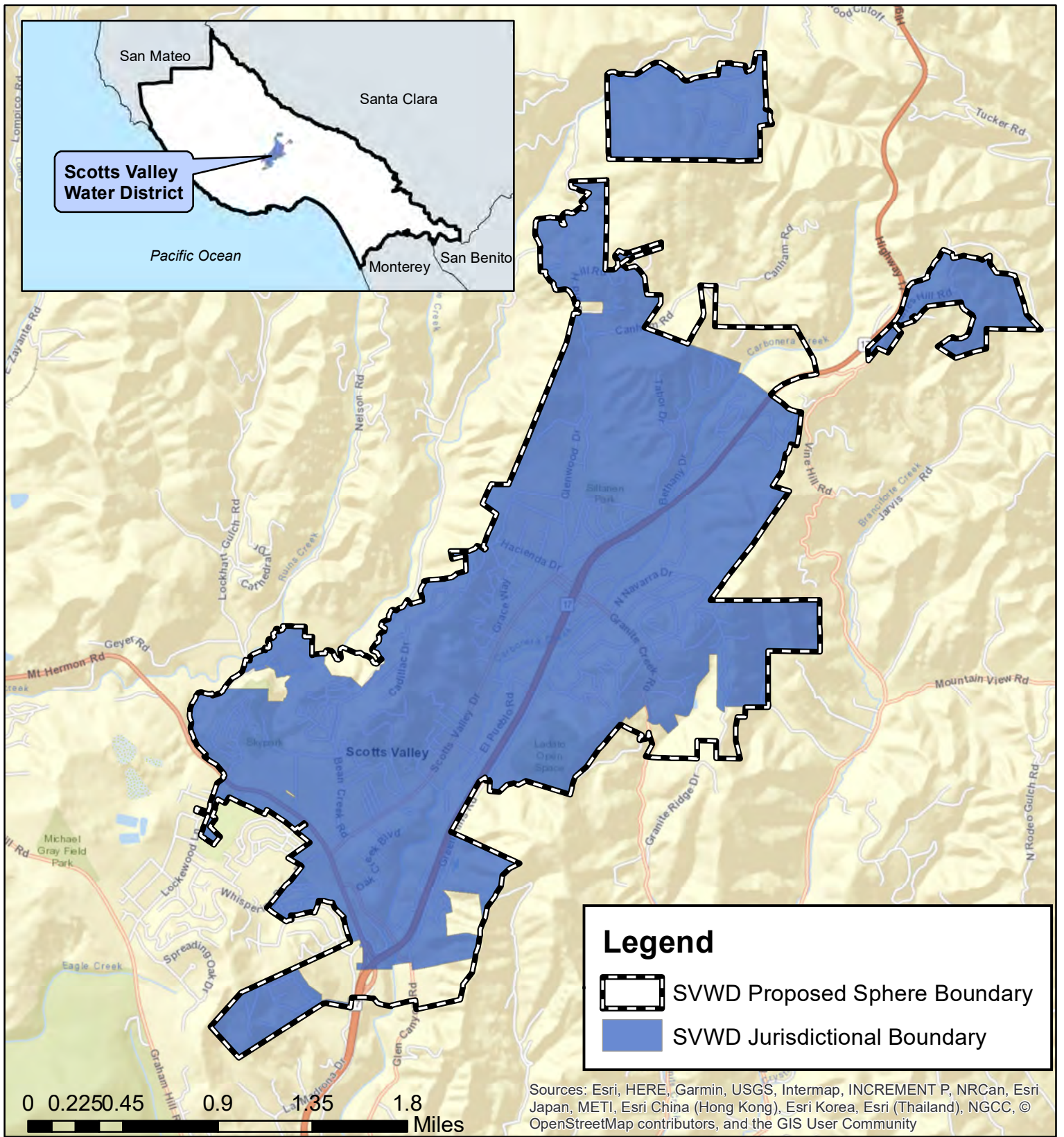
Reason Why Project is Exempt: The LAFCO action does not change the services or the planned service area of the City. There is no possibility that the activity may have a significant impact on the environment--State CEQA Guidelines Section 15061(b)(3).

Lead Agency Contact Person: Joe A. Serrano

Area Code/Phone Extension: 831-454-2055.

Signature:  Date: April 6, 2021
Joe A. Serrano, Executive Officer

Signed by Lead Agency



Scotts Valley Water District Jurisdictional and Sphere Boundaries

Original sphere adopted on October 16, 1985
 Sphere reaffirmed on November 2, 2016
 Proposed sphere amendment on May 5, 2021



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2021-11

On the motion of Commissioner
duly seconded by Commissioner
the following resolution is adopted:

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
APPROVING THE 2021 SERVICE AND SPHERE OF INFLUENCE REVIEW
FOR SCOTTS VALLEY WATER DISTRICT

The Local Agency Formation Commission of Santa Cruz County (the “Commission”) does hereby resolve, determine, and order as follows:

1. In accordance with Government Code Sections 56425, 56427, and 56430, the Commission has initiated and conducted the 2020 Service and Sphere of Influence Review for Scotts Valley Water District (“District”).
2. The Commission’s Executive Officer has given notice of a public hearing by this Commission of the service and sphere of influence review in the form and manner prescribed by law.
3. The Commission held a public hearing on May 5, 2021, and at the hearing, the Commission heard and received all oral and written protests, objections, and evidence that were presented.
4. This approval of the 2021 Service and Sphere of Influence Review for the District is exempt under the California Environmental Quality Act (“CEQA”) pursuant to the CEQA Guidelines Section 15061(b)(3) because this Commission action does not change the services or the planned service area of the subject agency. There is no possibility that the activity may have a significant impact on the environment. This action qualifies for a Notice of Exemption under CEQA.
5. The Commission hereby approves the 2021 Service and Sphere of Influence Review for the District.
6. The Commission hereby approves the Service Review Determinations, as shown on Exhibit A.
7. The Commission hereby approves the Sphere of Influence Determinations, as shown on Exhibit B.
8. The Commission hereby modifies the Sphere of Influence Map for the District, as shown in Exhibit C.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 5th day of May 2021.

AYES:

NOES:

ABSENT:

JUSTIN CUMMINGS, CHAIRPERSON

Attest:

Joe A. Serrano
Executive Officer

Approved as to form:

Daniel H. Zazueta
LAFCO Counsel

EXHIBIT A
SCOTTS VALLEY WATER DISTRICT
2021 SERVICE REVIEW DETERMINATIONS

- 1. Growth and population projections for the affected area.**
SVWD currently provides water service to a population of 11,800. A slow growth is projected to occur in the unincorporated county area for the next twenty years. LAFCO staff estimates that the entire population of SVWD will reach 12,200 by 2040.
- 2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**
LAFCO did not identify any DUCs within or contiguous to the District's sphere boundary. That said, SVWD has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.
- 3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**
The City of Scotts Valley's General Plan designates the land use of the community for mountain residential, rural residential, and parks and recreational uses.
- 4. Financial ability of agencies to provide services.**
SVWD's financial ability to provide services is well-established. The District has successfully kept costs below its revenue stream since 2017. Four of the last six audited financial statements had an overall surplus ranging from \$260,000 to \$2.2 million. As of June 30, 2020, the District is operating with a net fund balance of approximately \$17 million.
- 5. Status of, and opportunities for, shared facilities.**
SVWD continues to explore for collaborative efforts to improve efficiencies. There have been preliminary discussions about exploring the consolidation between SVWD and San Lorenzo Valley Water District. LAFCO will support the districts should they decide to move forward with this change in governance.
- 6. Accountability for community service needs, including governmental structure and operational efficiencies.**
Consolidation is currently being discussed. Such change in governance would involve various communities of social and economic differences. If consolidation is explored, it would be the responsibility of the two water districts to include these residents before, during, and after the consolidation effort.
- 7. Any other matter related to effective or efficient service delivery, as required by commission policy.**
No additional local LAFCO policies are specifically relevant to this service review.

EXHIBIT B
SCOTTS VALLEY WATER DISTRICT
2021 SPHERE OF INFLUENCE DETERMINATIONS

1. The present and planned land uses in the area, including agricultural and open-space lands.

The present and planned land uses are based on the general plan from the City of Scotts Valley, which range from urban to rural uses. General plans anticipate growth centered on existing urban areas and the maintenance of agricultural production, rural residential uses, and environmental protection in rural areas. The planned land uses within the City's General Plan are a mix of urban, rural and mountain residential, public recreation, and open-space lands.

2. The present and probable need for public facilities and services in the area.

Scotts Valley Water District's planning for current and future water needs has led to a counter-intuitive reality: improved technologies, changed behavior on the part of its customers and evolved attitudes communitywide. This has led to far less use of water than in the past, even though the community continues to grow. Since 2000, groundwater pumping (the District's sole source of potable water) in the Scotts Valley area has decreased 46%.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

SVWD currently provides water service to a population of 11,800 through approximately 4,300 residential, commercial, and institutional connections. The District operates and maintains a potable water distribution system that includes groundwater wells, treatment facilities, storage tanks, pumping stations, pressure reducing stations and distribution mains and services to meet the potable water demands of its customers.

4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

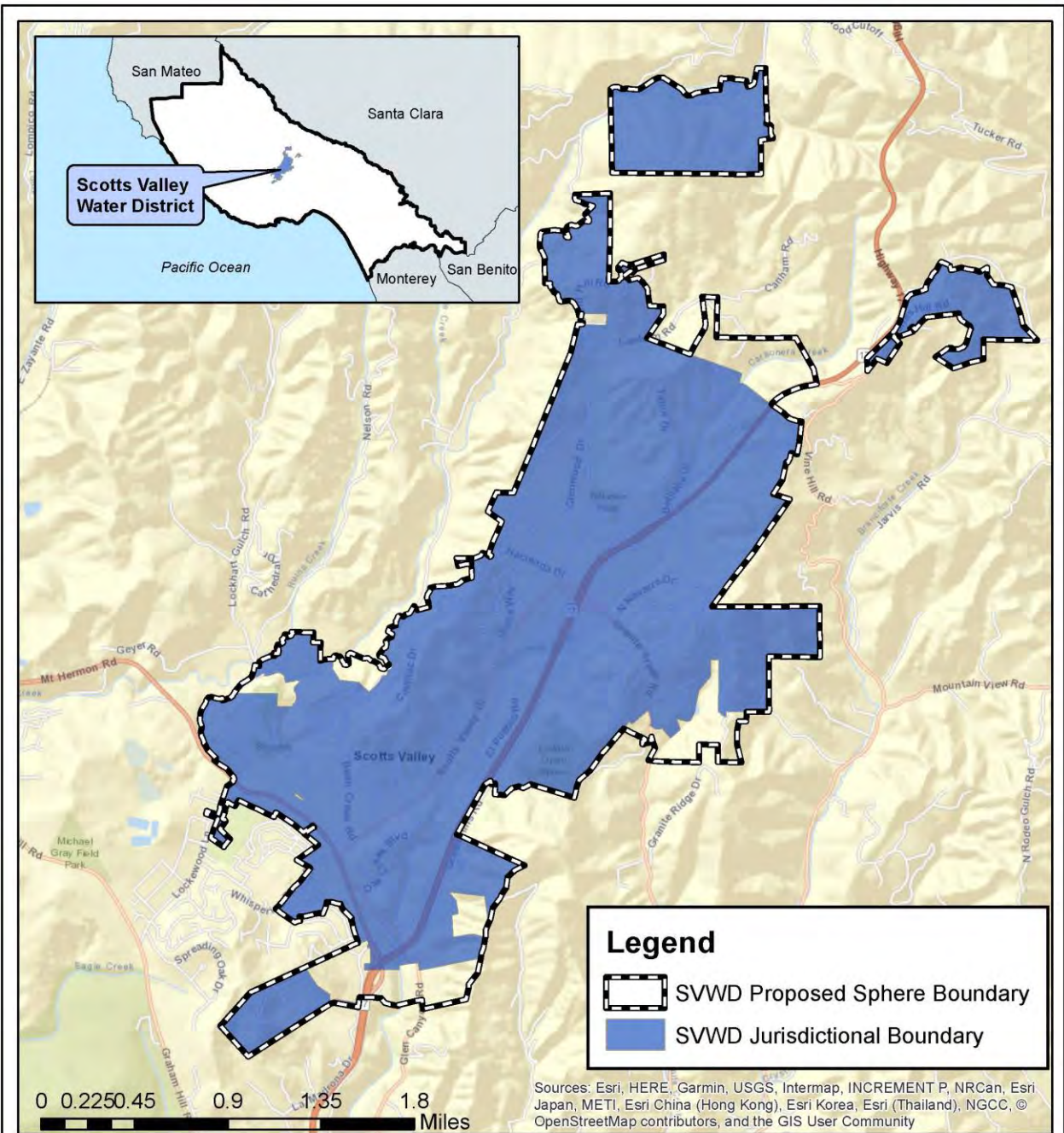
Scotts Valley Water District and San Lorenzo Valley Water District are considering the concept of consolidation. Such change in governance would involve various communities of social and economic differences. If consolidation is explored, it would be the responsibility of the two districts to include these residents before, during, and after the consolidation effort.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

LAFCO did not identify any DUCs within the District's sphere boundary. That said, SVWD has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.

EXHIBIT C
SCOTTS VALLEY WATER DISTRICT
SPHERE OF INFLUENCE MAP

LAFCO revises the Sphere of Influence for Scotts Valley Water District.



Scotts Valley Water District
Jurisdictional and Sphere Boundaries

Original sphere adopted on October 16, 1985
 Sphere reaffirmed on November 2, 2016
 Proposed sphere amendment on May 5, 2021

Vicinity map created on March 17, 2021

AGENDA REPORT

Scotts Valley Water District

Date: 05/13/21

To: Board of Directors

Item: Consent 4.1

Subject: **Reclassification of an Electrician/Instrumentation Technician position**

Reason: Supports Strategic Goal No 5 Organizational Vitality

SUMMARY

Recommendation: Approve the reclassification of one (1) Electrician/Instrumentation Technician position to alternatively staffed Electrical Instrumentation Technician / Electrical Instrumentation Technician Senior position.

Fiscal Impact: The top hourly rate (Step G) of the new Electrical Instrumentation Technician position is \$43.36 and of the Electrical Instrumentation Technician Senior \$50.55, in comparison to the \$49.32 of the current position. Total projected salaries and benefits increase is approximately \$3,000 per year and the increase will be included in the FY 2022 proposed budget.

Previous Related Action: On 06/09/16 the Board approved the reclassification of one Water Facilities Operator I/II position to Electrician/Instrumentation Technician position.

On 04/28/21 the Finance and Personnel Committee was presented the staff recommendation for this personnel action and recommended the reclassification for the Board approval.

BACKGROUND

The District has made a significant investment in various electrical, control, instrumentation and SCADA equipment. Much of it is high voltage, highly technical and at requires high level of expertise in maintaining appropriate safety controls. Properly maintaining and repairing this type of equipment requires specialized training, in addition to the in-depth understanding of the District's water system and infrastructure.

DISCUSSION

To support the District's desire to recruit and retain talented and motivated individuals, it is proposed to replace the single position with an alternatively staffed classification. That requires lower level of skills and experience from an entry level candidate, allows them to be challenged by obtaining required certifications and grow into the fully skilled journey level position. The

incumbent will be eligible to be promoted to the Electrical Instrumentation Technician Senior position once he meets all minimum requirements.

The classification is governed by the Memorandum of Understanding between the District and its Employees Union AFSCME Local 101.

Submitted,

Piret Harmon
General Manager

Enclosed: Job Description, Electrical Instrumentation Technician/ Electrical Instrumentation Technician Senior



Position: Electrical Instrumentation Technician / Electrical Instrumentation Technician Senior

Reports to: Water Operations Supervisor

Basic Function

Under general supervision, performs a variety of skilled electrical and instrumentation work for the operations, maintenance and construction of the potable and non-potable water systems. Also performs a variety of routine tasks related to water distribution and treatment. Specific duties may be assigned only when the incumbent has obtained certain certification(s) as described in the minimum qualifications section below.

Supervision

Reports to the Water Operations Supervisor; may receive direction and general supervision from the Operations Manager.

Distinguishing Characteristic

Electrical Instrumentation Technician is the entry level position in the Electrical Instrumentation Technician series. At this level, incumbents perform routine electrical and instrumentation work and other duties as assigned under direct supervision. The Technician is distinguished from the next higher level of the Technician Senior by the latter serving as a journey level classification and performing more complex and specialized tasks while exercising broader discretion and independent judgement.

Electrical Instrumentation Technician Senior is the full journey level position in the Electrical Instrumentation Technician series. At this level, incumbents perform complex and specialized electrical and instrumentation work under general supervision. The Technician Senior is distinguished from the Technician classification by the requirement for a higher level of certifications and experience with water systems.

Typical Duties:

The duties listed below are representative of the Electrical Instrumentation Technician series with more specialized tasks performed by the Technician Senior classification.

Install, test, calibrate, and maintain electrical systems and equipment such as electrical motors, motor control centers (high, medium and low voltage), panel boards, generators and transfer switches, automatic safety controls; various electric controls used in water production and

distribution systems; troubleshoot and repair high, medium, and low voltage electrical equipment and systems; operate, maintain, and repair SCADA control equipment; wire facilities or equipment for service; prepare reports and maintain records, such as preventive maintenance tests and repairs; operate a variety of test equipment; read and interpret blueprints, schematics, and construction design drawings; order and maintain inventory control of parts and materials.

Operate, inspect, maintain, repair water treatment facilities including wells, chlorinators, chemical feed equipment, pressure filters, recording and measuring devices; report unusual operating conditions and major repair needs; maintain and repair water distribution facilities including water mains, service lines and meters, valves, asphalt and concrete surfaces; booster pumps, pressure regulating and sustaining valves, water storage tanks, take water samples and perform analytical and bacteriological tests as required; record readings and maintain other pertinent data; keep facilities clean and in order.

Respond to inquiries, investigate and resolve customer complaints and coordinates work with other District staff; plan and prepare jobs from verbal and written instructions and specifications; oversee electrical safety training programs and implement electrical safety rules, regulations, and procedures.

Electrical Instrumentation Technician Senior

Install, program and troubleshoot special equipment such as Remote Terminal Units, Programmable Logic Controllers, Soft Starts and Variable Frequency Drives; design and build electronic and electrical system components; coordinate and supervise the electrical and system control work of contractors and vendors; provide direction to small crews in electrical and instrumentation maintenance work assignments.

Minimum Qualifications

Knowledge

Theory and practice of electrical design, installation, repair, maintenance, testing and troubleshooting of high, medium, and low voltage systems, generators, electrical motors, SCADA systems, electronic and electro-mechanical systems. Safety regulations and aspects of electrical and water utility field work

Abilities

Safely perform a variety of electrical and water systems tasks. Follow oral and written instructions; read and interpret schematics and drawings. Record and maintain thorough and

accurate records. Use computer hardware and software applications related to work assignments. Effectively organize assigned tasks and work assignments. Recognize unusual or dangerous operating conditions and make sound judgments within established guidelines. Perform mathematical calculations. Communicate effectively and act in a courteous manner with public and staff.

Education and Experience

Any combination that would likely provide the required knowledge and abilities is qualifying. A typical way to obtain the knowledge and skills would be:

Technician:

Experience: Two years of experience performing electrician responsibilities in an industrial, manufacturing, utility, and/or large commercial setting.

Technician Senior:

Experience: Four years of experience performing electrician responsibilities in an industrial, manufacturing, utility, and/or large commercial setting, including a minimum of two years at the journey level.

Education: Completion of high school or its equivalent. Additional related education may be substituted for experience or experience may be substituted for education.

Physical Demands

This position requires sufficient strength and stamina to perform heavy physical labor and must be able to sit, stand, walk on level unlevel or slippery surfaces, stoop, crouch, squat, bend, turn, twist, kneel, grasp, push, pull, reach and climb ladders in the performance of daily duties. The ability to lift, carry and push tools, equipment and supplies weighing up to 60 pounds while wearing personal protective equipment is also required. In addition, it requires vision, hearing, balance, and hand eye coordination appropriate to perform maintenance and repair work and to operate power tools and heavy equipment.

Working Environment

Work takes place outdoors in a variety of weather conditions, including wet, heat and cold and may include exposure to dust, dirt, chemicals, fumes and other contaminants, noise producing tools and equipment, machinery with moving parts, around moving equipment and vehicle traffic. Some work may take place below ground, overhead, in confined spaces or on ladders.

License or Certification

Electrical Instrumentation Technician must obtain a Grade I Water Treatment Operator (T1) and

Grade 2 Water Distribution Operator (D2) Certification issued by the California Water Resources Control Board within 18 months from the date of hire. Must possess a valid California Driver License and have a clean driving record.

Electrical Instrumentation Technician Senior must possess a Grade II Water Treatment Operator (T2) and a Grade II Water Distribution (D2) issued by the California Water Resources Control Board and an Electrical Compliance Inspector Grade 2 issued by the California Water Environment Association.

Other Requirements

Must be available for shift work, on-call assignment and call-back work; must be willing to wear a uniform and must reside within a 30-minute response time by the end of probationary period.

Revised: 05/13/21

AGENDA REPORT

Scotts Valley Water District

Date: 05/13/21

To: Board of Directors

Item: Consent 4.2

Subject: **Surplus Vehicles**

Reason: Complies with District Administrative Code Section 3.10.060 Procurement for Equipment, Material and Supplies

SUMMARY

Recommendation: Declare 2004 Ford F250 VIN 1FTMF20L84EC16472 and 2006 Ford F150 VIN FTRF17253NB26395 as surplus and authorize the advertisement of the vehicles for public sale.

Fiscal Impact: Staff has estimated the value of the vehicles for surplus to be \$6,000 to \$8,000.

Previous Related Action: None.

BACKGROUND

Over the last few years, the District has acquired new vehicles and equipment, creating the need to dispose of items that are no longer in use.

DISCUSSION

As part of the Vehicle Replacement Program, in FY 2019 a Ford F150 was purchased to replace a 2004 Ford F250 and in FY 2020 a Ford F250 with utility body was purchased to replace a 2006 Ford F150.

In order to dispose of this surplus property, staff will advertise the items publicly for sale and may use Public Surplus Online Auction system.

Submitted,

Piret Harmon
General Manager

AGENDA REPORT

Scotts Valley Water District

Date: 05/13/21

To: Board of Directors

Item: Business 6.1

Subject: **Debt Financing for Capital Projects and Pension Liability Funding Strategy**

Reason: Supports Strategic Goal No. 3 – Financial Stewardship

SUMMARY

Recommendation: 1) Authorize staff to proceed with efforts necessary for financing capital projects; and 2) Authorize the General Manager to proceed with the winning financing bid and execute necessary documents; and 3) Receive information and provide input on strategies for paying down the District's unfunded pension liability; and 4) Adopt Resolution 04-21 Establishing Policy P200-21-1 Debt Management.

Fiscal Impact: No direct costs from these actions.

Previous Related Action: On 04/28/21, the Finance & Personnel Committee received a presentation on pension liability financing strategies.

DISCUSSION

The District is undertaking several large capital projects presently and in the next year, including the Orchard Run Water Treatment Plant and Well 3B Replacement projects. Considering the interest rates that are available in the market, staff is evaluating debt-financing opportunities.

The District engaged Urban Futures (UFI) as Municipal Advisor to provide financial advisory services through the potential debt issuance process. After conducting a competitive process, the District has also engaged Jones Hall as Bond and Disclosure Counsel, and Brandis Tallman, a Division of Oppenheimer & Co. as underwriter and placement agent. Separate from the capital financing service, UFI has also performed analysis on the District's unfunded pension liability and presented strategies for addressing this liability.

Lastly, per government code that became effective in 2016, public agencies that issue debt must adopt a debt management policy. A comprehensive policy is attached for your adoption.

Submitted,

Piret Harmon

General Manager

Enclosed: Policy P200-21-1 Debt Management
Resolution No. 04-21



Number:	P200-21-1	Type of Policy:	Finance
Title:	Debt Management		
Description:	Establishes guidelines for the issuance and management of District debt		
Original Adoption:	05/13/2021	Reviewed:	n/a
Review Cycle:	5 years	Resolution No.:	

This Debt Management Policy (“Debt Policy”) establishes guidelines for responsibly issuing and administering the District’s debt. Prudent management of the District’s debt program is necessary to achieve cost-effective access to the capital markets and demonstrates a commitment to long-term financial planning.

1. Findings

This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 1, 2017, and shall govern all debt undertaken by the District.

The District hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the District’s sound financial position.
- Ensure the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the District’s credit worthiness. Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the District.
- Ensure that the District’s debt is consistent with the District’s planning goals and objectives and capital improvement program or budgets, as applicable.

2. Policies

A. Purposes for Which Debt May Be Issued

(i) Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the District.

(a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.

- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the District and its ratepayers.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

(c) The District may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the Board of Directors.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- The District estimates that sufficient revenues will be available to service the debt through its maturity.
- The District determines that the issuance of the debt will comply with the applicable state and federal law.

(ii) Short-term debt. Short-term debt may be issued to provide financing for the District's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment.

(iii) Financings on Behalf of Other Entities. The District may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of District. In such cases, the District shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

B. Types of Debt

For purposes of this Debt Policy, "debt" shall be interpreted broadly to mean loans, bonds, notes, certificates of participation, financing leases, or other financing obligations, but the use of such term in this Debt Policy shall be solely for convenience and shall not be interpreted to characterize any such obligation as an indebtedness or debt within the meaning of any statutory or constitutional debt limitation where the substance and terms of the obligation comport with exceptions thereto.

The following types of debt are allowable under this Debt Policy:

- State or Federal loans, including revolving fund loans
- Loans and lines of credit with banks and other financial institutions

- general obligation bonds
- bond or grant anticipation notes
- lease revenue bonds, certificates of participation and lease-purchase transactions
- other revenue bonds and certificates of participation
- tax and revenue anticipation notes
- land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- refunding bonds, notes, loans and other obligations

The District may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

Debt shall be issued as fixed rate debt unless the District makes a specific determination as to why a variable rate issue would be beneficial to the District in a specific circumstance.

C. Relationship of Debt to Capital Improvement Program and Budget

The District is committed to long-term capital planning. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's capital budget and the capital improvement plan.

The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes.

The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The District shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund, facilities reserve fund or other fund from which capital improvements are paid for.

D. Policy Goals Related to Planning Goals and Objectives

The District is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the District's annual operations budget.

It is a policy goal of the District to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the District to do so either for the purpose of realizing debt service savings or for the purpose of restructuring debt in a manner which is in the best financial interests of the District. Any refinancing of debt for the purpose of realizing debt service savings shall achieve a minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount or such lesser amount as shall be designated in the resolution adopted by the Board of Directors which authorizes the refunding proceedings.

E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The District will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12,
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
- the District's investment policies as they relate to the investment of bond proceeds.

It is the policy of the District to ensure that proceeds of debt are spent only on lawful and intended uses. Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the District will submit written requisitions for such proceeds. The District will submit a requisition only after obtaining the signature of the General Manager. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the person performing the function of chief financial officer of the District shall retain records of all expenditures of proceeds through the final payment date for the debt.

RESOLUTION No. 04-21

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SCOTTS VALLEY WATER DISTRICT
ESTABLISHING POLICY P200-21-1 DEBT MANAGEMENT

WHEREAS:

1. Pursuant to Senate Bill 1029 ("SB 1029"), which was signed by the California Governor on September 12, 2016, California public agencies that issue debt must adopt debt management policies that meet certain criteria;
2. In response to SB 1029 and in order to adhere to sound financial management practices, the Scotts Valley Water District ("District") wishes to adopt and maintain a debt management policy;
3. There has been presented to this meeting a proposed form of debt management policy (the "Debt Policy");
4. The District intends to acquire, construct and improve certain capital projects with proceeds of an installment sale agreement and, if economical, refinance an installment purchase agreement entered into by the District in 2016 (the "2021 Financing"), and the District desires to appoint special counsel, disclosure counsel and municipal advisor to the District in connection therewith.

THEREFORE, BE IT RESOLVED:

The Scotts Valley Water District Board of Directors hereby establishes Policy P200-21-1 Debt Management effective immediately.

PASSED AND ADOPTED this 13th day of May 2021, by the following vote:

AYES:

NOES:

ABSENT:

Bill Ekwall, President
Board of Directors

Attest: _____
Piret Harmon, General Manager

AGENDA REPORT

Scotts Valley Water District

Date: 05/13/21

To: Board of Directors

Item: Business 6.2

Subject: **Water Supply Outlook and Demand Strategy 2021**

Reason: Supports District Mission

SUMMARY

Recommendation: Establish Stage 2 Water Supply Conditions for Water Year 2021 and direct the staff to implement Add-on Drought Rates for the 2 billing periods: June-August, August-October.

Fiscal Impact: The impact is uncertain at this time. Anticipated revenue shortfall from reduced demand will be offset by the supplementary revenue from drought rates. Majority of the customers who will achieve the demand reduction targets, should experience no upsurge on their bi-monthly bills.

Previous Related Action: On 05/14/20 the Board established Stage 2 Water Supply Conditions for Water Year 2020 while electing not to implement drought surcharges due to the Covid-19 pandemic.

On 04/08/21 the Board received information on 2021 Water Supply Outlook as of 03/31/21 and proclaimed May as Water Awareness Month.

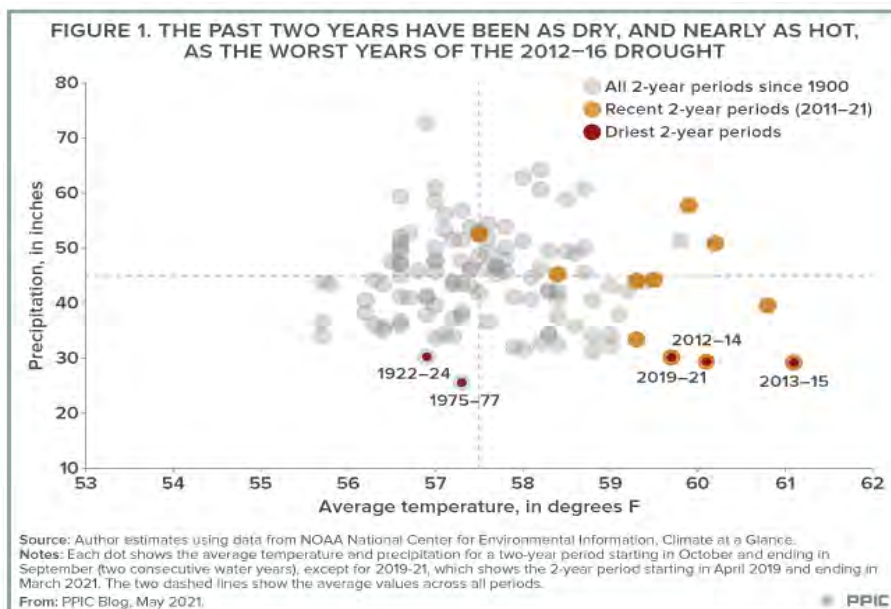
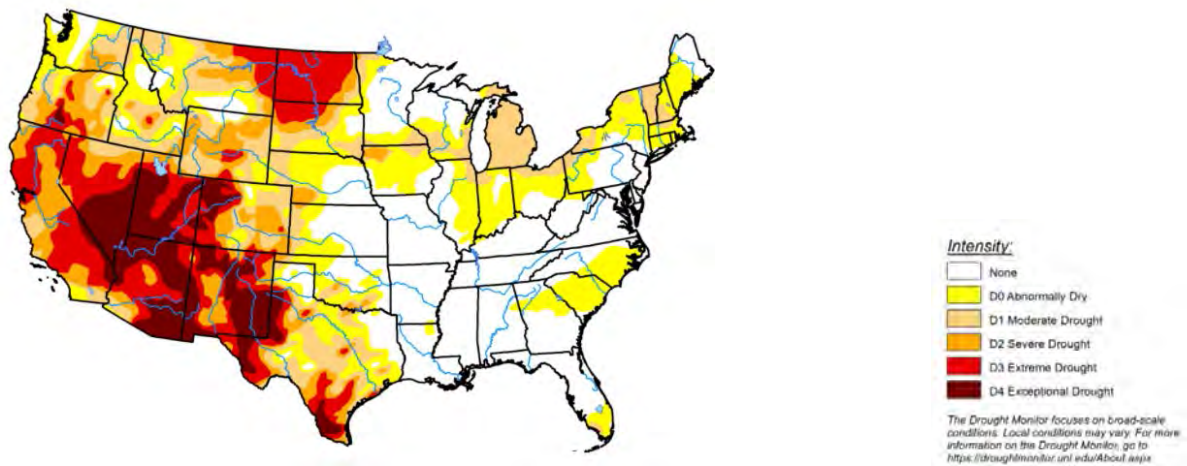
On 04/26/21 the Engineering and Water Resources Committee received a presentation on balancing water supply and demand in the current water year and expressed a preference towards Stage 2 Water Supply Conditions.

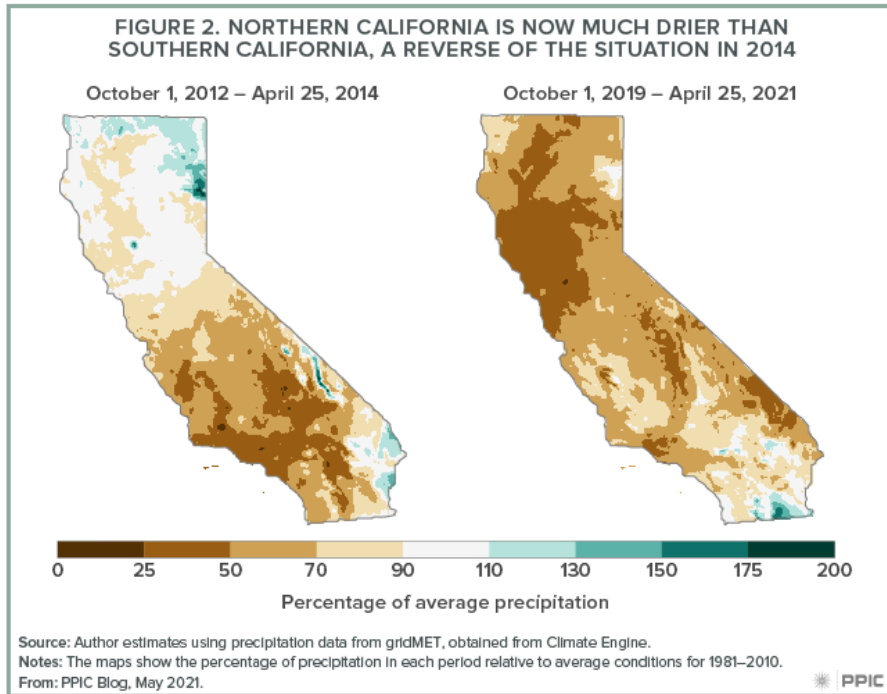
BACKGROUND

The District's Water Shortage Contingency Plan (WSCP) is included in its 2015 Urban Water Management Plan. The Water Shortage Contingency Plan stipulates a four-stage demand reduction plan with the amount of rainfall in a given year or series of years being the basis for defining the stages of action. In addition to the precipitation-based triggers, the plan suggests groundwater level adjustment to the triggers. Demand reduction stages may be adjusted up or down based on this evaluation.

The Scotts Valley area, similarly to the rest of the State of California, experienced an extended period of drought in 2012 through 2015 when the cumulative rainfall reached 67% of the average. While WY 2019 received about average precipitations (104%), WY 2020 delivered only 50%.

The latest California drought update released at the end of April puts most of the Bay Area in the red D3 or extreme drought level with an expansion across all of Sonoma, Marin, Contra Costa and San Francisco counties. D3-extreme drought conditions were also expanded to much of San Mateo, Alameda and the northern portion of Santa Clara County. The slightly less serious D2-severe drought classification remains across Santa Cruz County as well as the northern portions of Monterey and San Benito Counties. The Sierra snowpack is at 27% of average for North Sierra, 34% in the Central Sierra and 14% for the South Sierra.





DISCUSSION

Last decade has been experiencing very volatile precipitation patterns. WY 2020 started off with the first 3 months of the water year showing the signs of a normal rainfall year with 30% of average precipitations at the end of December but the trend changed drastically at the beginning of 2020. The current water year has been quite opposite – the total rainfall amount for the first 3 months was 3.88 inches or about 9% of the average. The conditions reversed in January with the entire West Coast seeing heavy rain and snow, that resulted in 12.42 inches measured as of 1/31/21. The next three months remained significantly below long-term averages, contributing only 1.39 inches, 2.81 inches, and 0.17 inches respectively. The total cumulative of 16.74 is only 40% of the average annual rainfall and indicates a Stage 3 of the demand reduction plan.

WATER SUPPLY CONDITION - AS OF APRIL 30, 2021													
		Average Rainfall	Rainfall (inches)				Rainfall (percent of average)				Cumulative		Single Year
			2018	2019	2020	2021	2018	2019	2020	2021	3-year	2-year	
Stage 1	Cumulative rainfall over 2 years < 80% of average and/or Single year rainfall < 75% of average	41.63	24.26	43.72	20.9	16.74	58%	105%	50%	40%		45%	40%
Stage 2	Cumulative rainfall over 2 years < 70% of average and/or Single year rainfall < 60% of average	41.63	24.26	43.72	20.9	16.74	58%	105%	50%	40%	65%	45%	40%
Stage 3	Cumulative rainfall over 3 years < 50% of average and/or Single year rainfall < 50% of average	41.63	24.26	43.72	20.9	16.74	58%	105%	50%	40%	65%	45%	40%
Stage 4	precipitation with groundwater levels below historic low range	41.63	24.26	43.72	20.9	16.74	58%	105%	50%	40%	65%		

According to the District’s Water Shortage Contingency Plan, the spring groundwater levels are collected and evaluated relative to historic lows between 2003 and 2013. Demand reduction stages may be adjusted up or down based on this evaluation. Attached is a report from Dis-

trict’s groundwater consultant Montgomery & Associates analyzing the measurements collected in April. It is possible that the cumulatively low rainfall over the past three years is beginning to become evident in the Lompico aquifer pumped by the District. It will be important to closely monitor Lompico aquifer groundwater levels in relation to pumping over the next six months. Last year’s review of April 2020 groundwater conditions concluded that “based on groundwater level trends and pumping volumes in the Lompico aquifer through the [2012-2015] drought and beyond, keeping total District annual pumping below 1,250 acre-feet per year should not stress the aquifers being pumped even in below average rainfall years over the short-term.” This conclusion still stands but if there is another year of below average rainfall, the dry conditions are no longer considered short-term and declines in groundwater levels in all aquifers may become more prevalent.

Considering all of the factors above, the staff recommends establishing a Stage 2 Water Supply Condition for WY 2021. The demand reduction for Stage 2 (15%) is calculated from a baseline of average demand from the last 5 years where precipitation was >80% of average.

			Annual Demand (AF)					Baseline (AF)	Target (AF)
			2010	2011	2016	2017	2019		
Stage 1	Demand reduction	10%	1356	1203	1104	1164	1109	1187	1068
Stage 2	Demand reduction	15%	1356	1203	1104	1164	1109	1187	1009
Stage 3	Demand reduction	20%	1356	1203	1104	1164	1109	1187	950
Stage 4	Demand reduction	25%	1356	1203	1104	1164	1109	1187	890

The demand target of 1,009 AFY represents 11% decrease in comparison with WY 2020.

District’s Water Management Strategies for Demand Reduction Policy (P500-15-2) sets separate allocation targets for different customer categories. In Stage 2, the largest customer category, Single Family Residential, is expected to achieve 20% reduction in summer months and Landscape category decrease its use by 30%.

Table 1: Allocations in the summer months (May 1 - October 31)

Potable Consumption	Stage 2	Stage 3	Stage 4
	%	%	%
Residential – Single Family	80%	75%	70%
Residential – Multi Family	90%	85%	80%
Commercial	95%	90%	85%
Landscape	70%	60%	50%
Total Consumption	82%	76%	73%
Total Reduction	18%	24%	27%

Table 2: Allocations in the winter months (November 1 – April 30)

Potable Consumption	Stage 2	Stage 3	Stage 4
	%	%	%
Residential – Single Family	90%	85%	80%
Residential – Multi Family	90%	85%	80%
Commercial	95%	90%	85%
Landscape	80%	75%	50%
Total Consumption	93%	88%	82%
Total Reduction	7%	12%	18%

The staff has developed a suit of activities to help District’s customers to reduce their water use this summer. Updated Think Twice Water Efficiency Program is presented to the Board under a separate agenda item at this meeting.

To prevent a revenue shortfall triggered by reduced demand, the Board adopted a Drought Rates Schedule to be exercised in case of a declared water shortage. Stage 2 would require activating add-on drought rate of \$5.72 per 1,000 gal for residential consumption in Tiers 2 and higher and \$2.41 per 1,000 gal for all other customer categories. The drought rate is not applied to the basic service charge or the Tier 1 rate.

Submitted,

Piret Harmon
General Manager

Enclosed: Groundwater Conditions Report 4-2021
Rate Schedule Drought 12-13-2016

May 7, 2021

Ms. Piret Harmon
Scotts Valley Water District
2 Civic Center Dr.
Scotts Valley, CA 95066

SUBJECT: REVIEW OF APRIL 2021 GROUNDWATER CONDITIONS IN THE SCOTTS VALLEY WATER DISTRICT AREA

Dear Ms. Harmon:

The Scotts Valley Water District (District) has requested Montgomery & Associates (M&A) to review spring 2021 groundwater conditions in the Scotts Valley Water District (District) due to the high probability that annual rainfall will be drastically below average for the year thus potentially impacting the District's water supply.

This letter summarizes our review of historical and recent climate, pumping, and groundwater level data. The data reviewed included recent rainfall data through April 30, recent groundwater production data through April 27, and historical groundwater level data from monitoring wells.

SUMMARY OF RAINFALL

As of April 30, 2021, the water year rainfall total measured at the El Pueblo Yard Station in Scotts Valley is 16.74 inches. This is 40.1% of long-term average rainfall of 41.75 inches per year (Figure 1). Although, it appeared the most recent drought ended in Water Year 2015, the mostly average or below average rainfall since, with the exception of Water Year 2017, indicates that the drought is continuing. From Water Year 2016 to present, the Scotts Valley area has received a total of 228.41 inches of rainfall, which averages to roughly 38.07 inches per year. If it were not for Water Year 2017 having record rainfall, the average since 2016 would be less than 38 inches per year (Figure 1).

The National Integrated Drought Information System (NIDIS) is a multi-agency partnership that coordinates drought monitoring, forecasting, planning, and information at national, tribal, state, and local levels. The Drought.gov online tool developed by NSDIS classifies Scotts Valley as being in a moderate to severe drought (<https://www.drought.gov/location/scotts%20valley%2C%20ca>).

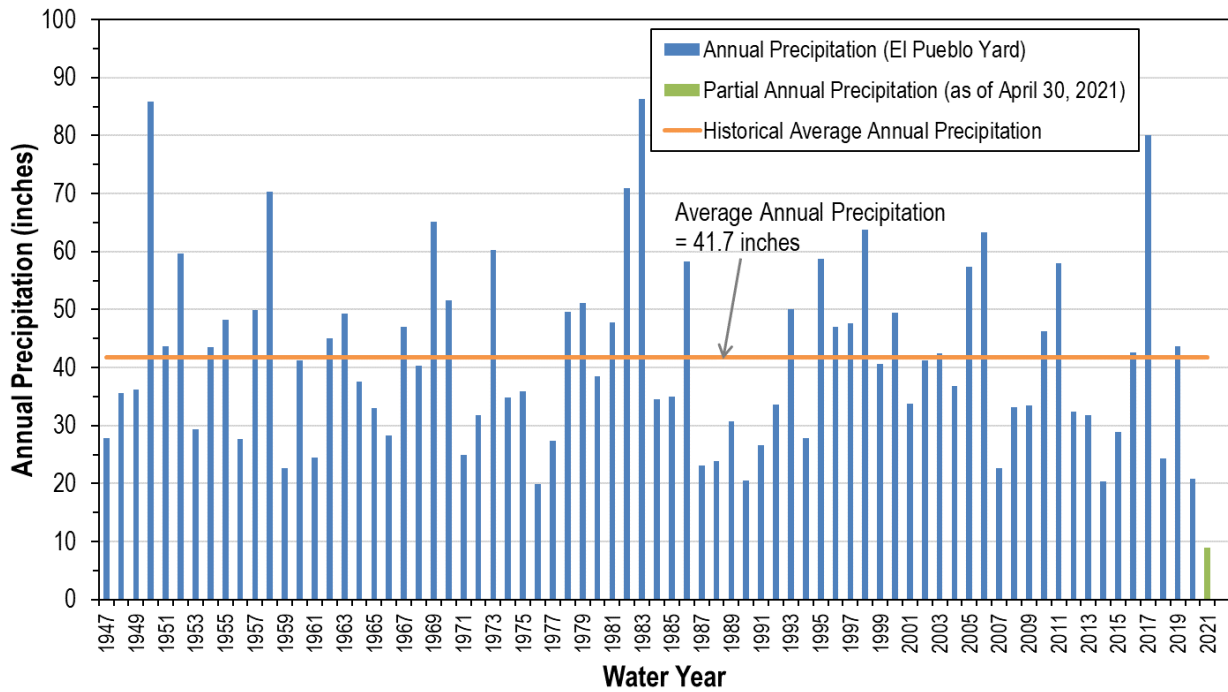


Figure 1. Annual Rainfall at El Pueblo Yard

Figure 2 shows the likelihood of receiving various amounts of rain in April, (orange line) and May (grey line). Using the distribution for May, as a worst-case scenario, if only the median rainfall of 0.6 inches occurs, total rainfall for the water year will be around 17.34 inches. This is only 41.5% of average and the lowest on record. Even if the maximum historical May rainfall of 7.7 inches occurs, the total rainfall for the water year will be 24.44 inches, which is 58.5% of average which would be the 10th lowest on record.

Using the median May rainfall of 0.6 inches, the cumulative two-year average is likely to be around 19.12 inches, which is 45.8% of average. The cumulative three-year average would be 27.32 inches, which is 65.4% of average.

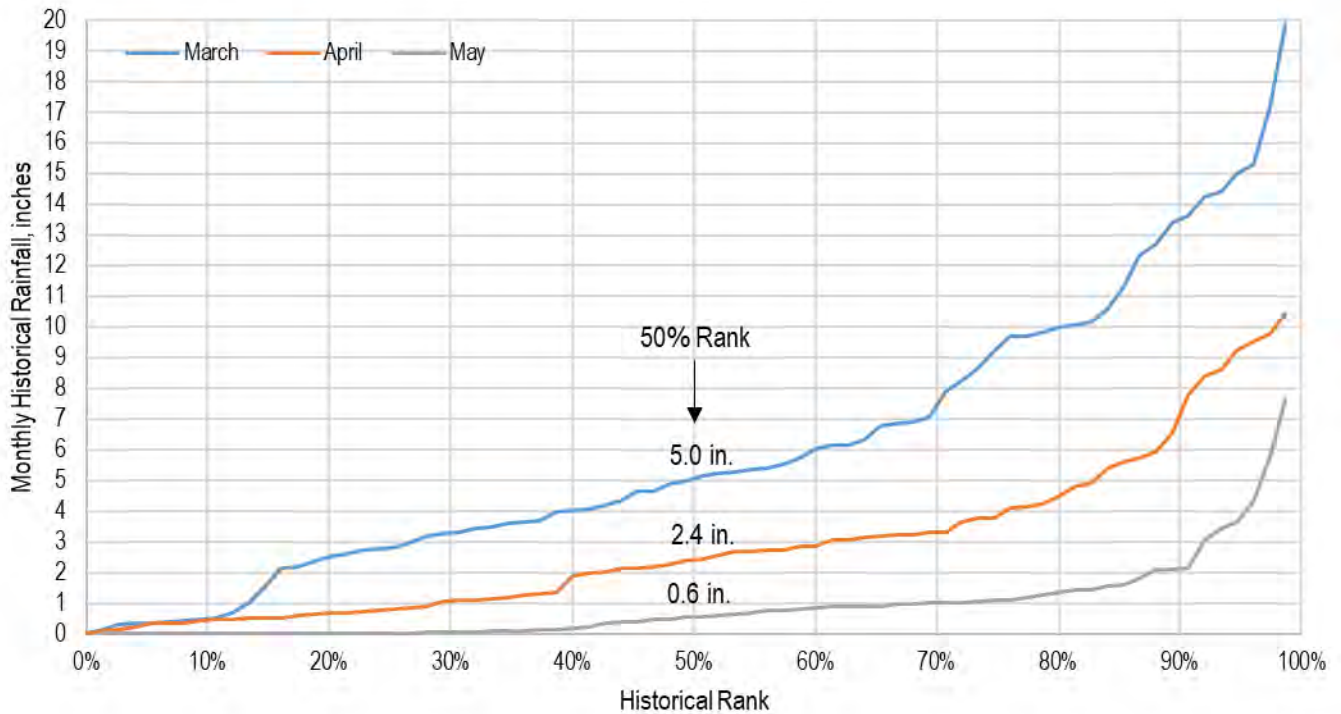


Figure 2. Historical March through May Rainfall Ranking

SUMMARY OF GROUNDWATER PUMPING

Groundwater levels in the basin are influenced more rapidly by pumping than by response to rainfall, as described in previous Annual Reports. In Table 1, the past six years' fall and winter pumping are listed to provide comparisons of the relative amounts of groundwater pumped from each aquifer during the same time periods.

Table 1. Summary of Fall and Winter Production

Time Period	Lompico Production Wells #10A, #11A and #11B (AF)	Lompico/Butano Production Wells #3B and Orchard Well (AF)	Total (AF)
Oct 2015 - Mar 2016	286.5	287.0	573.5
Oct 2016 - Mar 2017	385.5	193.6	579.1
Oct 2017 - Mar 2018	368.4	234.7	603.1
Oct 2018 - Mar 2019	97.6	422.7	520.4
Oct 2019 - Mar 2020	250.8	301.2	552.0
Oct 2020 - Mar 2021	468.4	127.5	595.9

Note: The District no longer pumps groundwater from the Santa Margarita aquifer.

Through March, District pumping in Water Year 2021 is the second highest over the last six water years (Table 1). The Orchard Run treatment plant has been offline for upgrades since December 2020 which has resulted in groundwater pumped by the Orchard Well and Well #3B being much less than the past five years (Table 1). To make up for lost production from the Orchard Run treatment plant, Lompico wells #10A, #11A and #11B have been pumped more than in previous years (Table 1). New pumps installed in Wells #10A and #11A have improved their pumping capacity.

GROUNDWATER LEVEL OBSERVATIONS

Table 2 summarizes the changes in groundwater levels at monitoring wells in the District. Figures showing selected hydrographs for the wells are indicated in Table 2, and well locations are shown on Figure 3.

Table 2. Summary of April 2021 Groundwater Levels

Well	Change in Groundwater Level Since Oct 2020 (feet)	Change in Groundwater Level Since Oct 2017 (feet)	Hydrograph Figure Number
Santa Margarita Aquifer			
SVWD AB303 MW-1	-0.7	-2.3	Figure 4
SVWD AB303 MW-3B	-0.1	+2.6	-
SV4-MW	-1.5	-7.3	-
TW-18	-0.1	+2.1	Figure 5
Monterey Formation			
Well #9	+1.1	+14.5	Figure 6
Lompico Aquifer			
TW-19	-5.3	+29.5	
SVWD Well #10	-6.6	+33.3	Figure 8
SVWD AB303 MW-2	+0.8	+9.1	Figure 9
Lompico/Butano Aquifer			
Stonewood	+0.5	+1.6	-
Canham	-0.5	-1.9	Figure 12

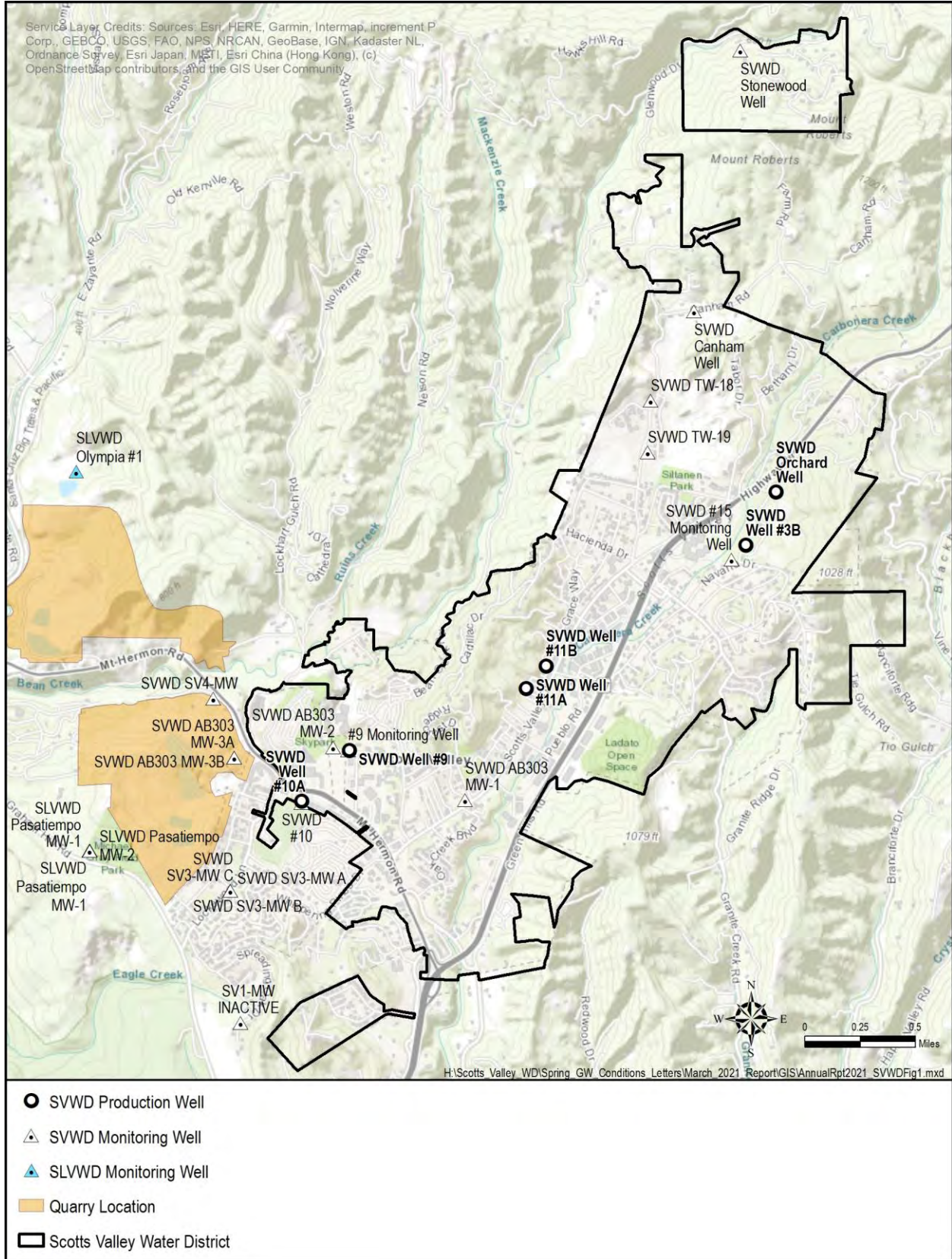


Figure 3. Scotts Valley Water District with Key Well Locations

Two of the three Santa Margarita aquifer monitoring wells in the southern portion of the District now show lower groundwater levels than October 2017 (Table 2). Last year, most groundwater levels were still higher than October 2017 levels. The lower levels in April 2021 are consistent with how the Santa Margarita aquifer responds to rainfall: in 2017 it filled up when it was a very wet year and because of the lower than normal rainfall, over the past three years, has not been able to replenish. This has caused its groundwater levels to fall as it naturally drains to Bean Creek. The northernmost Santa Margarita aquifer monitoring well, TW-18, still has fairly consistent groundwater levels (Figure 5). All the Santa Margarita aquifer monitoring wells in Table 2 have groundwater levels lower than the beginning of the water year

Table 2 shows the monitoring wells with the greatest increases since October 2017 are the Monterey Formation and Lompico aquifer wells. Hydrographs for Monterey Formation SVWD Well #9 (Figure 6) and Lompico aquifer wells TW-19 (), SVWD #10 (Figure 8), and AB303-MW2 (Figure 9) show an increasing rate of groundwater level recovery starting in the winter of 2017. This increase is in part due to Water Year 2017 being a very wet year, but increases have continued because of reduced pumping in the Lompico aquifer (Figure 10). Groundwater elevations in SVWD #10, which is located closest to the District's southern/central pumping wells as well as being relatively close to the SLVWD's Pasatiempo wells, has shown sustained increases in both seasonal high and seasonal low groundwater levels that have continued into April 2021.

Since October 2020, Lompico wells are showing signs of slowing rates of groundwater level increase or groundwater level decline. Both SVWD Well #10 and TW-19 have experienced 5-6 feet of groundwater level decline over fall and winter, while AB303 MW-2's groundwater level increased marginally by 0.8 feet. (Table 2). The TW-19 and AB303 MW-2 hydrographs show stabilization and/or slight decline of groundwater levels since 2020 (and Figure 9, respectively). Unlike the other Lompico monitoring wells, groundwater levels at SVWD Well #10 fluctuate by about 30 to 40 feet during annual cycles because of variable pumping at nearby SVWD pumping well #10A, making analysis of short-term groundwater level change at this well more challenging. The groundwater level trend at Lompico monitoring well AB303-MW2 was increasing from 2017 to spring 2020, but has remained stable since that time, suggesting impacts of reduced groundwater recharge. This well is close to SVWD #10 and reaffirms the finding that groundwater elevation in the Lompico aquifer may be stabilizing or decreasing after several years of consecutive groundwater level increases.

Groundwater levels in combined Lompico/Butano aquifer monitoring wells indicate that groundwater levels have not changed significantly since 2017 (Table 1). The Canham monitoring well, closest to the District's Lompico/Butano pumping wells has experienced a slight decline over the past seven years, with the average rate of decline being just under 0.3 feet per year (Figure 12). Groundwater levels in the Canham monitoring well dropped 0.5 feet over the past six months, even though the District's Orchard Well and Well #3B have not pumped since December.

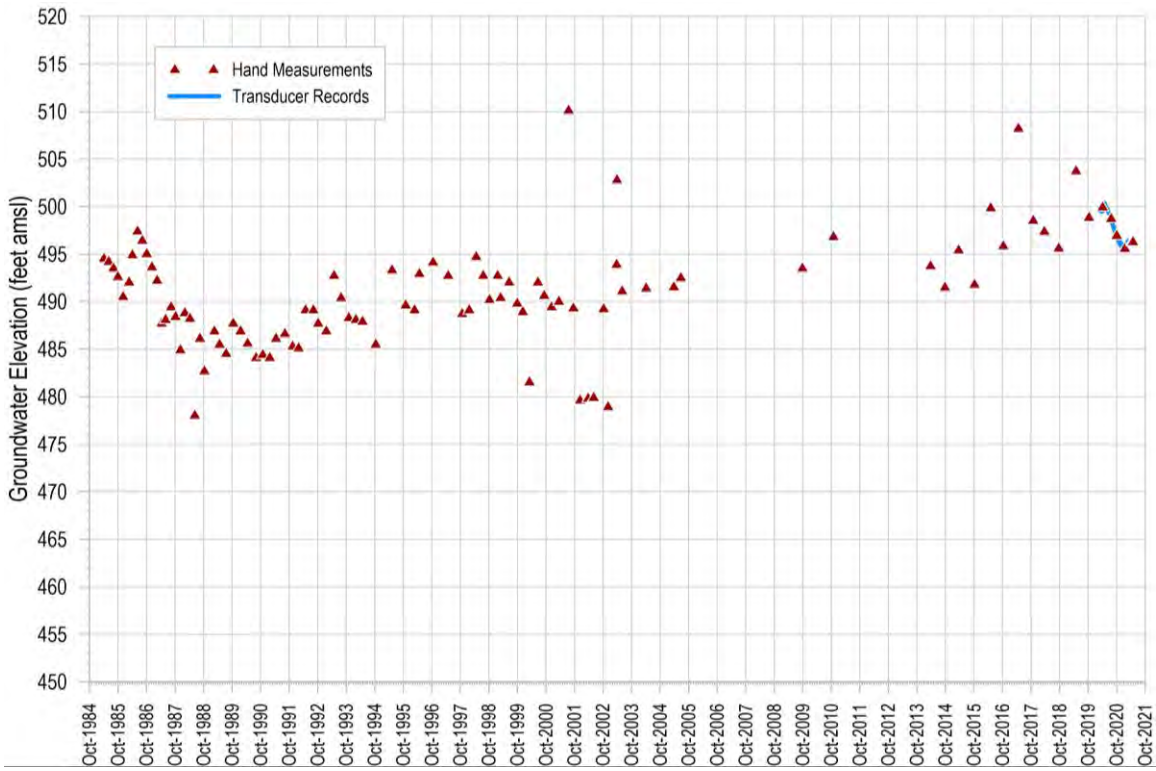


Figure 4. Hydrograph of Monitoring Well SVWD AB303 MW-1 (Santa Margarita Aquifer)

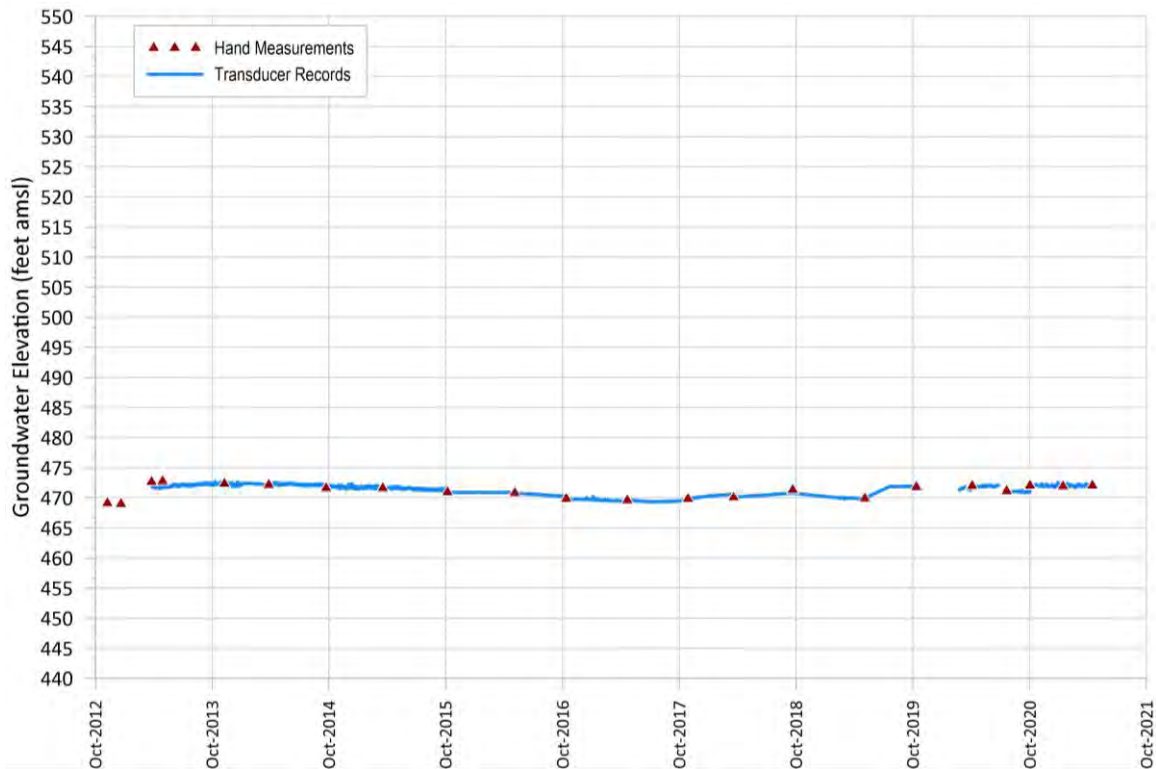


Figure 5. Hydrograph of Monitoring Well TW-18 (Santa Margarita Aquifer)

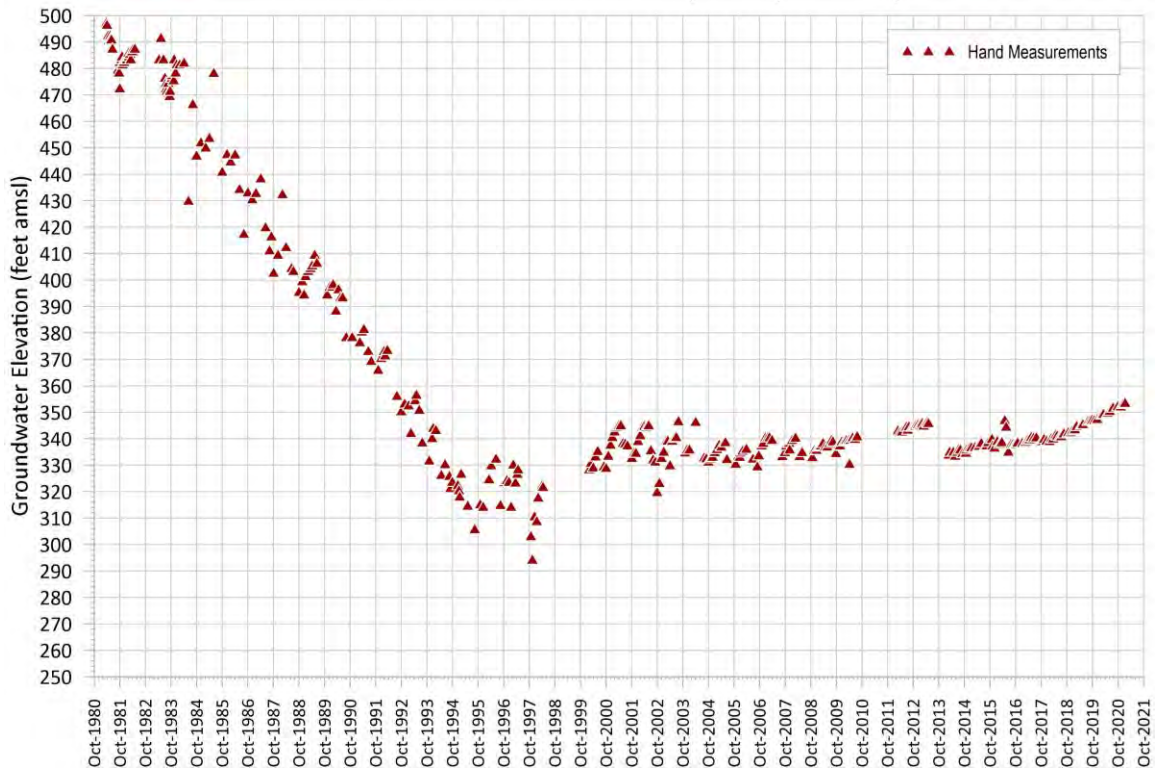


Figure 6. Hydrograph of SVWD Well #9 (Monterey Formation)

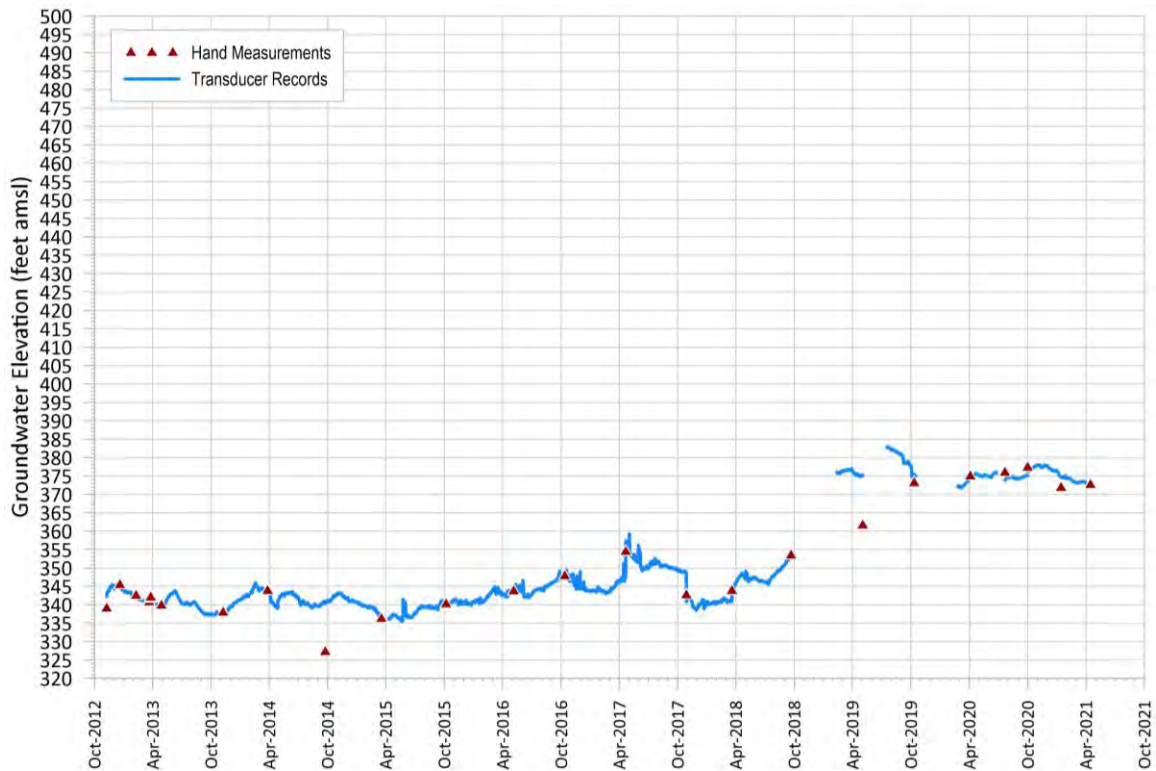


Figure 7. Hydrograph of Monitoring Well TW-19 (Lompico Aquifer)

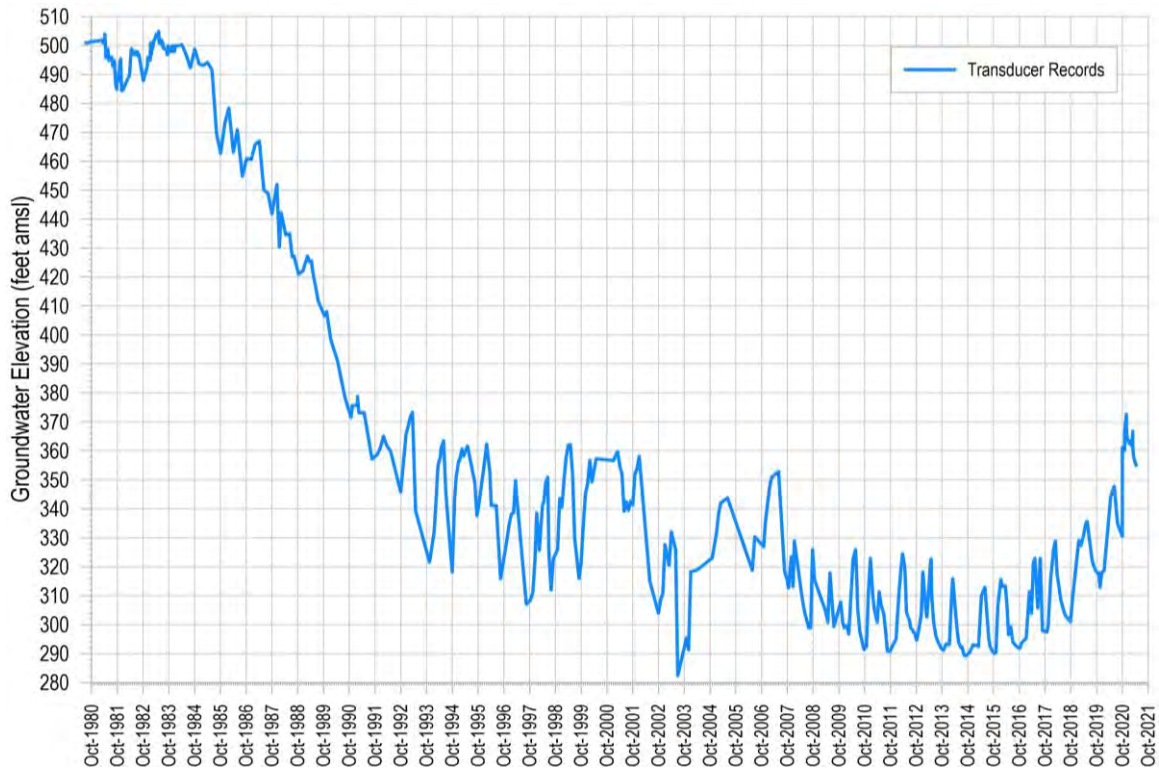


Figure 8. Hydrograph of SVWD Well #10 (Lompico Aquifer)

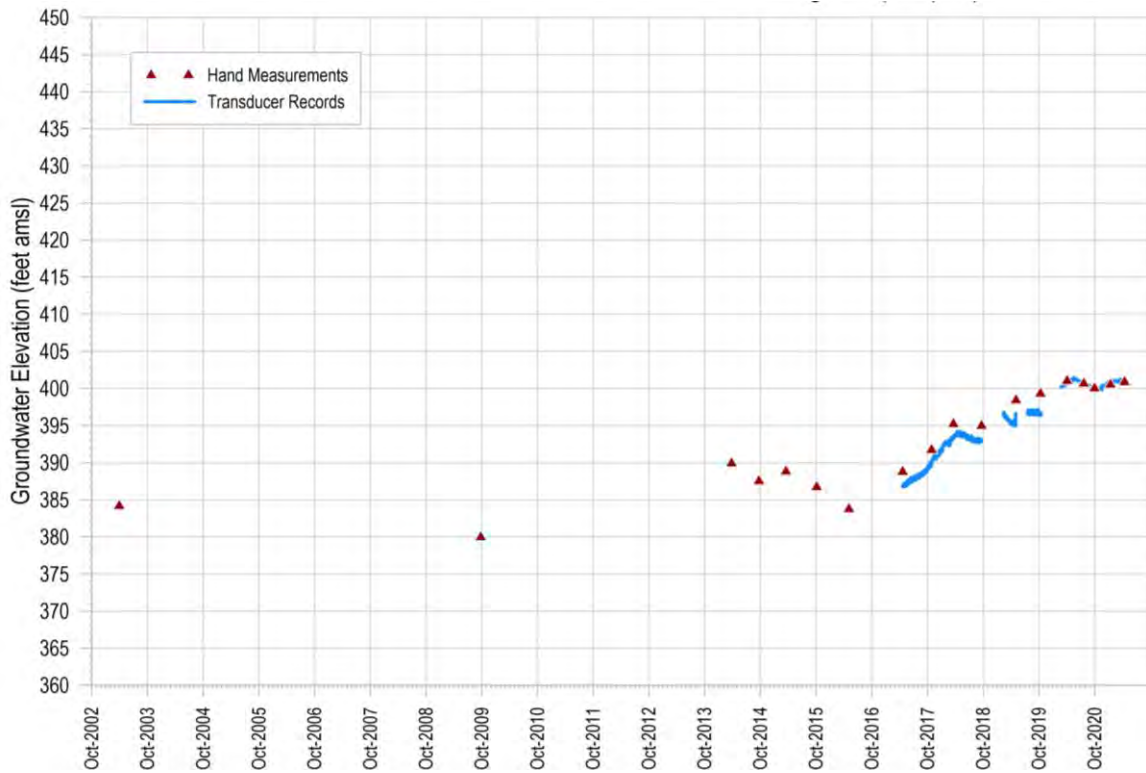


Figure 9. Hydrograph of AB303-MW2 Monitoring Well (Lompico Aquifer)

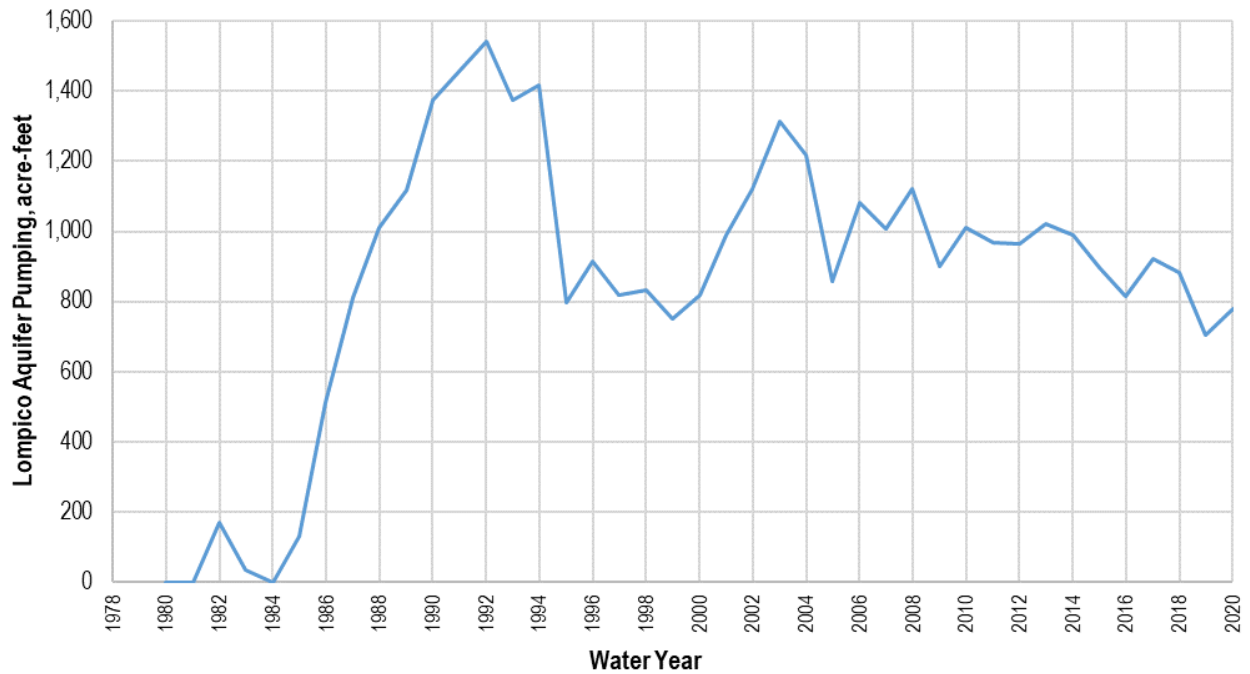


Figure 10. Annual Lompico Aquifer Pumping by Scotts Valley Water District through Water Year 2020

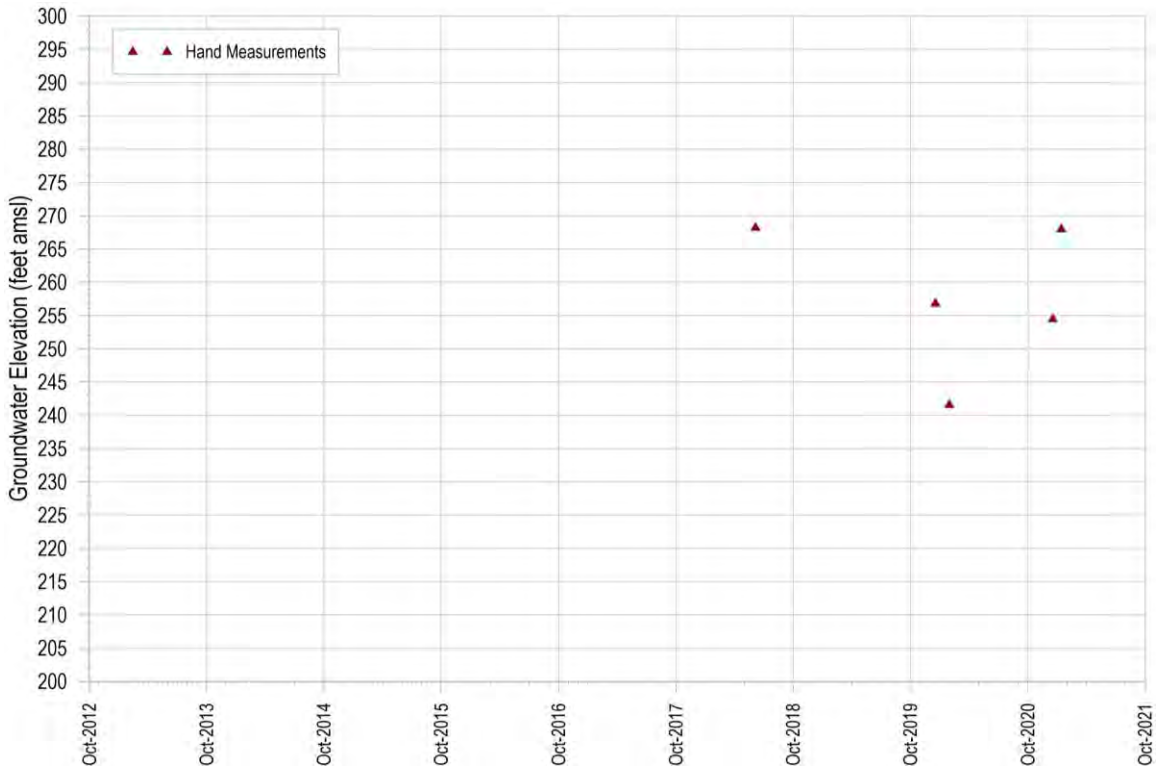


Figure 11. Hydrograph of SWWD Orchard Well (Lompico/Butano Aquifers)

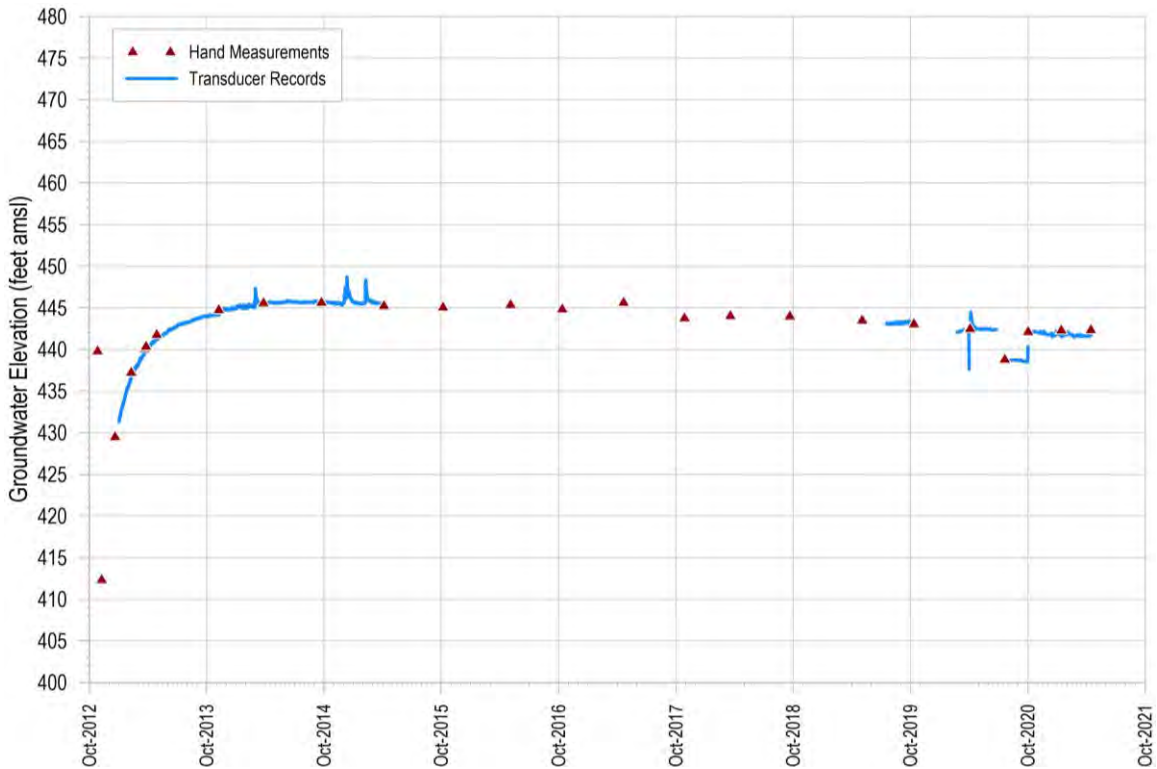


Figure 12. Hydrograph of Canham Monitoring Well (Butano)

WATER SUPPLY CONDITIONS

It is highly likely that Water Year 2021 annual rainfall in Scotts Valley will be around 41% of average given median historical May rainfall. Scotts Valley's cumulative two-year rainfall as of April 30, 2021 is 45.8% of average, and the cumulative three-year rainfall is 65.4% of average. The below-average cumulative rainfall totals will result in less groundwater recharge in all aquifers, but particularly the confined Lompico and Butano aquifers that the District depends on. Examining cumulative totals over multiple years is consistent with the practice of managing groundwater basins in response to multi-year trends rather than single year events. The District's Lompico aquifer wells generally have an overall increasing trend over the past several years, that started after the wet Water Year 2017, however, Lompico groundwater levels are stable to slightly lower now compared to the beginning of the water year in October 2020.

The Butano aquifer appears to have a very slight declining trend which has occurred relatively uniformly since 2013. The data available for analyzing the Butano aquifer, come from the Canham monitoring well that is located 0.8 miles from the District's Orchard Well. A deep dedicated monitoring well in the Butano aquifer closer to the District's Lompico/Butano aquifer pumping wells will be installed in 2022 as part of the Santa Margarita Groundwater Agency implementation of its Groundwater Sustainability Plan. This will provide an additional groundwater level data point closer to where pumping impacts are occurring and will help in managing the Butano aquifer that appears to be showing the beginnings of effects from long-term pumping.

CONCLUSIONS

It is possible that the cumulatively low rainfall over the past three years is beginning to become evident in the Lompico aquifer pumped by the District. It will be important to closely monitor Lompico aquifer groundwater levels in relation to pumping over the next six months. Last year's review of April 2020 groundwater conditions concluded that "based on groundwater level trends and pumping volumes in the Lompico aquifer through the [2012-2015] drought and beyond, keeping total District annual pumping below 1,250 acre-feet per year should not stress the aquifers being pumped even in below average rainfall years over the short-term." This conclusion still stands but if there is another year of below average rainfall, the dry conditions are no longer considered short-term and declines in groundwater levels in all aquifers may become more prevalent.

Sincerely,
MONTGOMERY & ASSOCIATES



Georgina King
Senior Hydrogeologist



ADD-ON DROUGHT RATES

Bi-Monthly Rates

RESIDENTIAL TIERED RATES (Per 1,000 Gal)	Stage 2 *	Stage 3 *
0 TO 6,000	\$0.00	\$0.00
6,001 TO 12,000	\$5.72	\$9.19
12,001 TO 16,000	\$5.72	\$9.19
OVER 16,000	\$5.72	\$9.19
UNIFORM RATES (Per 1,000 Gal)	Stage 2	Stage 3
CII, Landscape, Other, Qualifying Medical	\$2.41	\$3.54

* As established by Water Shortage Contingency Plan (SVWD 2015 Urban Water Management Plan)

AGENDA REPORT

Scotts Valley Water District

Date: 05/13/21

To: Board of Directors

Item: Business 6.3

Subject: **Water Use Efficiency Program Think Twice 2021 Update and Rebate Program
2021 Update**

Reason: Supports Strategic Goal No. 1 – Water Resource Management

SUMMARY

Recommendation: 1) Approve the Think Twice Water Use Efficiency Program; and 2) Approve the Rebate Program.

Fiscal Impact: Direct cost of the activities in the 2021 Think Twice Program and 2021 Rebate Program is approximately \$52,000, the promotional 2xTurf's Up Rebate resulted in about \$60,000 of additional expenses. The funds are either available in FY 2021 budget or appropriated in the proposed FY 2022 budget.

Previous Related Action: On 05/14/20, the Board approved the Think Twice Water Use Efficiency Program 2020 Update and the Rebate Program 2020 Update.

On 04/8/21 the Board received information on 2021 Water Supply Outlook as of 03/31/21.

On 04/26/21 the Engineering and Water Resources Committee reviewed the proposed 2021 Think Twice Water Use Efficiency Program and 2021 Rebate Program and recommended both programs for the Board review.

BACKGROUND

The District has been persistently and continuously promoting water use efficiency for years. In response to the four-year drought, the District reduced its system-wide potable demand 21% by October 2016 from baseline of water year (WY) 2013 and has sustained roughly the same level of system wide water use since then.

The District's Water Shortage Contingency Plan (WSCP) is included in its 2015 Urban Water Management Plan. The Water Shortage Contingency Plan stipulates a four-stage demand reduction plan with the amount of rainfall in a given year or series of years being the basis for defining the stages of action that are further evaluated based on groundwater levels and basin condition. After thorough consideration of the above mentioned criteria, the Board establishes

the appropriate Water Supply Conditions each spring for remainder of the water year (high-season).

DISCUSSION

The District's Water Efficiency Program Think Twice and Rebate Program are the main tools that guide District's activities in support of maximizing the efficient use of water and achieving the demand reduction goals as determined by the Water Supply Conditions assessment.

Considering the extraneous events that the community has been faced with in 2020, the staff is proposing a suite of activities for this year's Think Twice Program that are inspiring and entice the customers to participate, rather than setting strict mandates. As always, decreasing wasteful use of water is the topmost goal and the District is focusing on optimizing the WaterSmart customer engagement portal to reduce leaks. We will be announcing a community-wide Water Savings Challenge in early summer that will aim at reducing water consumption by 15%. The challenge offers improved understanding of water use at an account level, a friendly competitive spirit, and an opportunity to win raffle prizes.

Submitted,

Piret Harmon
General Manager

Enclosed: Think Twice Water Efficiency Program 2021
 Rebate Program 2021
 Water Savings Challenge 2021



Type:	Water Use Efficiency		
Title:	Think Twice		
Description:	Establishes a set of activities to support the District's long-term sustainable water supply planning efforts		
Review Date:	05/13/21	Initial Date:	05/14/15
Review Cycle:	1 Year		

The program outlines a multi-pronged approach that increases awareness about water use, promotes water efficient behaviors, and continuously reduces water waste.

Program Components:

1. Education & Outreach

- Water Savings Challenge
 - o Call for 15% less usage each month: June through September
 - o Eligible customers invited to participate in the raffle
 - o Raffle prizes from local vendors drawn monthly
- Optimize WaterSmart data and features for catching and stopping leaks early
- Create community "billboards" for awareness building
- Use social and local media placements to promote efficient water use and Think Twice 2021

2. Rebates

Offer rebates on a variety of activities and equipment and free devices, which enhance water use efficiencies, that are available to District's customers in good standing (see Rebate Program). Offer a special Turf's Up 2 x Lawn Replacement in Spring of 2021

3. Restrictions & Prohibitions

- Institute two times per week watering schedule
- Mandatory pool and hot tub covers (Pending Board Approval)
- Promote requirements for restaurants to serve water only per request and hotels to offer an option to reuse bedding

4. Water Waste Policy

Implement and enforce District Policy on Water Waste (P500-15-1)

5. Recycled Water Fill Station (Pending Board Approval)

Activate the fill station for Summer 2021 with limited schedule, coordinated and staffed exclusively by District Board Members and community volunteers



Program

Type:	Water Use Efficiency		
Title:	Rebates		
Description:	Establishes guidelines for indoor and outdoor water efficiency rebates		
Review Date:	05/13/21	Initial Date:	05/04/15
Review Cycle:	1 Year		

Available to District potable water service customers in good standing. Rebates may be carried out as account credit and/or cash rebate. Annual budget amounts are used as default program funding limits unless Board approves maximum allowances for specific rebates or for the overall program.

Before purchasing any materials or labor for rebates, it is the customer's responsibility to contact the District (website, email or phone) for specific eligibility requirements.

Lawn - \$1.00 per square foot

For replacement of existing irrigated lawn with any combination of low water use plants, mulch, artificial turf, or pervious hardscape.

Existing high-volume irrigation must be permanently disabled or converted to low volume or sub-surface irrigation. District will also consider low water turf blends or low water groundcover if paired with subsurface or rotary small-stream spray irrigation.

Spray Irrigation - \$0.50 per square foot

For replacement of existing high-volume sprinkler system with low-volume irrigation such as drip, micro-spray, or bubbler emitters. Sprinkler valves and heads no longer in use must be removed and capped. Low volume and high-volume irrigation may not be mixed on the same valve.

Spray to Rotator Nozzle - \$10 per nozzle

For replacement of existing high-volume overhead sprayers with small stream rotary/rotator nozzles. Existing spray head body must be same manufacturer as new rotator nozzle. Low volume and high-volume irrigation may not be mixed on the same valve.

<p>Weather Based Irrigation Controller - up to \$100 per controller</p> <p>For installation of new irrigation controller that utilizes local weather data for setting irrigation schedules. Stand-alone rain sensors not eligible.</p> <p>New controllers must be US EPA WaterSense Certified.</p>
<p>Pool Cover – 50% of cost, maximum of \$1,000 per pool every 3 years</p> <p>For purchase and installation of pool cover.</p>
<p>Hardscape - \$1 per square foot, maximum of \$2,500 per account</p> <p>For replacement of impermeable hardscape or pools with permeable, low or no water use material.</p>
<p>Greywater Irrigation - up to \$150 per plumbing fixture</p> <p>For directing water from showers, bathtubs, and washing machines to irrigation, installed to California Universal Plumbing Code (CA UPC) standards.</p>
<p>Rainwater Cistern - \$0.25 per gallon of cistern, maximum of \$750 per account</p> <p>For installation of rainwater collection cisterns. Cisterns must be installed to CA UPC standards, adhere to all building regulations, and may not be connected to a potable water supply.</p>
<p>Downspout Diversion - \$75 per diversion, maximum of \$300 per account</p> <p>For installation of downspout diversion that directs flow to an on-site landscape feature such as rain garden, swale, dry well, dry creek bed, or infiltration basin.</p>
<p>Pressure Regulator - \$50 per regulator, maximum of \$100 per account every 5 years</p>
<p>Toilet</p> <p>\$125 for replacing a higher than 1.6 gallons per flush (gpf) toilet with a lower than 1.28 gpf toilet</p> <p>\$100 for replacing a higher than 1.6 gpf toilet with a 1.28 gpf toilet</p> <p>\$50 for replacing a 1.6 gpf toilet with a lower than 1.28 gpf toilet</p> <p>\$25 for replacing a 1.6 gpf toilet with a 1.28 gpf toilet</p> <p>New toilets must be US EPA WaterSense Certified.</p>
<p>Urinal - \$75 for replacing any urinal requiring water with a waterless urinal</p>

SVWD Water Saving Challenge 2021

What is the Challenge?

District customers to reduce water use on their account 15% (or more) from the same period prior year. Monthly raffle for customers who meet the eligibility and achieve the reduction target. One prize winner be announced for months of June, July, August and September. One grand prize will be raffled off at end of the Challenge between the customers that participated in all four months.

Monthly raffle prize: either a \$100 water bill credit or a choice of a gift certificate from a Scotts Valley business.

Grand prize: either a \$500 water bill credit or a choice of a gift certificate from a Scotts Valley business.

Who's Eligible and How to Enter?

All District potable water account holders, who have had water service at least for a year and achieve at least 15% reduction in water use in comparison with the same period prior year, are eligible. Winning once, makes the participant ineligible to win in the next monthly/bi-monthly raffle. Winning once, does not cancel the eligibility for grand prize. To be eligible for grand prize, the customers have to achieve 15% savings and submit entries in all four months or two bi-monthly cycles.

Use WaterSmart portal to:

- Monitor water use throughout the summer months: June, July, August, September
- Check if on track to achieve 15% reduction from prior year same period
 - Monthly for customers who have had i-Meters at least for a year: GPD (Gallons per Day) for each month – Track / Your Seasonal Use Feature
 - Bi-monthly for customers who have had i-Meters for less than a year: GPD for 2-month meter read cycle – Track / Comparing Your Use Last 24 Months
- Submit the raffle entry by 7th of the following month
 - July, August, September, October for customers on i-Meters at least for a year
 - July, September for customers on i-Meters for less than a year
- Submit form to enter in the raffle

How will raffle winners be selected and notified, and claim their prize?

After eligibility verification, one winning customer will be selected at random each month. District staff will contact them to inquire about their choice of prize. If the winning customer does not respond within 7 days of notification, they will receive a \$100 credit on their next water bill.

At the end of the Challenge, one winning customer is selected at random. District staff will contact them to inquire about their choice of prize. If the grand prize winner does not respond within 7 days of notification, they will receive a \$500 credit on their next water bill.

All prize winners will be made public.

AGENDA REPORT

Scotts Valley Water District

Date: 05/13/21

To: Board of Directors

Item: Business 6.4

Subject: **FY 2022 Proposed Budget Summary**

Reason: Supports Strategic Goal No. 3 - Financial Stewardship

SUMMARY

Recommendation: Receive information and provide input.

Fiscal Impact: The Fiscal Year 2022 (FY 2022) proposed budget includes \$9.1 Million in expenditures, excluding carryover for projects and purchase orders. The proposed budget is comprised of \$6.0M in operating expenses, \$1.1M in debt service, and \$2.0M in new project appropriations.

FY 2022 operating costs, excluding debt service, are proposed to decrease by 1%. The proposed operating budget assumes that the contribution to the Santa Margarita Groundwater Agency (SMGWA) will decrease by \$190,490 from \$330,490 to \$140,000. Excluding these changes, the FY 2022 operating budget is up 3% from the prior year.

Proposed revenues total \$9.1 Million. The revenue budget reflects a 5% rate increase with projected water consumption slightly below the average of the past three years. Total revenue, excluding Notes Receivable, is projected to increase by 2% from FY 2021 Estimated Actual. The District anticipates that Fund Balance will increase by approximately \$3.0M to \$5.3M.

Previous Related Action: On 03/17/21, the Finance and Personnel Committee received a report on FY 2022 budget assumptions.

On 03/22/21, the Water Resources and Engineering Committee reviewed and commented on the proposed projects budget.

On 04/08/21, the Board received a report on FY 2022 budget assumptions.

On 04/28/21, the Finance and Personnel Committee reviewed the draft FY 2022 revenue projections and operating expenditure budget summary.

BACKGROUND

District follows an annual budget cycle with a balanced budget adopted at the June board meeting. The Budget is comprised of the Operating Budget, Debt Service Budget and Projects Budget. The Operating Budget is a line item budget that is organized in functional divisions and major expense categories.

DISCUSSION

FY 2022 proposed budget focuses on the District's operations, allocating personnel, goods, and services to support the District's services and the Board's strategic priorities.

FY 2022 proposed expenditure budget consists of operating, debt service, and project costs. Overall operating costs excluding debt service are down 1%. The budget for debt service reflects the 2016 Installment Purchase Agreement and new debt issuance in 2021.

Attachment 1 presents a summary of year-to-year operating changes. FY 2022 figures reflect the updated contribution to SMGWA in the Administration division, as well updates to the Finance/Customer Service/WUE, and Engineering division budgets.

The proposed budget also includes revenue projections and fund balance projections. The District collects revenue from Potable Water (PW) and Recycled Water (RW) sales, water services, new connections, as well as several non-operating revenues such as property tax, loan repayments, and interest income. Staff projects a 5% increase from the FY 2021 Budget. This figure is comprised of 8% increase in the Potable Water Fund and a 20% decrease in the Recycled Water Fund. The increase is driven by increased water sales of 17%. Attachment 2 presents a summary of anticipated revenue by fund.

The Fund Balance table in Attachment 3 summarizes the anticipated contribution to reserves of \$3.0M. The fund balance projection displays estimated actuals for FY 2021 rather than budget, to provide a more accurate estimate of the expected fund balance on 6/30/21. The Projects Budget amounts reflect the District's 'Capital and Maintenance Projects FY 2022-2026 Projections'.

The Fund Balance Projection Chart in Attachment 4 help to show the projected fund balance by year for the next four years, using assumptions for revenue growth (from changes in demand), and project timing.

The final FY 2022 Proposed Budget will be presented to the Board for approval at the June meeting.

Submitted,

Piret Harmon
General Manager

Enclosed: FY 2022 Proposed Budget - Expense
 FY 2022 Proposed Budget - Revenue
 FY 2022 Projected Fund Balance
 Fund Balance Projection Chart

Scotts Valley Water District

FY 2022 Proposed Budget: Operating Expenses & Debt Service

Combined Fund 01 and Fund 02

	FY 2021 Budget	FY 2021 Est. Actual	FY 2022 Budget	FY 2022 Budget to FY 2021 Budget	
Administration					
Salaries & Benefits	\$ 641,273	\$ 634,293	\$ 702,412	\$ 61,140	10%
Services	\$ 470,818	\$ 430,867	\$ 384,950	\$ (85,868)	-18%
Supplies	\$ 17,200	\$ 12,700	\$ 16,000	\$ (1,200)	-7%
Source of Supply	\$ 330,490	\$ 398,940	\$ 140,000	\$ (190,490)	-58%
Other	\$ 5,000	\$ -	\$ 5,000	\$ -	0%
Dept (100) Expense Total:	\$ 1,464,780	\$ 1,476,800	\$ 1,248,362	\$ (216,418)	-15%
Finance/Customer Service *					
Salaries & Benefits	\$ 563,967	\$ 554,118	\$ 590,975	\$ 27,008	5%
Services	\$ 210,163	\$ 167,232	\$ 207,556	\$ (2,607)	-1%
Supplies	\$ 4,000	\$ 3,000	\$ 4,000	\$ -	0%
Customer Accounts	\$ 207,113	\$ 217,327	\$ 229,937	\$ 22,824	11%
Other	\$ 1,038	\$ 1,029	\$ 1,100	\$ 62	6%
Debt Service	\$ 643,161	\$ 648,379	\$ 1,144,119	\$ 500,958	78%
Dept (200) Expense Total:	\$ 1,629,441	\$ 1,591,085	\$ 2,177,687	\$ 548,246	34%
Operations					
Salaries & Benefits	\$ 1,619,059	\$ 1,468,069	\$ 1,612,579	\$ (6,480)	0%
Services	\$ 205,260	\$ 201,952	\$ 233,900	\$ 28,640	14%
Supplies	\$ 17,000	\$ 34,790	\$ 37,500	\$ 20,500	121%
General Production	\$ 97,000	\$ 100,206	\$ 114,100	\$ 17,100	18%
Source of Supply	\$ 130,000	\$ 130,000	\$ 120,000	\$ (10,000)	-8%
Pumping	\$ 513,400	\$ 512,627	\$ 526,500	\$ 13,100	3%
Water Treatment	\$ 430,000	\$ 384,653	\$ 518,100	\$ 88,100	20%
Transmission & Distribution	\$ 131,200	\$ 137,420	\$ 130,100	\$ (1,100)	-1%
Dept (300) Expense Total:	\$ 3,142,919	\$ 3,069,402	\$ 3,292,779	\$ 149,860	5%
Engineering					
Salaries & Benefits	\$ 105,710	\$ 100,185	\$ 112,058	\$ 6,348	6%
Services	\$ 189,900	\$ 115,300	\$ 176,400	\$ (13,500)	-7%
Supplies	\$ 1,000	\$ 1,000	\$ 600	\$ (400)	-40%
Dept (400) Expense Totals:	\$ 296,610	\$ 216,485	\$ 289,058	\$ (7,552)	-3%
Board					
Salaries & Benefits	\$ 120,077	\$ 96,402	\$ 124,055	\$ 3,978	3%
Services	\$ 22,800	\$ 10,000	\$ 15,000	\$ (7,800)	-34%
Supplies	\$ 800	\$ -	\$ 800	\$ -	0%
Dept (900) Expense Totals:	\$ 143,677	\$ 106,402	\$ 139,855	\$ (3,822)	-3%
Total Expenses	\$ 6,677,427	\$ 6,460,175	\$ 7,147,742	\$ 470,314	7%
Total Expenses excluding SMGWA	\$ 6,346,937	\$ 6,061,235	\$ 7,007,742	\$ 660,804	10%
Total Expenses excluding Debt Service	\$ 6,034,267	\$ 5,811,795	\$ 6,003,623	\$ (30,644)	-1%
Total Expenses excluding SMGWA Contrib & Debt Service	\$ 5,703,777	\$ 5,412,855	\$ 5,863,623	\$ 159,846	3%

Scotts Valley Water District

FY 2022 Proposed Budget: Revenue

Fund 01 and Fund 02

Revenue Categories	FY 2021 Budget	FY 2021 Est. Actual	FY 2022 Budget	FY 2022 Budget to FY 2021 Budget Increase (Decrease)	
Potable Fund 01					
Operating Revenue - Water Sales	\$ 3,783,810	\$ 4,133,317	\$ 4,441,007	\$ 657,197	17%
Operating Revenue - Water Services	\$ 2,168,674	\$ 2,264,406	\$ 2,448,975	\$ 280,301	13%
Operating Revenue - New Connections	\$ 786,110	\$ 716,707	\$ 518,172	\$ (267,939)	-34%
Non-Operating Revenue	\$ 1,175,391	\$ 1,103,073	\$ 1,133,341	\$ (42,050)	-4%
Total Potable Fund Revenues	\$ 7,913,985	\$ 8,217,503	\$ 8,541,494	\$ 627,509	8%
Recycled Fund 02					
Operating Revenue - Water Sales	\$ 482,653	\$ 490,721	\$ 501,700	\$ 19,047	4%
Operating Revenue - Water Services	\$ 65,345	\$ 63,767	\$ 66,900	\$ 1,555	2%
Operating Revenue - New Connections	\$ 32,126	\$ -	\$ 19,083	\$ (13,043)	-41%
Non-Operating Revenue - Other	\$ 8,573	\$ 6,505	\$ 4,575	\$ (3,998)	-47%
Notes Receivable *	\$ 169,412	\$ 169,412	\$ 15,000	\$ (154,412)	-91%
Total Recycled Fund Revenues	\$ 758,109	\$ 730,405	\$ 607,258	\$ (150,851)	-20%
Combined Fund 01 and Fund 02					
Operating Revenue - Water Sales	\$ 4,266,463	\$ 4,624,038	\$ 4,942,707	\$ 676,244	16%
Operating Revenue - Water Services	\$ 2,234,019	\$ 2,328,173	\$ 2,515,875	\$ 281,856	13%
Operating Revenue - New Connections	\$ 818,236	\$ 716,707	\$ 537,255	\$ (280,982)	-34%
Non-Operating Revenue - Other	\$ 1,183,964	\$ 1,109,578	\$ 1,137,916	\$ (46,048)	-4%
Notes Receivable *	\$ 169,412	\$ 169,412	\$ 15,000	\$ (154,412)	-91%
Total Revenue	\$ 8,672,094	\$ 8,947,908	\$ 9,148,752	\$ 476,658	5%

* Notes Receivable is not revenue (included to report all sources of cash).

**Scotts Valley Water District
FY 2022 Proposed Budget
Fund Balance Projection**

	Combined Fund 01 and Fund 02
FY 2020	
Audited Cash Balance 6/30/2020:	\$ 4,402,233
FY 2021 (Estimated Actual)	
Audited Cash Balance 6/30/2020:	\$ 4,402,233
Revenue	\$ 8,778,496
Notes Receivable	\$ 169,412
Operating Expense	\$ (5,811,795)
Debt Service	\$ (648,379)
Project Costs	\$ (4,557,560)
Increase/(Decrease) of Fund Balance	<u>\$ (2,069,827)</u>
Projected Fund Balance 6/30/2021	<u>\$ 2,332,406</u>
FY 2022 (Proposed Budget)	
Projected Fund Balance 6/30/2021	\$ 2,332,406
Revenue	\$ 8,606,039
Financing - New Issuance	\$ 6,000,000
Notes Receivable	\$ 15,000
Operating Expense	\$ (6,003,623)
Debt Service	\$ (1,555,674)
Unfunded Accrued Pension Liability	\$ (2,000,000)
Project Budget Request	\$ (2,030,000)
Project Carryover	\$ (962,469)
Increase/(Decrease) of Fund Balance	<u>\$ 2,069,273</u>
Projected Fund Balance 6/30/2022	<u>\$ 4,401,679</u>

Debt Service Coverage Ratio for FY 2021	4.58
Debt Service Coverage Ratio for FY 2022	1.67
Debt Service Coverage Ratio for FY 2022 excluding revenue from new connections	1.02

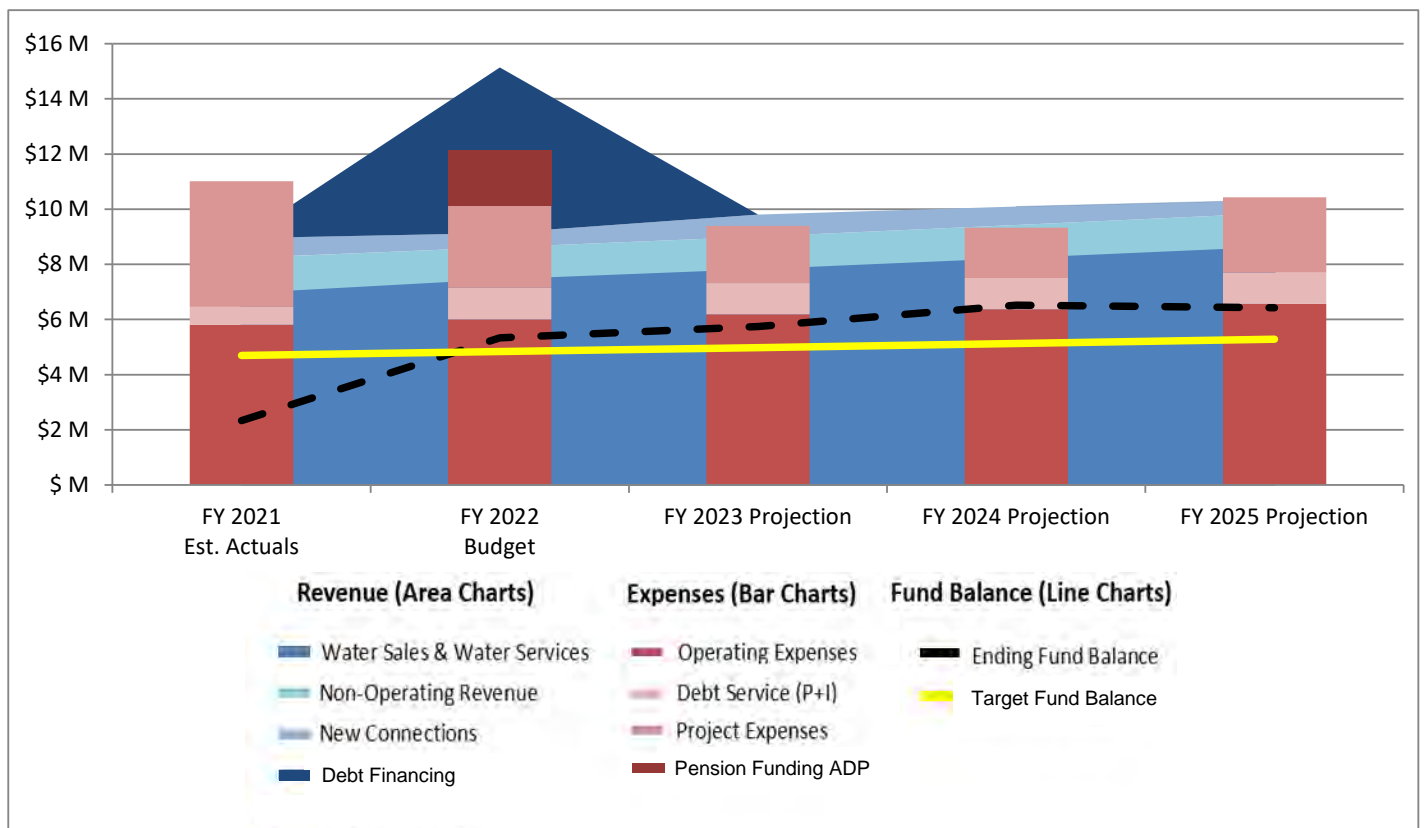
* required Debt Service Coverage Ratio = 1.2

Scotts Valley Water District
FY 2022 Proposed Budget
Fund Balance Projection

Assumptions:

Rate Incr (1st Half)	10%	5%	5%	5%
Rate Incr (2nd Half)	5%	5%	5%	5%
Inflation	3%	3%	3%	3%

	FY 2021 Est. Actuals	FY 2022 Budget	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection
Water Sales & Water Services	\$ 6,952,211	\$ 7,458,582	\$ 7,831,511	\$ 8,223,087	\$ 8,634,241
New Connections	\$ 716,707	\$ 527,713	\$ 801,852	\$ 676,705	\$ 471,267
Non-Operating Revenue	\$ 1,278,990	\$ 1,152,916	\$ 1,175,974	\$ 1,199,494	\$ 1,223,484
Debt Financing	\$ -	\$ 6,000,000	\$ -	\$ -	\$ -
Total Revenue	\$ 8,947,908	\$ 15,139,211	\$ 9,809,337	\$ 10,099,285	\$ 10,328,991
Operating Expenses	\$ 5,811,795	\$ 6,003,623	\$ 6,183,732	\$ 6,369,244	\$ 6,560,321
Debt Service (P+I)	\$ 648,379	\$ 1,144,119	\$ 1,137,988	\$ 1,134,715	\$ 1,135,366
Project Expenses	\$ 4,557,560	\$ 2,992,469	\$ 2,074,000	\$ 1,821,000	\$ 2,732,235
Pension Funding ADP	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -
Total Expenses	\$ 11,017,734	\$ 12,140,211	\$ 9,395,720	\$ 9,324,959	\$ 10,427,922
Beginning Fund Balance	\$ 4,402,233	\$ 2,332,407	\$ 5,331,407	\$ 5,745,025	\$ 6,519,351
Ending Fund Balance	\$ 2,332,407	\$ 5,331,407	\$ 5,745,025	\$ 6,519,351	\$ 6,420,421



STAFF REPORT - Finance

Scotts Valley Water District

Date: 05/13/21

To: Board of Directors

From: General Manager

Item: Staff Reports 7.3

Subject: **Financial Reports 07/01/20 through 3/31/21**

Summary

Fiscal Year-to-Date (YTD) preliminary figures reflect the period of 07/01/20 through 3/31/21. YTD revenues total \$5.6M and expenses total \$6.0M.

Revenue

March is the ninth month of the fiscal year and the first month of the March-April potable water billing period. Preliminary YTD potable water sales revenue is \$2.9M, water services revenue is \$1.6M, new connections revenue is \$523K, and property tax revenue is \$543K. Total YTD revenue in the potable water fund is \$5.7M, equal to 71% of the budget and 2% higher than the same period last year.

YTD recycled water sales revenue is \$344K, water services revenue is \$46K, and no revenue from new connections for the period. Total YTD revenue of \$393K in the recycled water fund equals 52% of the budget, which is 8% lower than for the same period of last fiscal year.

Expenses

Preliminary combined operating expenses YTD are below budget, with expenses of \$4.1M representing 67% of the budget. Project expenditures total \$1.8M and the debt service principal payment of \$567K was made.

Fund Balance

Cash reserves at the end of March were approximately \$4.4M with another \$0.8M booked in Accounts Receivable.

Enclosed

Quarterly Financial Report Q3 of FY 2021
Budget Status Balance 07/01/20 – 3/31/21
Budget Status Revenue 07/01/20 – 3/31/21
Budget Status Expense 07/01/20 – 3/31/21
Projects Expense 07/01/20 – 3/31/21
Balance Sheet 3/31/21
Check Register 3/01/21 – 3/31/21
Investment Summary 3/31/2021

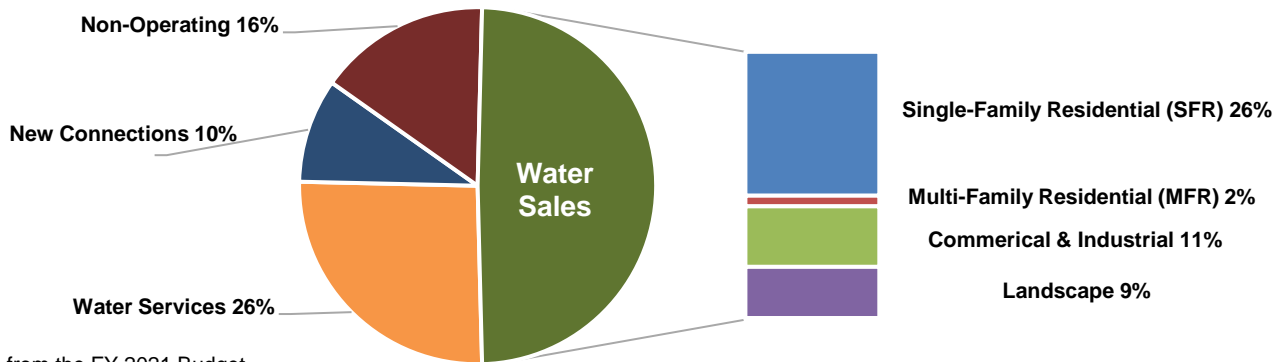


FY 2021 – Q3 Financial Report

July 1, 2020 – March 31, 2021

Revenues

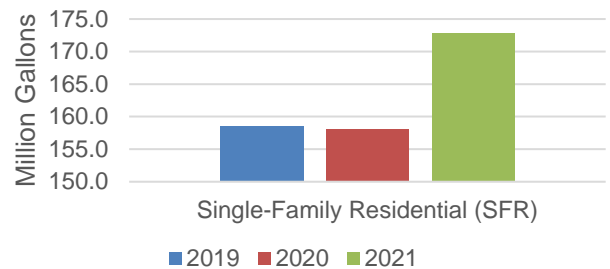
Scotts Valley Water District revenues come from four main sources: Water Sales, Water Services (Basic Service Charge), New Connections, and Non-Operating.*



*Data from the FY 2021 Budget

The District's largest revenue category is Single Family Residential (SFR) Water Sales. Revenue from SFR Water Sales for the period of July through March 2021 is up 13.1% from the same period in the prior year. This increase has been offset by reduced revenue from Commercial & Industrial (CII) customers.

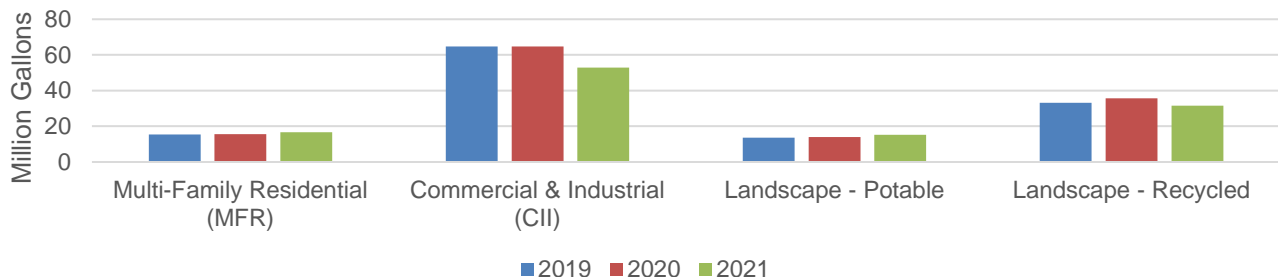
Consumption 3 Year History : SFR (July 2020 through March 2021)



Consumption

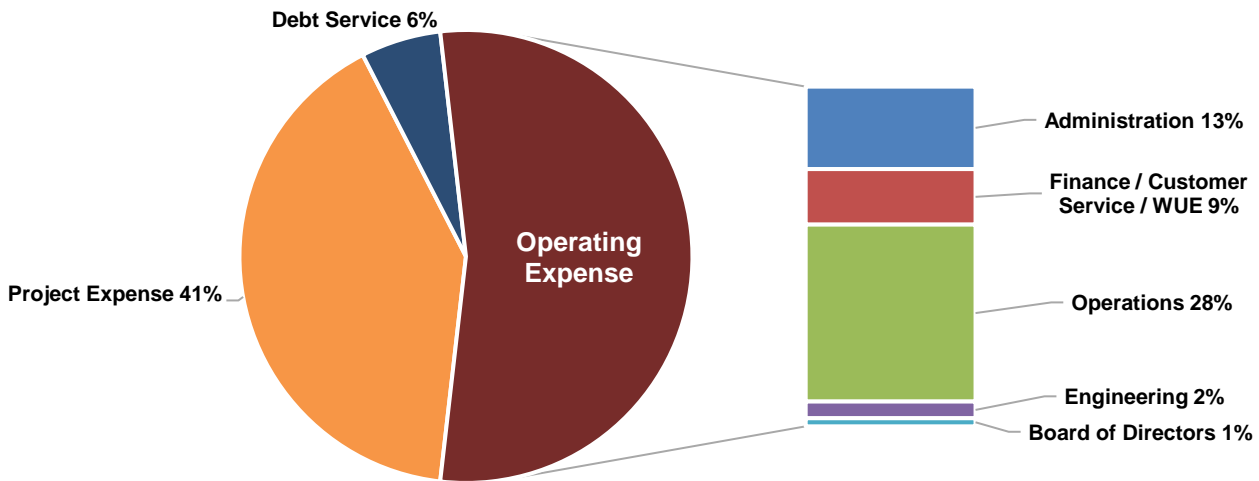
Water consumption by SFR customers has increased 15 million gallons or 9.3% from the same period in FY 2020. CII consumption is down 11.8 million gallons, a decrease of 18.3% from FY 2020.

Consumption 3 Year History : MFR, CII, Landscape (July 2020 through March 2021)



Expenses

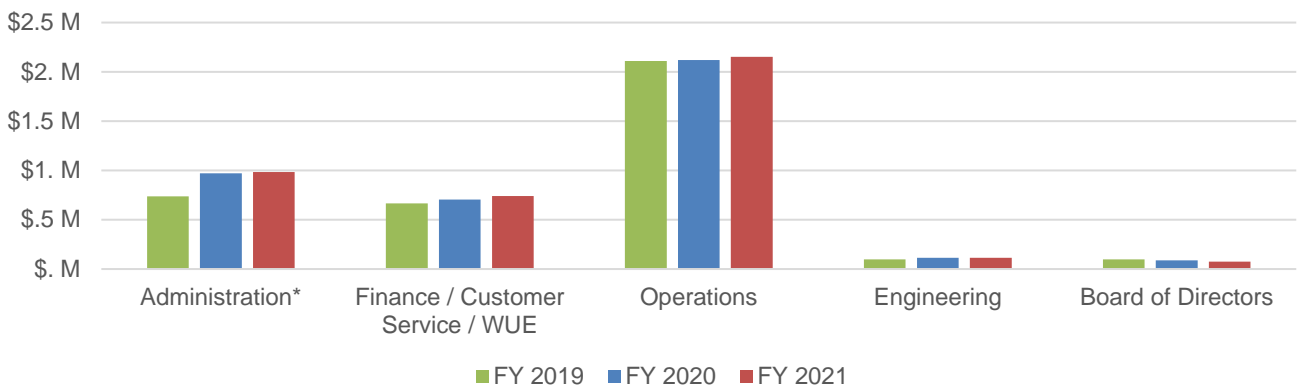
District expenses are comprised of three major categories: Operating Expenses, Project Expenses, and Debt Service. The chart below presents the FY 2021 Budget by expense category, with Operating Expenses broken down by Division. *



*Data from the FY 2021 Budget

Operating expenses are the organization’s largest expense category. Through Q3 of FY 2021, which accounts for activity from July 2020 through March 2021, operating expenses are below budget. Total operating expenses in FY 2021 exceed the FY 2020 total by 1.6%. The chart below provides a comparison by Division for each of the past three fiscal years.

**Operating Expenses 3 Year History by Division
July 2020 - March 2021**

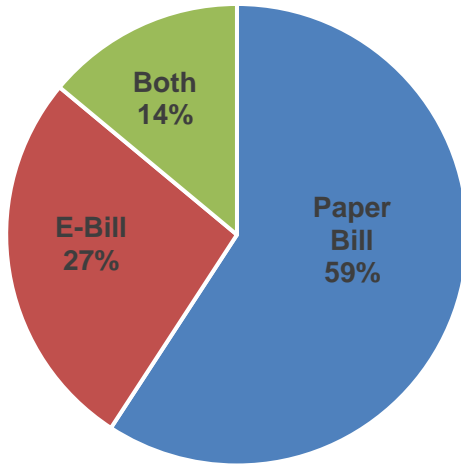


Customer Accounts

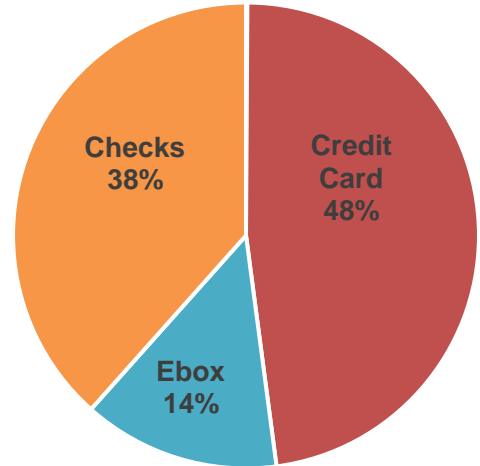
The charts below provide additional information on how customers interact with the District.

Total Accounts: 4,404

How do customers RECEIVE their bill?



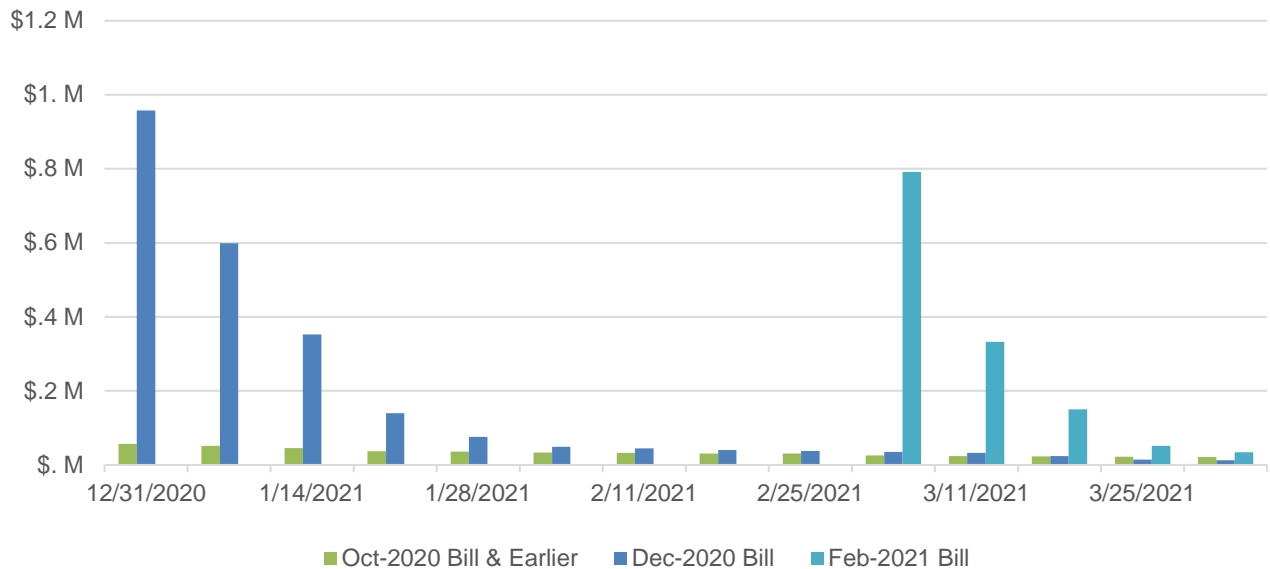
How do customers PAY their bill?



Are customers making timely payments?

	Aging Schedule			
	Balance as of 3/31/2021	Feb-2021 Billing	Dec-2020 Billing	Oct-2020 Billing (& Earlier)
Past Due Balance \$	\$ 68,575	\$ 34,774	\$ 12,490	\$ 21,311
Accounts		174	55	40

Accounts Receivable by Billing Period



Budget Status - Balance



Period: 07/01/20 - 03/31/21

FY Remain: 25%

	FY 2020 YTD Actual	FY 2021 YTD Actual	FY 2021 vs. FY 2020	YOY % change	FY 2021 Budget	FY 2021 Remaining Balance	%
Period: 07/01/20 - 03/31/21 (9 months)							
Potable Water - Fund 01							
Water Sales & Services (R10, R20)	\$ 4,402,083	\$ 4,544,228	\$ 142,144	3%	\$ 5,952,484	\$ 1,408,256	24%
New Connections (R25)	\$ 463,603	\$ 533,224	\$ 69,622	15%	\$ 786,110	\$ 252,886	32%
Other Revenue (R30, R40)	\$ 706,748	\$ 582,834	\$ (123,914)	-18%	\$ 1,175,391	\$ 592,557	50%
Potable Water Total	\$ 5,572,435	\$ 5,660,286	\$ 87,852	2%	\$ 7,913,985	\$ 2,253,699	28%
Recycled Water - Fund 02							
Water Sales & Services (R10, R20)	\$ 402,494	\$ 389,942	\$ (12,552)	-3%	\$ 547,998	\$ 158,056	29%
New Connections (R25)	\$ 19,473	\$ -	\$ (19,473)	-100%	\$ 32,126	\$ 32,126	100%
Other Revenue (R30, R40)	\$ 3,074	\$ 2,778	\$ (297)	-10%	\$ 177,985	\$ 175,207	98%
Recycled Water Total	\$ 425,041	\$ 392,719	\$ (32,321)	-8%	\$ 758,109	\$ 365,390	48%
TOTAL REVENUE	\$ 5,997,475	\$ 6,053,006	\$ 55,530	1%	\$ 8,672,094	\$ 2,619,088	30%
Expenses - Fund 01 and Fund 02 Combined							
Salaries & Benefits (E01)	\$ 2,168,152	\$ 2,178,003	\$ 9,851	0%	\$ 3,050,085	\$ 872,082	29%
Services & Supplies (E03-E80)	\$ 1,828,600	\$ 1,884,685	\$ 56,085	3%	\$ 3,074,046	\$ 1,189,361	39%
Project Expenses	\$ 581,858	\$ 1,773,906	\$ 1,192,048	205%	\$ 4,573,007	\$ 2,799,101	61%
Debt Service - Principal	\$ 460,030	\$ 567,298	\$ 107,268	23%	\$ 567,298	\$ -	0%
TOTAL EXPENSES *	\$ 5,038,640	\$ 6,403,892	\$ 1,365,252	27%	\$ 11,264,436	\$ 4,860,544	43%
NET REVENUE	\$ 958,836	\$ (350,886)	\$ (1,309,722)		\$ (2,592,342)	\$ (2,241,456)	
Period: 07/01/20 - 03/31/21 (9 months)							
Total Revenue	\$ 5,997,475	\$ 6,053,006	\$ 55,530	1%	\$ 8,672,094	\$ 2,619,088	30%
Total Expenses *	\$ 5,038,640	\$ 6,403,892	\$ 1,365,252	27%	\$ 11,264,436	\$ 4,860,544	43%
Net Revenue	\$ 958,836	\$ (350,886)	\$ (1,309,722)		\$ (2,592,342)		
Period: 07/01/20 - 02/28/21 (8 months)							
Total Revenue	\$ 5,460,371	\$ 5,550,565	\$ 90,194	2%	\$ 8,672,094	\$ 3,121,529	36%
Total Expenses *	\$ 4,368,184	\$ 5,352,285	\$ 984,101	23%	\$ 11,264,436	\$ 5,912,151	52%
Net Revenue	\$ 1,092,187	\$ 198,280	\$ (893,907)		\$ (2,592,342)		

* Expense totals do not include depreciation expense

Budget Status - Revenue



Period: 07/01/20 - 03/31/21

FY Remain: 25%

		FY 2020 YTD Actual	FY 2021 YTD Actual	FY 2021 vs. FY 2020	YOY % change	FY 2021 Budget	FY 2021 Remaining Balance	%
Fund 01	Potable Water							
R10	Operating Revenue - Water Sales						Assumed \$330K negative adjustment due to COVID	
01-000-41101	Residential Consumption - SF	\$ 1,592,902	\$ 1,762,848	\$ 169,946	11%	\$ 2,292,073	\$ 529,225	23%
01-000-41102	Residential Consumption - MF	\$ 125,919	\$ 139,789	\$ 13,870	11%	\$ 169,499	\$ 29,710	18%
01-000-41103	CII Consumption	\$ 813,784	\$ 705,757	\$ (108,027)	-13%	\$ 964,099	\$ 258,342	27%
01-000-41106	CII Consumption - Other	\$ 98,137	\$ 56,119	\$ (42,019)	-43%	\$ -	\$ (56,119)	
01-000-41105	Irrigation Consumption	\$ 226,899	\$ 250,528	\$ 23,630	10%	\$ 332,394	\$ 81,866	25%
01-000-41200	Other - Bulk Water	\$ 20,607	\$ 15,389	\$ (5,218)	-25%	\$ 25,745	\$ 10,356	40%
	R10 Sub Totals:	\$ 2,878,248	\$ 2,930,430	\$ 52,182	2%	\$ 3,783,810	\$ 853,380	23%
R20	Operating Revenue - Water Services							
01-000-41300	Other - Late Penalty	\$ 15,990	\$ 12,015	\$ (3,975)	-25%	\$ 25,800	\$ 13,785	53%
01-000-42100	Standby Basic Meter Charge	\$ 1,458,008	\$ 1,549,546	\$ 91,538	6%	\$ 2,074,649	\$ 525,103	25%
01-000-42121	Standby FP Basic Meter Charge	\$ 42,163	\$ 45,762	\$ 3,600	9%	\$ 57,725	\$ 11,963	21%
01-000-43300	Other Operating Revenue	\$ 7,675	\$ 6,475	\$ (1,200)	-16%	\$ 10,500	\$ 4,025	38%
	R20 Sub Totals:	\$ 1,523,836	\$ 1,613,798	\$ 89,963	6%	\$ 2,168,674	\$ 554,876	26%
R25	Operating Revenue - New Connections							
01-000-42101	Other Meter Fee	\$ 6,452	\$ 6,291	\$ (161)	-2%	\$ 12,891	\$ 6,600	51%
01-000-42102	Other Capacity Fee	\$ 448,496	\$ 523,670	\$ 75,174	17%	\$ 761,528	\$ 237,858	31%
01-000-42120	Other FP Meter Fee	\$ 3,301	\$ 472	\$ (2,829)	-86%	\$ 4,691	\$ 4,219	90%
01-000-43100	Other Will Serve	\$ 1,000	\$ 625	\$ (375)	-38%	\$ 1,000	\$ 375	38%
01-000-43200	Other Dev Proj Review	\$ 4,354	\$ 2,166	\$ (2,187)	-50%	\$ 6,000	\$ 3,834	64%
	R25 Sub Totals:	\$ 463,603	\$ 533,224	\$ 69,622	15%	\$ 786,110	\$ 252,886	32%
R30	Non-Operating Revenue - Other							
01-000-46000	Property Taxes	\$ 531,306	\$ 543,007	\$ 11,702	2%	\$ 1,077,212	\$ 534,205	50%
01-000-47110	Interest & Dividend	\$ 20	\$ 9	\$ (11)	-56%	\$ 21	\$ 12	57%
01-000-47120	Interest - LAIF	\$ 30,496	\$ 14,236	\$ (16,259)	-53%	\$ 52,500	\$ 38,264	73%
01-000-47520	Misc. Non-Operating Revenue	\$ 135,788	\$ (5,586)	\$ (141,373)	-104%	\$ 45,658	\$ 51,244	112%
01-000-47550	Third-Party Reimbursements	\$ 9,139	\$ 20,657	\$ 11,518	126%	\$ -	\$ (20,657)	
	R30 Sub Totals:	\$ 706,748	\$ 572,324	\$ (145,942)	-19%	\$ 1,175,391	\$ 623,724	53%
R40	Non-Operating Revenue - Grants							
01-000-45260	Local Grant - ACWA JPIA	\$ -	\$ 10,510	\$ 10,510		\$ -	\$ (10,510)	
	R40 Sub Totals:	\$ -	\$ 10,510	\$ 10,510		\$ -	\$ (10,510)	
	Fund 01 Revenue:	\$ 5,572,435	\$ 5,660,286	\$ 76,334	2%	\$ 7,913,985	\$ 2,274,356	29%
	Fund 01 Rev Excl Grants & Cap Contributions	\$ 5,572,435	\$ 5,649,776	\$ 65,824	1%	\$ 7,913,985	\$ 2,284,866	29%

Budget Status - Revenue



Period: 07/01/20 - 03/31/21

FY Remain: 25%

		FY 2020 YTD Actual	FY 2021 YTD Actual	FY 2021 vs. FY 2020	YOY % change	FY 2021 Budget	FY 2021 Remaining Balance	%
Fund 02	Recycled Water							
R10	Operating Revenue - Water Sales							
02-000-41105	Irrigation Consumption	\$ 367,895	\$ 330,983	\$ (36,912)	-10%	\$ 482,653	\$ 151,670	31%
02-000-41200	Other - Bulk Water	\$ 3,835	\$ 13,359	\$ 9,524	248%	\$ -	\$ (13,359)	
	R10 Sub Totals:	\$ 371,729	\$ 344,341	\$ (27,388)	-7%	\$ 482,653	\$ 138,312	29%
R20	Operating Revenue - Water Services							
02-000-42100	Standby Basic Meter Charge	\$ 30,740	\$ 45,501	\$ 14,761	48%	\$ 65,345	\$ 19,844	30%
02-000-43300	Other Operating Revenue	\$ 25	\$ 100	\$ 75	300%	\$ -	\$ (100)	
	R20 Sub Totals:	\$ 30,765	\$ 45,601	\$ 14,836	48%	\$ 65,345	\$ 19,744	30%
R25	Operating Revenue - New Connections							
02-000-42101	Other Meter Fee	\$ 535	\$ -	\$ (535)	0%	\$ 825	\$ 825	100%
02-000-42102	Other Capacity Fee	\$ 18,938	\$ -	\$ (18,938)	-100%	\$ 31,301	\$ 31,301	100%
	R25 Sub Totals:	\$ 19,473	\$ -	\$ (19,473)	-100%	\$ 32,126	\$ 32,126	100%
R30	Non-Operating Revenue - Other							
02-000-47110	Interest & Dividend	\$ 3,074	\$ 2,358	\$ (717)	-23%	\$ 8,573	\$ 6,215	72%
02-000-47520	Other Non-Operating Revenue	\$ -	\$ 420	\$ 420		\$ -	\$ (420)	
02-000-47560	Reduction of RW Entitlement	\$ -	\$ -	\$ -		\$ 169,412	\$ 169,412	100%
	R30 Sub Totals:	\$ 3,074	\$ 2,778	\$ (297)	-10%	\$ 177,985	\$ 175,207	98%
	Fund 02 Revenue:	\$ 425,041	\$ 392,719	\$ (32,321)	-8%	\$ 758,109	\$ 365,390	48%
	Fund 02 Rev Excl Grants & Cap Contributions	\$ 425,041	\$ 392,719	\$ (32,321)	-8%	\$ 758,109	\$ 365,390	48%
	Revenue Totals:	\$ 5,997,475	\$ 6,053,006	\$ 44,012	1%	\$ 8,672,094	\$ 2,639,745	30%
	Revenue Total Excl Grants & Cap Contributions	\$ 5,997,475	\$ 6,042,496	\$ 33,502	1%	\$ 8,672,094	\$ 2,650,255	31%

Budget Status - Expense



Period: 07/01/20 - 03/31/21

FY Remain: 25%

		FY 2020 YTD Actual	FY 2021 YTD Actual	FY 2021 vs. FY 2020	YOY % change	FY 2021 Budget	FY 2021 Remaining Balance	%
Fund 01 and Fund 02 Combined								
							Increase in CalPERS UAL payments (budgeted)	
Dept	Administration							
E01	Salaries & Benefits	\$ 443,150	\$ 471,420	\$ 28,270	6%	\$ 641,272	\$ 169,852	26%
E03	General & Admin - Services	\$ 215,101	\$ 215,474	\$ 373	0%	\$ 470,819	\$ 255,345	54%
E05	General & Admin - Supplies	\$ 15,724	\$ 5,566	\$ (10,158)	-65%	\$ 17,200	\$ 11,634	68%
E10	Source of Supply	\$ 296,472	\$ 291,061	\$ (5,411)	-2%	\$ 330,490	\$ 39,429	12%
E70	Other	\$ -	\$ -	\$ -	-	\$ 5,000	\$ 5,000	100%
	Dept 100 Sub Totals:	\$ 970,448	\$ 983,521	\$ 13,074	1%	\$ 1,464,781	\$ 481,260	33%
Dept	Finance/Customer Service							
E01	Salaries & Benefits	\$ 411,809	\$ 433,031	\$ 21,222	5%	\$ 563,967	\$ 130,936	23%
E03	General & Admin - Services	\$ 101,397	\$ 119,590	\$ 18,194	18%	\$ 210,163	\$ 90,573	43%
E05	General & Admin - Supplies	\$ 200	\$ -	\$ (200)	-100%	\$ 4,000	\$ 4,000	100%
E35	Customer Accounts	\$ 126,704	\$ 147,893	\$ 21,189	17%	\$ 207,113	\$ 59,220	29%
E70	Other	\$ 1,174	\$ 1,029	\$ (145)	-12%	\$ 1,038	\$ 9	1%
E80	Debt Service - Interest	\$ 64,672	\$ 37,902	\$ (26,770)	-41%	\$ 75,863	\$ 37,961	50%
	Dept 200 Sub Totals:	\$ 705,957	\$ 739,446	\$ 33,490	5%	\$ 1,062,144	\$ 322,698	30%
Dept	Operations							
E01	Salaries & Benefits	\$ 1,163,568	\$ 1,122,940	\$ (40,628)	-3%	\$ 1,619,059	\$ 496,119	31%
E03	General & Admin - Services	\$ 142,087	\$ 116,039	\$ (26,048)	-18%	\$ 205,260	\$ 89,221	43%
E05	General & Admin - Supplies	\$ 23,767	\$ 27,411	\$ 3,644	15%	\$ 17,000	\$ (10,411)	-61%
E07	General Production	\$ 79,763	\$ 79,801	\$ 38	0%	\$ 97,000	\$ 17,199	18%
E10	Source of Supply	\$ 112,216	\$ 58,227	\$ (53,989)	-48%	\$ 130,000	\$ 71,773	55%
E15	Pumping	\$ 323,352	\$ 295,525	\$ (27,827)	-9%	\$ 513,400	\$ 217,875	42%
E20	Water Treatment	\$ 187,787	\$ 249,100	\$ 61,313	33%	\$ 430,000	\$ 180,900	42%
E25	Transmission & Distribution	\$ 65,812	\$ 102,314	\$ 36,502	55%	\$ 131,200	\$ 28,886	22%
E70	Other	\$ 21,619	\$ 99,685	\$ 78,066	361%	\$ -	\$ (99,685)	
	Dept 300 Sub Totals:	\$ 2,119,972	\$ 2,151,042	\$ 31,070	1%	\$ 3,142,919	\$ 991,877	32%
							Capacity Buy-Back (1x 1" and 1 x 5/8")	
Dept	Engineering							
E01	Salaries & Benefits	\$ 69,400	\$ 75,320	\$ 5,920	9%	\$ 105,710	\$ 30,390	29%
E03	General & Admin - Services	\$ 43,746	\$ 37,716	\$ (6,030)	-14%	\$ 189,900	\$ 152,184	80%
E05	General & Admin - Supplies	\$ -	\$ -	\$ -	-	\$ 1,000	\$ 1,000	100%
	Dept 400 Sub Totals:	\$ 113,146	\$ 113,036	\$ (110)	0%	\$ 296,610	\$ 183,574	62%
Dept	Board of Directors							
E01	Salaries & Benefits	\$ 80,224	\$ 75,292	\$ (4,932)	-6%	\$ 120,077	\$ 44,785	37%
E03	General & Admin - Services	\$ 7,005	\$ 350	\$ (6,655)	-95%	\$ 22,800	\$ 22,450	98%
E05	General & Admin - Supplies	\$ -	\$ -	\$ -	-	\$ 800	\$ 800	100%
	Dept 900 Sub Totals:	\$ 87,229	\$ 75,642	\$ (11,588)	-13%	\$ 143,677	\$ 68,035	47%

Budget Status - Expense



Period: 07/01/20 - 03/31/21

FY Remain: 25%

		FY 2020 YTD Actual	FY 2021 YTD Actual	FY 2021 vs. FY 2020	YOY % change	FY 2021 Budget	FY 2021 Remaining Balance	%
Summary								
E01	Salaries & Benefits	\$ 2,168,152	\$ 2,178,003	\$ 9,851	0%	\$ 3,050,085	\$ 872,082	29%
E03	General & Admin - Services	\$ 509,336	\$ 489,170	\$ (20,166)	-4%	\$ 1,098,942	\$ 609,772	55%
E05	General & Admin - Supplies	\$ 39,691	\$ 32,977	\$ (6,714)	-17%	\$ 40,000	\$ 7,023	18%
E07	General Production	\$ 79,763	\$ 79,801	\$ 38	0%	\$ 97,000	\$ 17,199	18%
E10	Source of Supply	\$ 408,688	\$ 349,288	\$ (59,400)	-15%	\$ 460,490	\$ 111,202	24%
E15	Pumping	\$ 323,352	\$ 295,525	\$ (27,827)	-9%	\$ 513,400	\$ 217,875	42%
E20	Water Treatment	\$ 187,787	\$ 249,100	\$ 61,313	33%	\$ 430,000	\$ 180,900	42%
E25	Transmission & Distribution	\$ 65,812	\$ 102,314	\$ 36,502	55%	\$ 131,200	\$ 28,886	22%
E35	Customer Accounts	\$ 126,704	\$ 147,893	\$ 21,189	17%	\$ 208,151	\$ 59,229	28%
E70	Other	\$ 22,793	\$ 100,714	\$ 77,921	342%	\$ 5,000	\$ (99,685)	-1994%
E80	Debt Service - Interest	\$ 64,672	\$ 37,902	\$ (26,770)	-41%	\$ 75,863	\$ 37,961	50%
	Purchase Order Carryover					\$ 14,000		
District Expense Total:		\$ 3,996,752	\$ 4,062,688	\$ 65,936	2%	\$ 6,124,131	\$ 2,042,443	33%
Fund 01 and 02 Combined								
E01	Salaries & Benefits	\$ 2,168,152	\$ 2,178,003	\$ 9,851	0%	\$ 3,050,085	\$ 872,082	29%
E03-E80	Services & Supplies	\$ 1,828,600	\$ 1,884,685	\$ 56,085	3%	\$ 3,060,046	\$ 1,175,361	38%
	Purchase Order Carryover					\$ 14,000		
District Expense Total:		\$ 3,996,752	\$ 4,062,688	\$ 65,936	2%	\$ 6,124,131	\$ 2,047,443	33%

Projects - Expense



Period: 07/01/20 - 03/31/21

FY Remain: 25%

Fund 01 and Fund 02 Combined		FY 2021 YTD Actual	FY 2021 Budget *	FY 2021 Remaining Balance	%
Project	Description				
C15016	Utility Billing Software Improvements	\$ -	\$ 26,841	\$ 26,841	100%
C15021	Purified Recycled Water Recharge	\$ 9,159	\$ 421,021	\$ 411,863	98%
C16023	Orchard Run WTP Water Quality Improvements	\$ 1,036,356	\$ 2,113,507	\$ 1,077,151	51%
C16024	Bethany Tank Rehabilitation	\$ 104,526	\$ 244,528	\$ 140,002	57%
M17011	Meters with AMI	\$ 41,006	\$ 75,000	\$ 33,994	45%
C17011	AMI Technology for Meters	\$ 43,953	\$ 170,053	\$ 126,100	74%
C17018	Specialized Operations Vehicle	\$ 154,181	\$ 215,603	\$ 61,422	28%
C18033	Polo Ranch Pump Station Improvements	\$ 105,880	\$ 75,000	\$ (30,880)	-41%
C18035	Sequoia Tank Rehabilitation	\$ 20,170	\$ -	\$ (20,170)	
C19020	El Pueblo WTP Improvements	\$ 55,979	\$ 56,050	\$ 71	0%
C19030	Hacienda Pump Station Improvements	\$ 131,507	\$ 57,728	\$ (73,779)	-128%
C19070	Vehicle Replacement Program	\$ 45,387	\$ 73,157	\$ 27,770	38%
C20010	Main Replacement Program - PW	\$ 14,722	\$ 675,379	\$ 660,657	98%
C20020	Treatment Facility for New Formation Well	\$ -	\$ 126,140	\$ 126,140	100%
C20040	Administrative Building Improvements	\$ 11,081	\$ 30,000	\$ 18,919	63%
TBD	Well 10 WTP Water Quality Improvements	\$ -	\$ 113,000	\$ 113,000	100%
TBD	Lompico Formation Production Well (Well 9)	\$ -	\$ 100,000	\$ 100,000	100%
Projects Expense Totals:		\$ 1,773,906	\$ 4,573,007	\$ 2,799,101	61%

* Budget amounts include carryover funds from the prior year

Balance Sheet



Fund 01 and Fund 02 Combined

	3/31/20	3/31/21
Assets		
Cash	\$4,186,783	\$4,389,414
Accrued Interest	\$13,911	\$7,975
A/R Customer-Water	\$761,370	\$864,711
A/R - Other	\$245,440	\$197,002
Interfund Loan Receivable	\$888,040	\$888,040
Inventory	\$232,601	\$271,380
Prepaid Expense	\$292,612	\$70,323
Note Receivable	\$0	\$70,000
JPA Investment	\$332,010	\$387,112
Land & Right-of-ways	\$650,697	\$650,697
Construction-in-progress	\$1,009,770	\$2,312,731
Water Rights / Intangible Assets	\$5,267,833	\$5,267,833
Plant & Equipment	\$38,053,522	\$39,131,437
Depreciation/Amortization	(\$22,757,538)	(\$23,827,288)
Deferred Pension Outflows	\$680,989	\$694,399
Unfunded OPEB Liability	\$153,549	\$142,970
	\$30,011,588	\$31,518,735
Liabilities		
A/P & Accrued Expenses	\$14,994	\$135,847
Accrued Salaries & Wages	\$48,576	\$57,798
Accrued Interest Payable	\$23,590	\$0
Customer Deposits	\$58,210	\$29,210
Interfund Loans	\$888,040	\$888,040
LT Liabilities Due in 1 Yr	\$30,508	\$40,998
Unearned Revenue	\$64,350	\$60,385
Long-term Liabilities	\$9,589,006	\$8,773,238
Deferred Pension Inflows	\$212,281	\$215,460
	\$10,929,554	\$10,200,976
Fund Balance		
Investment in Capital Assets	\$16,974,413	\$17,684,486
Unrestricted Net Position	\$116,146	\$1,642,955
	\$17,090,559	\$19,327,441
Total Liabilities and Fund Balance:	\$28,020,113	\$29,528,417
Total Retained Earnings:	\$1,991,475	\$1,990,318
Total Fund Balance and Retained Earnings:	\$19,082,034	\$21,317,759
Total Liabilities, Fund Balance, and Retained Earnings:	\$30,011,588	\$31,518,735

Scotts Valley Water District
AP Check Register
March 2021

Vendor Name	Check Date	Check No.	Check Amount	Description
4X4 AND MORE	3/18/2021	29686	\$ 4,188.60	Vehicle Maint - Setup New Truck & Install Light Bar & Steps
4X4 AND MORE	3/18/2021	29686	\$ 132.18	Vehicle Maint - Install Radio Antenna
A T & T	3/18/2021	29687	\$ 200.65	Backup Internet - 2 Civic Ctr - Mar 2021
ABITBOL LARRY	3/4/2021	29634	\$ 4,550.34	SA-120 Deposit - Refund Remainder
ACWA/JPIA	3/18/2021	29688	\$ 38,436.44	EE & Retiree Benefits - Apr 2021
AFLAC	3/4/2021	29635	\$ 222.72	EE Self-Funded Supplemental Benefits - Feb 2021
AFSCME COUNCIL 57	3/4/2021	29636	\$ 759.08	Union Dues - Feb 2021
AFSCME COUNCIL 57	3/18/2021	29689	\$ 759.08	Union Dues - Mar 2021
BACKFLOW SOLUTIONS INC	3/4/2021	29683	\$ 9,553.05	Cross-Connection Control Online Management
BACKFLOW SOLUTIONS INC	3/4/2021	29683	\$ 495.00	Annual Backflow Solutions Online Subscription
BADGER METER	3/4/2021	29637	\$ 126.38	Monthly Cell Charge for RW Meter Reads - Jan & Feb 2021
BADGER METER	3/4/2021	29637	\$ 7,747.45	Monthly Cell Charge for PW Meter Reads - Jan & Feb 2021
BAY AREA BARRICADE SERVICE	3/18/2021	29690	\$ 2,033.11	Safety Barricades Cones & Signage
BAYSIDE EQUIPMENT COMPANY	3/18/2021	29691	\$ 2,393.00	Generator Rental - Well 11B - Feb 2021
BAYSIDE EQUIPMENT COMPANY	3/18/2021	29691	\$ 2,408.00	Generator Rentals - Hacienda & Bethany PS - Feb 2021
BEATTON RHETT	3/18/2021	29692	\$ 163.53	Training - Small Water System Operation Course - Beaton
BRASS KEY LOCKSMITH	3/4/2021	29638	\$ 274.73	Hacienda PS Improvements - Lock Installation
BRENNTAG PACIFIC INC	3/4/2021	29639	\$ 5,581.23	Water Treatment Chemicals
CHURCH KAREN	3/4/2021	29640	\$ 50.00	Customer Rebate - Pressure Regulator
CITY OF SCOTTS VALLEY	3/18/2021	29693	\$ 90.00	Bacti Samples - Feb 2021
CIVIL CONSULTANTS GROUP INC	3/18/2021	29694	\$ 275.00	Hacienda PS Improvements Task 8: Bid & Construction Phase
CIVIL CONSULTANTS GROUP INC	3/18/2021	29694	\$ 515.00	General Engineering Services - Feb 2021
COUNTY OF SANTA CRUZ	3/18/2021	29695	\$ 52.82	Landfill Waste - Feb 2021
DASSELS PETROLEUM	3/18/2021	29696	\$ 954.73	Vehicle Fuel - Feb 2021
DELA CRUZ JEFFERSON	3/18/2021	29697	\$ 100.00	Customer Rebate - Toilet
DOCTORS ON DUTY	3/4/2021	29641	\$ 130.00	Safety Services - COVID Testing
DUFFY MIKE	3/18/2021	29698	\$ 25.00	Customer Rebate - Toilet
EUROFINS EATON ANALYTICAL	3/18/2021	29699	\$ 1,510.00	Lab Testing for Water Quality
EXCEEDIO	3/4/2021	29642	\$ 110.00	Monthly Managed Services: Add'l IT Support - Copier Setup
EXCEEDIO	3/4/2021	29642	\$ 1,014.00	Monthly Managed Services: SCADA - Mar 2021
EXCEEDIO	3/4/2021	29642	\$ 5,218.50	Monthly Managed Services: HaaS/SaaS/ITaaS - Mar 2021
GOUW ANTHONY	3/18/2021	29700	\$ 50.00	Customer Rebate - Pressure Regulator
GRAINGER	3/18/2021	29701	\$ 137.48	Small Tools - Tubing Cutters
GRANITE CONSTRUCTION CO	3/18/2021	29702	\$ 195.33	Parking Lot Maint - Aggregatebase
GRANITE CONSTRUCTION CO	3/18/2021	29702	\$ 194.09	Main Maint - Aggregatebase
GRANITE ROCK COMPANY	3/4/2021	29643	\$ 82.67	Service Line Maint - Utility Trench Sand
GREEN WASTE RECOVERY INC	3/18/2021	29703	\$ 257.36	Trash Service - El Pueblo - Feb 2021
GUTTERPATROL & WINDOWSHINE	3/4/2021	29644	\$ 2,300.00	Roof Gutter & Downspout Cleaning - Bethany & Bethany Tanks
HACKWORTH CHERYL	3/4/2021	29645	\$ 50.00	Customer Rebate - Pressure Regulator
HAIGHT ROBERT	3/4/2021	29646	\$ 1,196.04	Retiree Medical - Jan & Feb 2021
HARLAND RAY	3/18/2021	29704	\$ 25.00	Customer Rebate - Toilet
HARRIS JENNIFER	3/4/2021	29647	\$ 1,195.98	UB Refund Check 010633-000
HAZEN STEVE	3/18/2021	29705	\$ 50.00	Customer Rebate - Pressure Regulator
HEALTHQUITY INC	3/18/2021	29706	\$ 38.35	HSA Admin Fees - Mar 2021
ICON CLOUD SOLUTIONS LLC	3/18/2021	29707	\$ 120.93	Phone Service - OPS - Mar 2021
ICON CLOUD SOLUTIONS LLC	3/18/2021	29707	\$ 342.39	Phone Service - Mar 2021
ICONIX WATERWORKS (US) INC	3/4/2021	29648	\$ 753.67	WTP Maint - Pipe Supports
ICONIX WATERWORKS (US) INC	3/18/2021	29708	\$ 1,496.88	Service Line Maint - Misc Stock
ICONIX WATERWORKS (US) INC	3/18/2021	29708	\$ 52.08	Small Tools - Pressure Gauges
ICONIX WATERWORKS (US) INC	3/18/2021	29708	\$ 4,306.15	Main Maint - Misc Stock
ICONIX WATERWORKS (US) INC	3/18/2021	29708	\$ 324.52	Meter Maint - Misc Repairs
ICONIX WATERWORKS (US) INC	3/18/2021	29708	\$ 1,338.73	Meter Maint - Air Release Valves
ICONIX WATERWORKS (US) INC	3/18/2021	29708	\$ 2,364.40	WTP Maint - Backwash Bag Filter Hardware
INDEPENDENT ELECTRIC SUPPLY	3/4/2021	29649	\$ 490.62	Polo Ranch PS Upgrades - Misc Hardware
INDEPENDENT ELECTRIC SUPPLY	3/18/2021	29709	\$ 1,225.89	Well Maint - Generator Connection @ Well 11B
INFOSEND	3/18/2021	29710	\$ 1,735.55	UB Statements Printing & Mailing - Feb 2021
INFOSEND	3/18/2021	29710	\$ 610.94	UB Inserts Printing & Mailing - Feb 2021
INFOSEND	3/18/2021	29710	\$ 175.00	Programming for UB Bill Changes - New Rates & Column Suppression
JACKSON LANDSCAPE	3/18/2021	29711	\$ 292.50	Landscape Maint - 2 Civic Ctr - Feb 2021
KASSIS JANETTE	3/4/2021	29650	\$ 667.60	Retiree Medical - Jan & Feb 2021
KBA DOCUMENT SOLUTIONS LLC	3/18/2021	29712	\$ 60.72	Copier Maint & Printing Costs - Feb 2021
KENNEDY/JENKS CONSULTANTS	3/4/2021	29651	\$ 2,383.75	Orchard Run WTP Improvements - Construx Meeting (5.6)
KENNEDY/JENKS CONSULTANTS	3/4/2021	29651	\$ 6,740.00	Orchard Run WTP Improvements - RFI Support (5.3)
KENNEDY/JENKS CONSULTANTS	3/4/2021	29651	\$ 1,192.50	Orchard Run WTP Improvements - Change Order Support (5.4)
KENNEDY/JENKS CONSULTANTS	3/4/2021	29651	\$ 58.75	Orchard Run WTP Improvements - Preconstruction Conf (5.1)
KENNEDY/JENKS CONSULTANTS	3/4/2021	29651	\$ 596.25	Orchard Run WTP Improvements - Project Mgmt (5.9)
KENNEDY/JENKS CONSULTANTS	3/4/2021	29651	\$ 23,118.75	Orchard Run WTP Improvements - Submittal & Review (5.2)
LAW OFFICE OF ROBERT E BOSSO	3/18/2021	29713	\$ 3,000.00	Legal Counsel Services - Feb 2021
LIEBERT CASSIDY WHITMORE	3/4/2021	29652	\$ 210.00	HR Consulting Services - Jan 2021

Scotts Valley Water District
AP Check Register
March 2021

MA FRANK	3/18/2021	29714	\$ 50.00	Customer Rebate - Pressure Regulator
MBH PAINTING	3/4/2021	29653	\$ 860.00	Tank Maint - Paint & Prime Sequoia Tank
McCROMETER	3/4/2021	29654	\$ 4,987.05	Orchard Run WTP Improvements - Flow Meter
MILLER MAXFIELD INC	3/4/2021	29655	\$ 8,725.00	Communication / Public Outreach Services - Feb 2021
MISSION UNIFORM SERVICE	3/4/2021	29656	\$ 444.12	Uniform Laundering & Rental Service - Feb 2021
MONTGOMERY & ASSOCIATES INC	3/4/2021	29657	\$ 322.50	GW Elevation Data Collection - Jan 2021
MONTGOMERY & ASSOCIATES INC	3/4/2021	29657	\$ 3,635.00	2020 Annual GW Report - Jan 2021
MORRIS CALLISON	3/4/2021	29658	\$ 360.25	UB Refund Check 011555-000
NATIONWIDE RETIREMENT SOLUTIONS	3/4/2021	29659	\$ 2,958.86	IRS 457 Plan - Payroll Date 2/26/2021
NATIONWIDE RETIREMENT SOLUTIONS	3/18/2021	29715	\$ 2,958.86	IRS 457 Plan - Payroll Date 3/12/2021
NORTON PATRICIA	3/4/2021	29660	\$ 67.44	Retiree Dental - Jan & Feb 2021
NORTON PATRICIA	3/4/2021	29660	\$ 37.12	Retiree Vision - Jan & Feb 2021
NORTON PATRICIA	3/4/2021	29660	\$ 912.38	Retiree Medical - Jan & Feb 2021
OLIVE SPRINGS QUARRY	3/4/2021	29661	\$ 146.56	Main Maint - Asphalt
OLIVE SPRINGS QUARRY	3/18/2021	29716	\$ 66.95	Service Line Maint - Asphalt
PACIFIC GAS & ELECTRIC	3/4/2021	29662	\$ 78.36	Electricity - RW - Jan 2021
PACIFIC GAS & ELECTRIC	3/4/2021	29662	\$ 22,085.83	Electricity - PW - Jan 2021
PACIFIC GAS & ELECTRIC	3/4/2021	29662	\$ 1,623.22	Electricity - 2 Civic Ctr - Jan 2021
PACIFIC GAS & ELECTRIC	3/4/2021	29684	\$ 66.43	Electricity - Skypark - Feb 2021
PACIFIC GAS & ELECTRIC	3/18/2021	29717	\$ 372.36	Electricity - Santas Village Rd - Feb 2021
PERRI CHRISTOPHER	3/4/2021	29663	\$ 1,700.72	Director Medical - Jan & Feb 2021
PIED PIPER EXTERMINATORS	3/4/2021	29664	\$ 260.00	Pest Control @ Pump Buildings - Feb 2021
PRESS BANNER	3/18/2021	29718	\$ 252.00	SV Banner Ad - 3/5
PSOMAS	3/4/2021	29665	\$ 31,097.50	ORWTP Improvements - Construction Mgmt & Inspection - Dec 2020
PSOMAS	3/4/2021	29665	\$ 39,317.50	ORWTP Improvements - Construction Mgmt & Inspection - Jan 2021
RAFTELIS FINANCIAL CONSULTANTS INC	3/4/2021	29666	\$ 7,627.50	Water Rate Study - Financial Plan Development
RAIN FOR RENT	3/4/2021	29667	\$ 1,615.62	Orchard Run WTP Improvements - Storage Tank Rentals
REBER DANIEL	3/4/2021	29668	\$ 2,739.42	Director Medical - Jan & Feb 2021
RYDER HOMES OF CALIFORNIA INC	3/18/2021	29719	\$ 2,000.00	Refund Deposit - PW Bulk Meter
RYDER SCOTTS VALLEY LLC	3/4/2021	29669	\$ 125.92	UB Refund Check 013100-000
SALINAS PUMP CO	3/18/2021	29720	\$ 20,452.33	Remove Rebuild & Reinstall Well 10 Booster Pump & Motor
SALINAS PUMP CO	3/18/2021	29720	\$ 10,976.85	Remove & Recondition Orchard Run Booster Pump & Column
SALINAS PUMP CO	3/18/2021	29720	\$ 18,456.64	Well Maint - Reinstall Pump & Motor & Replace Well 10A Column
SALINAS PUMP CO	3/18/2021	29720	\$ 7,816.83	Well Maint - Backup Parts @ Well 11B
SAN LORENZO VALLEY WATER DISTRICT	3/4/2021	29685	\$ 15,673.60	Intertie Water Purchased for Resale - Feb 2021
SCARBOROUGH LUMBER & BUILDING SUPPLY	3/4/2021	29670	\$ 134.92	Hydrant Maint - Misc Hardware
SCARBOROUGH LUMBER & BUILDING SUPPLY	3/4/2021	29670	\$ 69.23	Meter Maint - Topsoil & Misc Hardware
SCARBOROUGH LUMBER & BUILDING SUPPLY	3/4/2021	29670	\$ 26.11	Kitchen Supplies - OPS
SCARBOROUGH LUMBER & BUILDING SUPPLY	3/4/2021	29670	\$ 63.80	Forklift Fuel
SCARBOROUGH LUMBER & BUILDING SUPPLY	3/4/2021	29670	\$ 238.12	Safety Supplies - Face Masks
SCARBOROUGH LUMBER & BUILDING SUPPLY	3/4/2021	29670	\$ 34.02	Vehicle Maint - Misc Hardware
SCARBOROUGH LUMBER & BUILDING SUPPLY	3/4/2021	29670	\$ 152.40	Small Tools - Saw Blades & Tape Measurers
SCARBOROUGH LUMBER & BUILDING SUPPLY	3/4/2021	29670	\$ 65.09	Polo Ranch PS Upgrades - Misc Hardware
SCOTTS VALLEY SCHOOL DISTRICT	3/4/2021	29672	\$ 3,140.69	UB Refund Check 008375-000
SCOTTS VALLEY SCHOOL DISTRICT	3/4/2021	29671	\$ 4,996.28	UB Refund Check 007312-000
SOIL CONTROL LAB	3/4/2021	29673	\$ 396.00	Water Quality Testing
SPRINGBROOK HOLDING COMPANY LLC	3/18/2021	29721	\$ 126.00	CC Payment Transaction Fees - Feb 2021
STEVENSON LANDSCAPING	3/4/2021	29674	\$ 2,500.00	Landscaping Maint - El Pueblo Yard Hedge Removal
STEVENSON LANDSCAPING	3/4/2021	29674	\$ 750.00	Landscaping @ Misc Locations - Feb 2021
SUGARMAN KEVIN	3/18/2021	29722	\$ 50.00	Customer Rebate - Pressure Regulator
SYCAL ENGINEERING INC	3/4/2021	29675	\$ 310.00	Polo Ranch PS Upgrades - Panel Upgrades
SYCAL ENGINEERING INC	3/18/2021	29723	\$ 3,549.04	Orchard Run WTP Improvements - Panel Upgrades
SYCAL ENGINEERING INC	3/18/2021	29723	\$ 2,060.00	Engineering Services for SCADA - Feb 2021
U.S. BANK EQUIPMENT FINANCE	3/18/2021	29724	\$ 770.55	Copier Lease - Feb & Mar 2021
UNITED SITE SERVICES	3/18/2021	29725	\$ 121.84	Bethany 2nd Tank Addition - Temp Fence Rental
UNITED SITE SERVICES	3/18/2021	29725	\$ 233.23	Portable Toilet Rental - Orchard Run WTP - Mar 2021
UNITED SITE SERVICES	3/18/2021	29725	\$ 469.54	Portable Toilet Rental - 229 Mt Hermon - Feb & Mar 2021
UNIVERSAL BUILDING SERVICES	3/4/2021	29678	\$ 497.00	Janitorial Service - 2 Civic Ctr - Feb 2021
UNIVERSAL BUILDING SERVICES	3/4/2021	29678	\$ 403.00	Janitorial Service - El Pueblo - Feb 2021
VALERO FLEET	3/4/2021	29679	\$ 86.43	Vehicle Fuel - Feb 2021
VALIN CORP	3/4/2021	29680	\$ 11,548.64	WTP Maint - Filter Housing & Bags
VAN DER STEEN ENGINEERING	3/18/2021	29726	\$ 17,823.75	Bethany 2nd Tank Addition - Tank & Hardware Install
VERIZON WIRELESS	3/4/2021	29681	\$ 311.97	Cell Phones / Tablets - Feb 2021
WATER SYSTEMS CONSULTING INC	3/4/2021	29682	\$ 3,335.00	Urban Water Mgmt Plan - Kickoff / Preliminary Work - Jan 2021
			\$ 414,633.86	

Scotts Valley Water District
 AP Check Register
 March 2021

Wire / ACH Payments
 March 2021

Vendor Name	Trans Date	Check No.	Trans Amount	Description
ADP		n/a	\$ 182.90	ADP Workforce Now HR Fees - Feb 2021
ADP		n/a	\$ 185.30	ADP Time & Attendance Fees - Feb 2021
ADP		n/a	\$ 391.43	ADP PW06, PW08 Fees - Feb 2021
BlueFin		n/a	\$ 375.74	Bluefin CC Processing Fees - Feb 2021
BlueFin		n/a	\$ 71.85	Bluefin Civic PayPad Fees - Feb 2021
CalPERS		n/a	\$ 11,553.82	CalPERS Retirement - PW10 Ended 3/8/2021
CalPERS		n/a	\$ 11,553.82	CalPERS Retirement - PW12 Ended 3/22/2021
GSE Construction		n/a	\$ 332,547.50	Orchard Run WTP Improvements - Construction Pymt #3
Wells Fargo CC		n/a	\$ 3,109.76	WFB CC Payment - Mar 2021
			\$ 359,972.12	

Legend:

Abbreviation:	Meaning:
PW	Potable Water
RW	Recycled Water
WW	Waste Water
WTP	Water Treatment Plant
EE	Employee
ER	Employer
CO	Change Order
TO	Task Order
SA	Service Application
FY	Fiscal Year
OPS	Operations
Eng	Engineering
Adm	Administration
Fin	Finance
WUE	Water Use Efficiency
ENR	Engineering News Record
ACWA	Association of California Water Agencies
LID	Low Impact Development
UB	Utility Billing
AMI	Advanced Metering Infrastructure
PS	Pump Station

Scotts Valley Water District

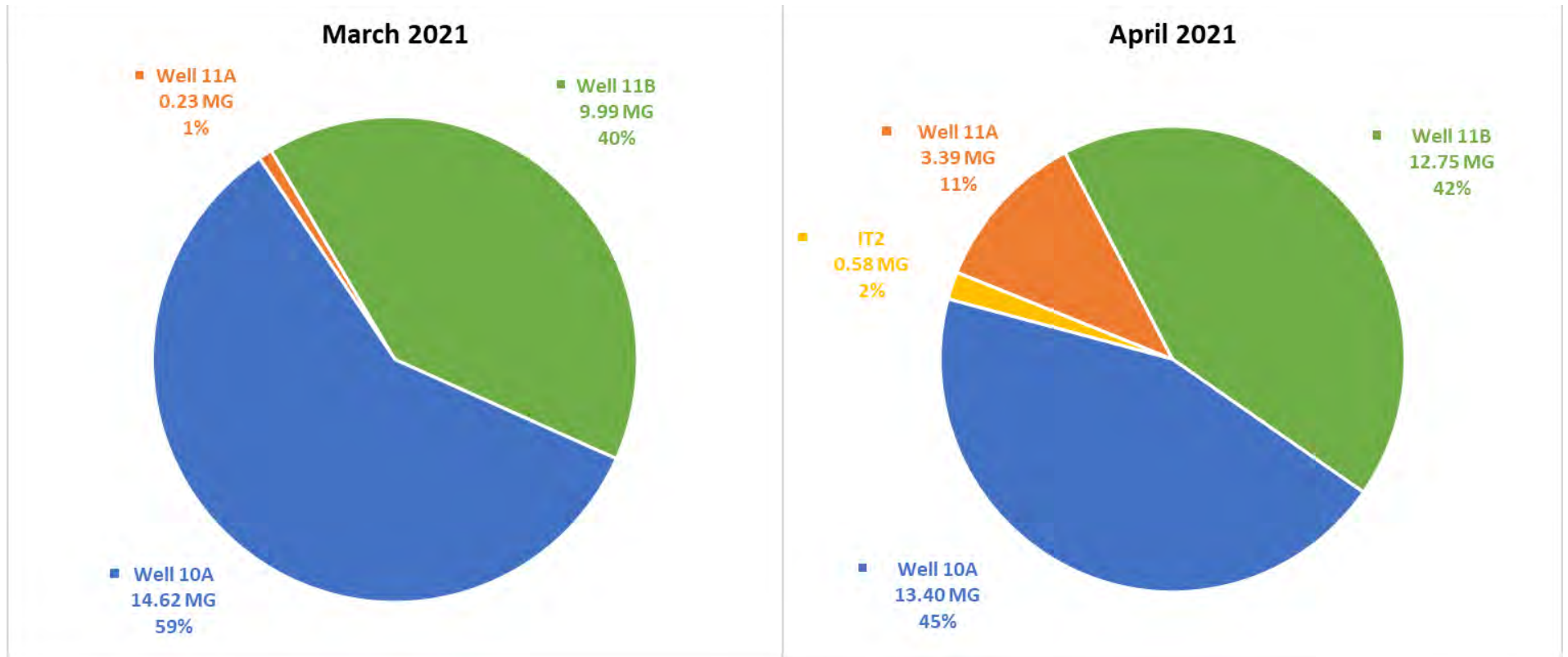
Investment Summary

As of 3/31/2021

Institution	Investment	CUSIP	Purchased	Maturity	Purchase \$	Rate		Balance as of:		Market Value
						12/31/2020	3/31/2021	12/31/2020	3/31/2021	3/31/2021
Unrestricted Funds:										
LAIF	Local Agency Investment Fund		various			0.63%	0.44%	\$ 2,813,289	\$ 3,317,737	\$ 3,321,950
WFB	Checking - General		various			0.03%	0.03%	\$ 3,852	\$ 10,748	\$ 10,748
WFB	Checking - Payroll		various			0.03%	0.03%	\$ 8,280	\$ 8,008	\$ 8,008
WFB	Checking - Revenue		various			0.00%	0.00%	\$ 1,214,242	\$ 1,052,572	\$ 1,052,572
Subtotal for Unrestricted Funds:								\$ 4,159,096	\$ 4,389,065	\$ 4,393,278
<i>Weighted Average Yield</i>							0.33%			

The current investments comply with the requirements of the Investment Policy (P200-14-1)
 Sufficient cash is available to meet expected expenditure requirements for the next six months.

Well Production

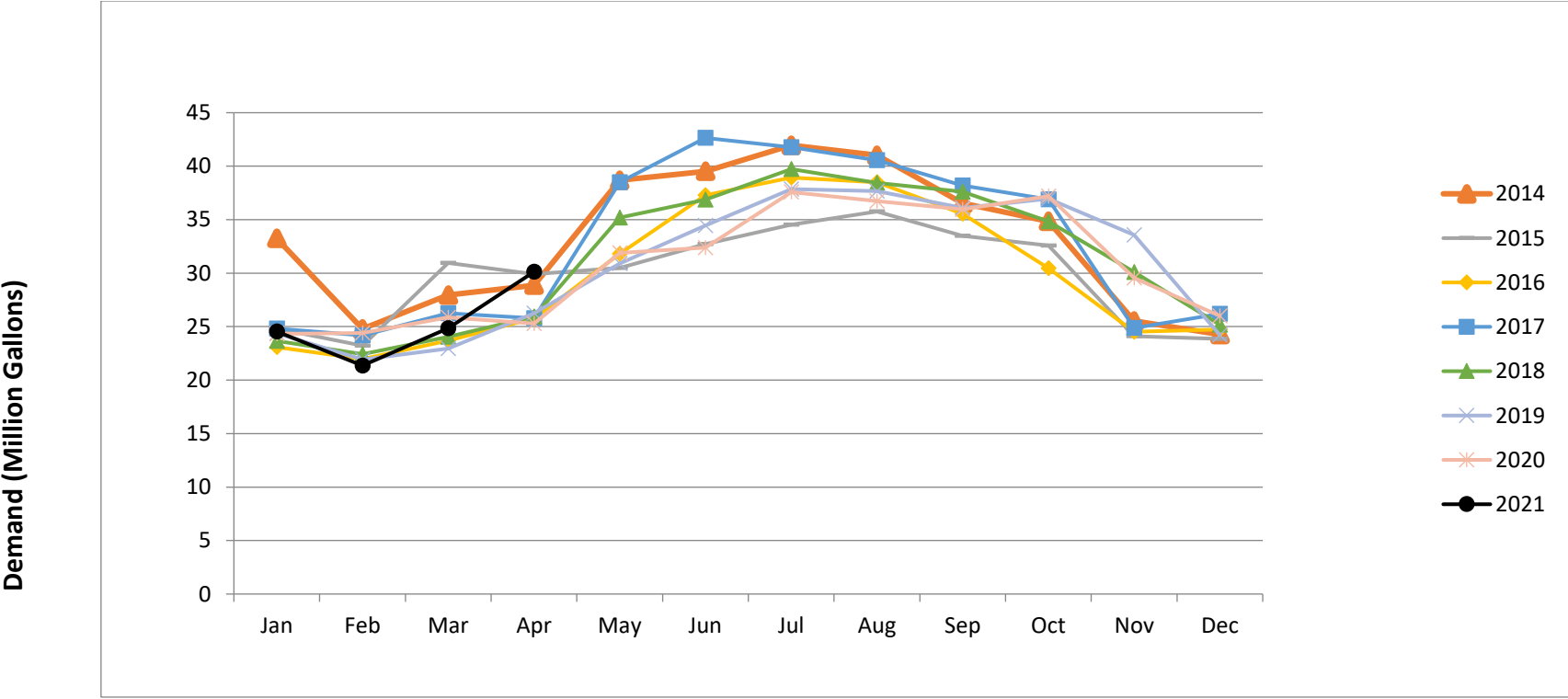


Total Production (Million Gallons)

March 2021	24.84 MG	16.24 % increase from February
April 2021	30.12 MG	21.31 % increase from March

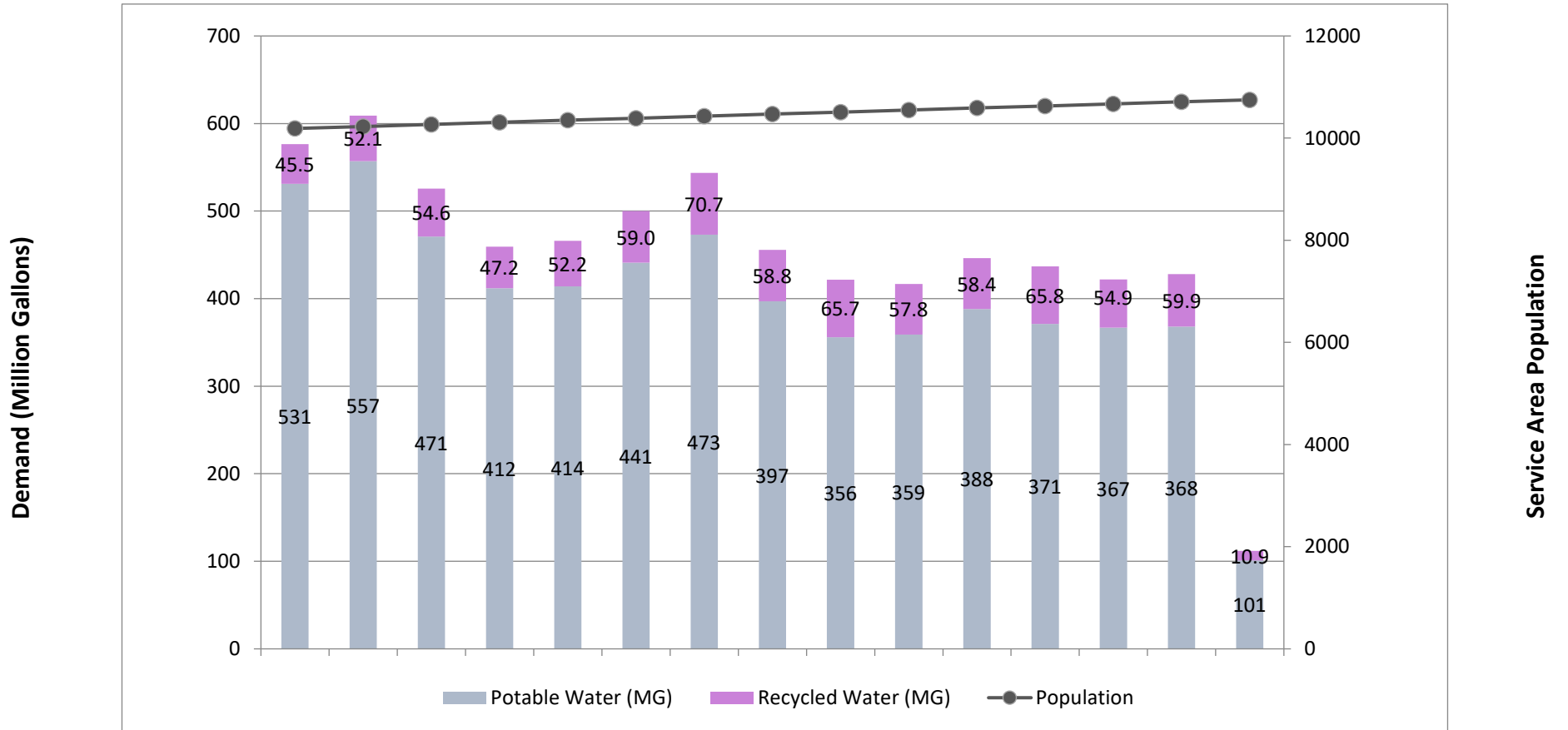
Production is Water Pumped +/- Water used for Well Maintenance Activities

Potable Water Demand



Demand is Production +/- Change in Storage

Potable and Recycled Water Demand vs. Population



Demand is Production +/- the Change in Storage

Potable and Recycled Water Demand

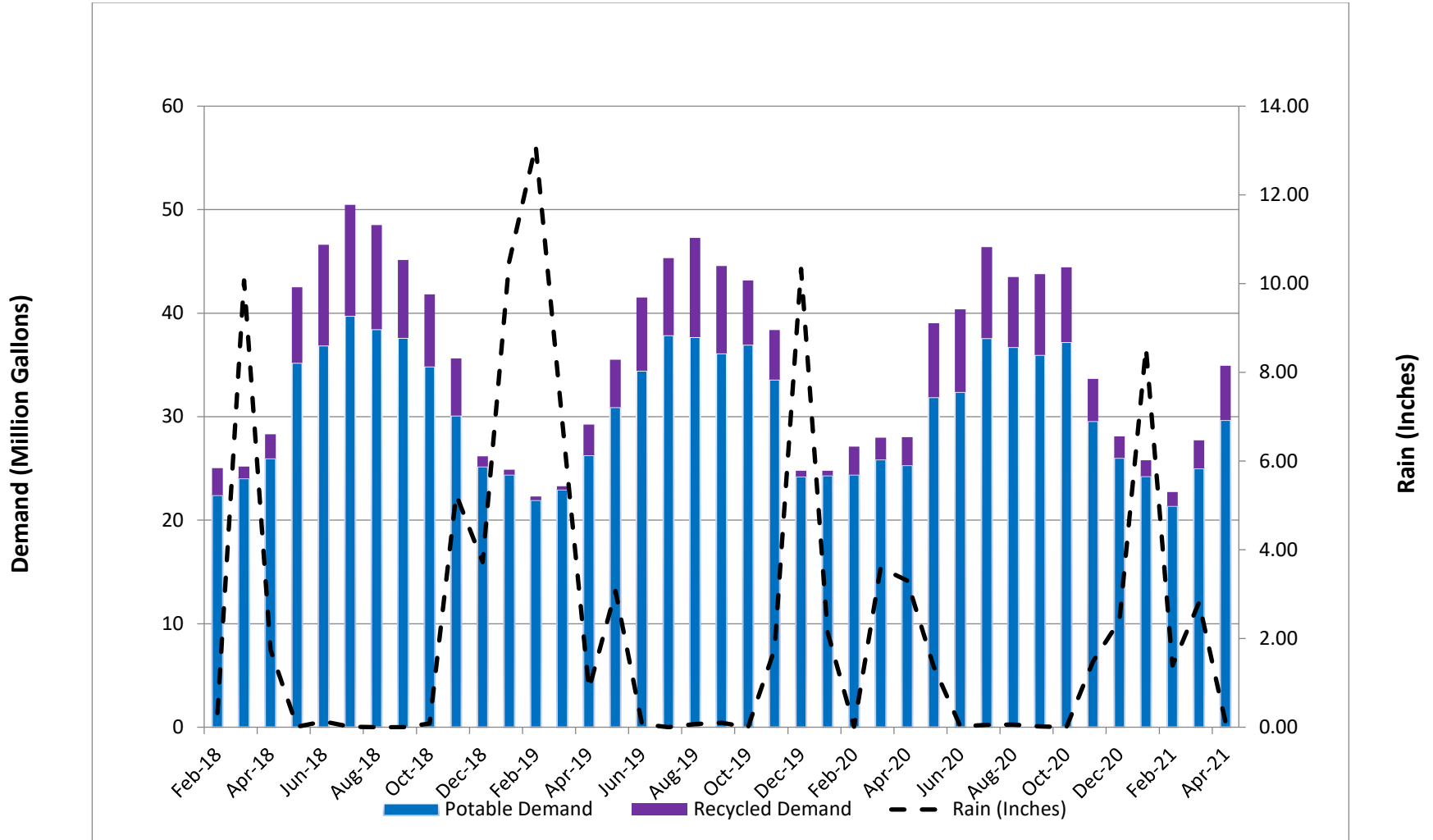
Potable												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average
Jan.	23,129,510	31,165,560	27,764,580	33,252,872	24,822,615	23,085,736	24,789,618	23,674,051	24,378,894	24,319,853	24,231,996	25,983,820
Feb.	25,004,280	26,813,840	26,124,132	24,779,862	23,217,640	21,968,896	23,490,314	22,427,754	21,923,206	24,323,667	21,378,258	23,864,720
March	26,079,310	29,752,014	31,559,240	27,946,154	30,953,420	23,910,892	25,837,232	24,042,754	22,954,225	25,855,924	24,995,557	26,901,462
April	30,993,238	29,234,622	35,621,370	28,875,831	29,909,260	28,400,861	25,477,561	25,992,670	26,027,391	25,297,107	29,671,141	28,583,694
May	40,456,736	43,581,989	49,525,756	38,675,936	30,478,823	31,995,591	38,043,826	33,751,004	30,912,986	31,885,131		37,001,136
June	38,237,371	46,553,850	47,432,970	39,525,236	32,726,825	36,842,416	42,310,983	36,786,677	34,451,155	32,393,746		39,509,589
July	46,417,190	48,634,940	49,192,762	41,957,386	34,544,613	38,892,200	41,757,891	39,648,922	37,857,926	38,411,455		42,449,132
Aug.	45,665,550	48,939,190	50,820,800	41,020,790	35,765,167	38,541,952	39,982,246	38,720,060	37,666,598	36,637,898		42,129,897
Sept.	43,700,350	42,936,210	45,489,360	36,533,116	33,498,030	35,653,167	38,190,535	35,202,216	36,106,611	35,968,389		39,096,275
Oct.	34,771,130	37,982,466	42,248,672	34,840,142	32,589,534	30,517,556	36,888,905	34,746,760	36,940,853	37,193,525		36,055,391
Nov.	28,853,908	28,714,236	34,868,300	25,524,197	24,110,286	24,388,656	24,864,436	30,389,575	33,566,905	29,565,349		27,586,433
Dec.	30,451,180	26,428,050	32,013,140	24,261,522	23,866,862	24,379,124	26,194,926	25,160,789	24,225,007	26,013,773		25,341,544
Total	413,759,753	440,736,967	472,661,082	397,193,044	356,483,075	358,577,047	387,828,472	370,543,233	367,011,756	367,865,818	100,276,952	394,962,796

Recycled												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average
Jan.	496,000	2,139,000	620,000	3,019,613	635,420	862,984	156,267	838,172	493,100	450,147	1,560,234	944,411
Feb.	1,120,000	2,352,000	2,268,000	1,248,862	1,545,957	1,813,868	94,521	2,589,717	366,055	2,714,767	1,331,033	1,453,732
March	620,000	1,054,000	2,723,665	1,579,882	4,231,231	972,360	544,666	1,141,831	322,464	2,109,739	2,709,925	1,447,258
April	3,450,000	1,470,000	5,436,705	4,163,175	4,720,887	4,381,911	713,802	2,333,176	2,969,672	2,737,245	5,249,782	2,995,143
May	6,448,000	7,843,000	9,248,455	8,409,175	6,686,359	6,909,436	7,908,386	7,306,666	4,584,239	7,142,605		7,071,575
June	6,150,000	9,420,000	9,801,903	9,135,056	7,488,534	9,639,221	8,940,094	9,739,276	7,067,867	7,971,453		8,509,400
July	4,936,000	9,610,000	9,394,766	9,911,697	9,935,422	10,841,389	10,981,309	10,744,706	9,461,005	8,810,329		9,512,693
Aug.	9,207,000	10,199,000	9,875,446	8,542,111	10,471,389	8,767,020	9,618,897	10,078,073	9,594,307	6,760,659		9,253,991
Sept.	8,610,000	7,680,000	8,288,391	6,176,224	9,092,727	8,287,511	7,957,562	7,522,571	8,451,961	7,814,358		7,995,573
Oct.	4,185,000	4,960,000	6,537,840	5,282,253	7,233,408	3,956,097	7,557,695	6,967,548	6,228,883	7,236,784		5,893,319
Nov.	1,740,000	1,920,000	4,029,769	1,131,988	2,817,778	1,053,779	2,234,592	5,514,338	4,805,871	4,087,453		2,718,688
Dec.	2,201,000	341,000	2,453,395	236,228	1,119,017	529,158	1,670,966	994,336	544,650	2,075,116		1,142,533
Total	47,220,000	49,163,000	58,988,000	70,678,335	58,836,264	65,978,129	58,014,734	58,378,757	65,770,410	59,910,655	10,850,974	58,597,571

Demand is Production +/- the Change in Storage

**1,554,503 potable gallons added through Intertie Two*

Potable and Recycled Water Demand vs. Rainfall



Demand is Production +/- the Change in Storage

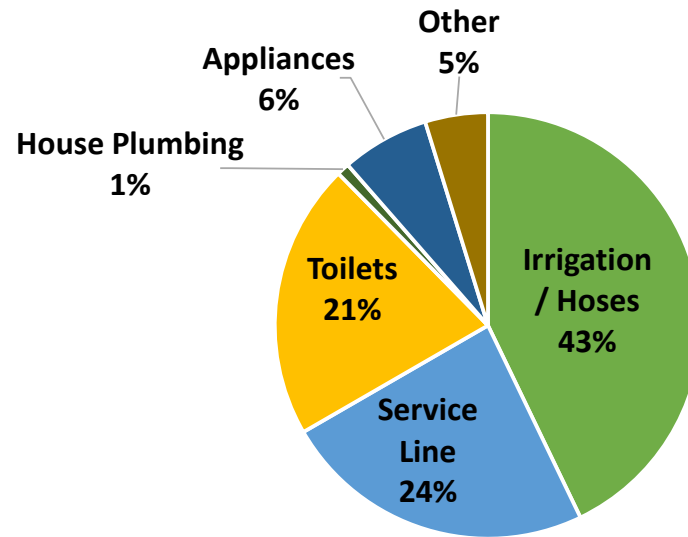
Rainfall
El Pueblo Weather Station

WATER YEAR	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	TOTAL	% of Avg.	
High Year	1981-82	0.14	11.20	5.90	28.80	6.88	8.26	8.40	0.03	0.00	0.00	0.04	1.28	70.93	168%
	1982-83	5.35	10.50	7.74	13.90	18.00	19.90	7.80	0.98	0.00	0.00	0.17	1.91	86.25	205%
	1983-84	1.70	12.70	12.90	0.54	2.49	2.62	1.13	0.02	0.18	0.01	0.00	0.25	34.54	82%
	1984-85	2.80	13.80	2.95	1.72	4.20	7.92	0.73	0.11	0.15	0.09	0.02	0.54	35.03	83%
	1985-86	1.12	7.14	2.62	7.38	22.40	15.00	0.48	0.83	0.00	0.00	0.00	1.30	58.27	138%
	1986-87	0.03	0.05	2.47	4.51	9.06	6.31	0.70	0.00	0.02	0.00	0.00	0.00	23.15	55%
	1987-88	1.19	2.30	10.70	4.58	0.68	0.00	3.13	1.07	0.16	0.00	0.00	0.00	23.81	56%
	1988-89	0.19	5.90	8.89	2.06	1.39	10.60	0.67	0.08	0.03	0.00	0.03	0.83	30.67	73%
	1989-90	3.53	1.58	0.01	3.42	3.69	2.13	0.16	5.79	0.00	0.00	0.12	0.15	20.58	49%
	1990-91	0.50	0.24	1.65	0.61	5.39	17.19	0.51	0.06	0.40	0.00	0.02	0.07	26.64	63%
1991-92	2.37	1.46	5.42	3.03	15.30	4.65	0.45	0.00	0.82	0.00	0.05	0.00	33.55	80%	
1992-93	3.41	0.20	11.54	18.51	10.22	3.17	1.37	0.96	0.68	0.00	0.00	0.00	50.06	119%	
1993-94	0.73	2.74	5.52	3.51	9.72	0.68	2.75	2.10	0.01	0.00	0.00	0.05	27.81	66%	
1994-95	1.79	8.29	4.78	23.88	0.65	13.62	3.79	0.89	1.04	0.01	0.00	0.00	58.74	139%	
1995-96	0.00	0.32	10.03	13.52	11.35	5.14	2.38	4.31	0.03	0.00	0.00	0.00	47.08	112%	
1996-97	2.89	6.95	22.43	12.33	0.17	1.50	0.58	0.16	0.12	0.00	0.54	0.00	47.67	113%	
1997-98	0.68	10.12	4.06	14.21	21.81	6.17	2.85	3.65	0.01	0.00	0.01	0.17	63.74	151%	
1998-99	1.02	9.11	1.85	9.25	11.08	5.22	2.58	0.03	0.36	0.00	0.02	0.14	40.66	96%	
1999-00	0.35	5.69	0.53	18.02	17.57	2.77	2.69	1.01	0.18	0.00	0.20	0.40	49.41	117%	
2000-01	5.14	1.38	0.94	8.68	10.65	4.05	2.67	0.00	0.07	0.00	0.00	0.16	33.74	80%	
2001-02	1.13	9.93	16.45	4.97	2.69	4.66	0.52	0.90	0.00	0.00	0.05	0.00	41.30	98%	
2002-03	0.00	5.80	21.40	2.77	2.95	2.54	5.75	1.09	0.16	0.00	0.00	0.00	42.46	101%	
2003-04	0.19	3.93	17.55	4.44	9.69	1.19	0.65	0.07	0.00	0.06	0.00	0.11	37.88	90%	
2004-05	7.24	3.25	14.39	8.30	7.20	10.01	3.79	2.13	0.94	0.02	0.00	0.08	57.35	136%	
2005-06	0.19	2.84	21.73	6.55	5.26	15.29	10.44	1.01	0.01	0.00	0.01	0.00	63.33	150%	
2006-07	0.25	3.30	5.67	0.89	9.24	0.30	2.17	0.46	0.00	0.10	0.01	0.33	22.72	54%	
2007-08	1.93	0.52	5.50	17.59	6.96	0.36	0.35	0.00	0.00	0.01	0.00	0.04	33.26	79%	
2008-09	1.59	4.80	4.38	1.80	15.28	3.47	0.52	1.42	0.01	0.00	0.00	0.26	33.53	80%	
2009-10	9.70	0.33	5.21	11.37	8.66	4.35	5.41	1.17	0.00	0.01	0.07	0.00	46.28	110%	
2010-11	3.92	5.13	15.36	1.97	10.59	13.40	0.75	3.42	3.40	0.00	0.04	0.02	58.00	138%	
2011-12	2.93	3.41	0.15	6.80	2.75	11.97	4.09	0.02	0.20	0.02	0.00	0.02	32.36	77%	
2012-13	1.61	11.32	13.25	1.31	0.47	2.66	0.43	0.01	0.11	0.00	0.00	0.70	31.87	76%	
Low Year	2013-14	0.01	0.87	0.78	0.05	11.52	4.02	2.02	0.01	0.02	0.09	0.01	0.92	20.32	48%
	2014-15	0.44	4.36	16.52	0.00	4.69	0.47	2.13	0.19	0.04	0.00	0.03	0.02	28.89	69%
	2015-16	0.07	2.54	6.67	16.20	1.16	14.26	1.18	0.35	0.00	0.00	0.00	0.22	42.65	101%
	2016-17	8.66	3.29	10.77	26.13	19.56	7.09	4.47	0.06	0.07	0.00	0.00	0.04	80.14	190%
	2017-18	0.10	4.02	0.08	6.43	0.56	10.07	2.85	0.01	0.13	0.01	0.00	0.00	24.26	57%
	2018-19	0.08	5.24	3.72	10.49	13.11	6.91	0.86	3.07	0.07	0.00	0.07	0.10	43.72	104%
	2019-20	0.00	1.76	8.57	2.14	0.01	3.59	3.31	1.37	0.02	0.05	0.06	0.02	20.90	50%
	2020-21	0.00	1.48	2.40	8.55	1.39	2.81	0.11	-	-	-	-	-	16.74	40.82%
Cumulative 2020-2021	0.00	1.48	3.88	12.43	13.82	16.63	16.74	-	-	-	-	-			
Monthly Average 1981-2020	1.87	4.74	7.84	8.28	7.91	6.41	2.44	1.00	0.24	0.01	0.04	0.26	41.63		
Cumulative Ave 1981-2020	1.87	6.62	14.46	22.74	30.65	37.06	39.50	40.49	40.73	40.75	40.79	41.05	41.05		

Leak Adjustment Program Report FY 2021

	RES Requests	CII Requests	Approved	Denied	Appeals	Reason Denied	Total Adjust Credit	Total Excess Use (gallons)
JUL	8	0	8	0	0		\$1,806	148,425
AUG	9	0	8	1	0	Consumption did not exceed PY	\$4,338	301,542
SEPT	9	0	7	2	0	< 5 yrs (1), prior billing period (1)	\$1,996	129,498
OCT	16	0	12	4	0	< 5 yrs (2), cons. < PY (2)	\$4,457	304,641
NOV	18	2	20	0	0		\$6,210	494,504
DEC	14	0	13	1	0	< 5 yrs (1)	\$3,307	278,601
JAN	8	0	8	0	0		\$2,644	181,979
FEB	14	2	14	2	0		\$3,802	270,930
MAR	5	0	4	1	0	consumption < PY	\$1,444	94,257
APR								
MAY								
JUN								
Total	101	4	94	11	0		\$30,004	2,204,377
FY 2020 thru MAR	100	9	96	11	2		\$38,009	2,667,117

Sources of Leaks



STAFF REPORT – Water Use Efficiency

Scotts Valley Water District

Date: 5/13/21
To: Board of Directors
From: Water Use Efficiency Coordinator
Item: Staff Report 7.5
Subject: Water Use Efficiency Biannual Report 11/01/20 through 04/30/21

Regional Planning and Collaboration

Water Conservation Coalition of Santa Cruz County activities were largely curtailed due to Covid-19.

Professional Development

Attended three free educational webinars on Landscaping Efficiency, Leak Detection and Greywater.

Performance Statistics (prior report in blue)

Leak Adjustments-----	60 / 71
House Calls and/or Leak Checks-----	97 / 67
Waste Violations/Consultations-----	8 / 4
Pre-Rebate Inspections-----	24 / 62
Post-Rebate Inspections-----	24 / 27
Rate Assistance Enrollments -----	0 / 1
Customer Contacts -----	500 / 450

Projects

Attended DWR teleconference on 4/14/21 regarding landscape mapping for future legislation compliance. Continue to field calls and collect Water Conservation Certifications for homes sold in the City of Scotts Valley.

WaterSmart & Working with High Water Users

Met with new City landscaping maintenance staff on 11/05/20 to discuss on-going leaks and familiarize them with WaterSmart. Increased customer uptake of the platform by facilitating password registrations, coaching customers on how to use the portal, and synchronizing data with our billing portal. Working to devise a more systematic way to address leaks via WaterSmart.

Rebates

Implemented the “**Turf’s Up**” special rebate in mid-February with 04/15/21 pre-inspection and a 06/30/21 post inspection deadlines. Fifty (50) pre-inspections qualified for the 04/15/21 deadline, with 5 rebates completed.

Rebates Processed	# of Rebates	Total Amount
Lawn Replacement	20 / 14	\$15,513 / \$16,234
Spray to Drip	9 / 10	\$2,005 / \$2,335
Toilet Replacement	21 / 24	\$1,498 / \$1,692
Pressure Regulators	32 / 20	\$1,600 / \$1,030
Smart Controllers	4 / 8	\$400 / \$766
Small Stream Sprayers	1 / 0	\$140 / \$0
Greywater Harvesting	0 / 0	\$0 / \$0
Rainwater Harvesting	0 / 0	\$0 / \$0
Downspout Diversion	1 / 2	\$75 / \$150
Hardscape Replacement	1 / 0	\$60 / \$0

Rebates / Give-Away Summary						
Rebate/Give Away	Rebate Offerings	Accounts	Units/Gals/Sq. ft	Cost	Water Savings gal/year	Gallons Saved per \$ Spent
High Efficiency Toilet	\$25-\$125	16	24	\$1,692	191,485	113
Lawn Replacement	\$1/sq. ft	15	12,853	\$16,239	228,655	14
Low Volume Irrigation	\$.50/sq. ft	10	4,670	\$2,335	81,537	35
Smart Irrigation Controller	\$100	8	8	\$766	N/A	N/A
Pressure Regulator	\$50	18	20	\$1,030	N/A	N/A
Shower Head	Free			0	.7 gpm	Average gallons saved per \$ spent
Faucet Aerator	Free			0	1.45 gpm	
Shut Off Nozzle	Free			0	Prevents waste	
Total		67		\$22,062	501,677	54



April 9, 2021

The Honorable Eduardo Garcia
Chair, Assembly Committee on Water, Parks & Wildlife
State Capitol, Room 4140
Sacramento, CA 95814

RE: AB 1434 (Friedman) – Indoor Residential Water Use Standards - OPPOSE

Dear Chair Garcia,

On behalf of Scotts Valley Water District, I am writing to respectfully Oppose AB 1434, which would arbitrarily change the indoor water use standards established by AB 1668 (Friedman, 2018). This bill proposes to incrementally lower the indoor water use standard starting in January 1, 2023 to reach a standard of 40 gallons per capita daily (GPCD) starting in 2030. Further the bill removes the requirement for the Department of Water Resources (DWR), in consultation with the State Water Resources Control Board (State Water Board), to submit a report (DWR Report) on the result of its indoor water use studies and make recommendations regarding the existing standards.

AB 1668 and SB 606 (Hertzberg, 2018) were a package of bills that implemented new water use efficiency standards, of which one part is the indoor water use standard this bill proposes to change. The provisions in these two bills were closely negotiated by stakeholders in the water community as well as members of the Legislature and environmental community. An important component of those negotiations was the requirement for DWR to conduct studies to identify a standard for indoor residential water use that reflects best practices.

The DWR Report was due January 1, 2021, but has not yet been made public. It is anticipated, based on the existing statutory requirements, that any forthcoming report or set of recommendations would be in draft form, because it is required by law to be finalized in collaboration with and input from stakeholders. Stakeholders have not yet seen any draft study results or recommendations from DWR or the State Water Board.

Our agency supports evidence-based decision making, and this bill does not rely on evidence because the DWR Report has not yet been finalized or released to the public. This bill is premature, and goes back on the agreements that were made when AB 1668 and SB 606 were passed and signed into law. Changes to the indoor water use standards should not even be considered prior to the final DWR Report being released. The new indoor use standards in this bill are not based on robust findings and an analysis of the benefits and impacts of how the changing standard will impact water and wastewater management, including potable water use, wastewater, recycling and reuse systems, infrastructure, operations, and supplies.

Subject: AB 1434 Oppose

Date: April 9, 2021

Page 2

For these reasons, Scotts Valley Water District has serious concerns about this bill and respectfully requests your “No” vote when it is heard in the Assembly Committee on Water, Parks & Wildlife.

Sincerely,

A handwritten signature in black ink that reads "Piret Harmon". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Piret Harmon
General Manager

cc: The Honorable Laura Friedman
Members, Assembly Committee on Water, Parks & Wildlife



May 3, 2021

The Honorable Mark Stone
State Capitol
PO Box 942849
Sacramento, CA 95814

Submitted electronically: assemblymember.stone@assembly.ca.gov

Re: AB 1500 (E. Garcia, Mullin) – Support and Amend

Dear Honorable Mark Stone,

On behalf of Scotts Valley Water District, I am writing to ask your support to AB 1500, keeping in mind that there is lack of funding in the water section of the bond for regional projects, such as those funded in previous bonds through the Integrated Regional Water Management (IRWM) program.

As you are very well aware, Santa Cruz County water and environmental agencies have been working very well together in overcoming challenges and solving regional water issues. Individually we each are small and the best way to utilize grant and loan funds is to look for collaborative efforts that benefit multitude of stakeholders and result in higher return on investment.

I respectfully request that you consider the following proposed amendments:

"Of the funds made available by this section, five hundred million dollars (\$500,000,000) shall be available to the Department of Water Resources for direct expenditures and competitive grants for local, regional, and inter-regional projects that increase water resilience to climate change. Priority shall be given to projects that are included in an adopted integrated regional water management plan that include climate vulnerability assessments. Up to 10% of these funds may be used for planning purposes."

Don't hesitate to reach out to me with any questions. Thank you for your support.

Piret Harmon
General Manager

cc: Craig Scholer: craig.scholer@asm.ca.gov
Keely O'Brien: keely.obrien@asm.ca.gov



The Water Bond Coalition of Northern and Coastal California

April 29, 2021

The Honorable Luz Rivas, Chair
Assembly Natural Resources Committee
1020 N Street, Room 164
Sacramento, CA 95814

RE: AB 1500 (E. Garcia, Mullin) – Support and Amend

Dear Assembly Member Rivas,

The Water Bond Coalition wishes to register our support and amend position on AB 1500, the *Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2022*.

Established in 2002, the Water Bond Coalition is an affiliation of more than 70 cities, counties, special districts and nonprofit organizations extending from Ventura County to the south to Del Norte, Siskiyou and Modoc counties to the north.

Although we are generally supportive of AB 1500, we are concerned about the lack of funding in the water section of the bond for regional and inter-regional projects, such as those funded in previous bonds through the Integrated Regional Water Management (IRWM) program. Water resources are not confined to the boundaries that fall within the jurisdiction of one agency. A regional approach to water management delivers higher value projects by considering all interests, providing multi-benefits, and working across jurisdictional boundaries.

Our investments in Integrated Regional Water Management Planning span nearly two decades and begin with the premise that integrated, multi-objective, collaborative approaches to resource management result in regionally appropriate solutions and decision-making. Statewide, resource agencies face increasing challenges in funding critical infrastructure projects while balancing the need to protect species and create systems that are resilient to climate change and natural disasters. Rather than the state agencies determining local resource needs, this unique grant program promotes the participation of Native American Tribes, economically disadvantaged communities and all interested stakeholders in our local communities to work together to identify

resource priorities that integrate multiple objectives. As a Coalition we are strong supporters of the IRWM's creative framework and approach and request its inclusion in AB 1500.

Therefore, we respectfully request that you include language and funding as follows:

Of the funds made available by this section, five hundred million dollars (\$500,000,000) shall be available to the Department of Water Resources for direct expenditures and competitive grants for local, regional, and inter-regional projects that increase water resilience to climate change. Priority shall be given to projects that are included in an adopted integrated regional water management plan that include climate vulnerability assessments. Up to 10% of these funds may be used for planning purposes.

Additionally, we are pleased to see the inclusion of “under resourced communities” and “vulnerable populations” as part of your definition of disadvantaged communities (DACs) in AB 1500. Many vulnerable communities are excluded from funding when CalEnviroScreen or median household income are used to define disadvantaged communities. We support and request that you keep the DAC definitions broad to reach communities in need of critical bond investments.

As climate resilience bonds evolve to meet the challenges of today, the Coalition looks forward to working with the Legislature to ensure smart investments to keep our forests and watersheds healthy, provide clean, reliable and affordable water supplies, and protect communities from catastrophic natural disasters that are exacerbated by the effects of climate change.

We respectfully request that you consider our request for amendments and that you approve AB 1500 when it is heard in your committee.



WATER BOND COALITION MEMBERS 03.20.21

Counties

- Contra Costa*
- Humboldt
- Marin
- Monterey
- Santa Cruz
- Sonoma
- Trinity*
- Ventura

Cities & Towns

- Cloverdale
- Cotati
- Healdsburg
- Oxnard*
- Rohnert Park
- Santa Rosa
- Sonoma
- Ukiah
- Watsonville

Water Agencies/ Sanitation

Districts

- Castroville Community Services District
- Central Water District*
- Contra Costa Flood Control & Water Conservation District*
- Davenport Sanitation District
- Freedom Sanitation District
- Hidden Valley Lake Community Services District
- Humboldt Bay Municipal Water District
- Marin I Water
- Monterey County Water Resources Agency
- North Marin Water District
- Novato Sanitary District
- Occidental County Sanitation District

- Pajaro Valley Water Management Agency
- Russian River County Sanitation District
- San Lorenzo Valley Water District*
- Santa Rosa Board of Public Utilities
- San Mateo County Flood & Sea Level Rise Resiliency District
- Santa Ynez Valley Water Conservation and Improvement District No. 1*
- Scotts Valley Water District
- Sewer Authority Mid-Coastside
- Sonoma Water
- Sonoma Valley County Sanitation District
- Soquel Creek Water District
- South Park County Sanitation District
- Valley of the Moon Water District
- Ventura County Watershed Protection District
- Ventura County Waterworks District No. 1
- Ventura County Waterworks District No. 16
- Ventura County Waterworks District No. 19

Resource Conservation Districts

- Cachuma Resource Conservation District
- Coastal San Luis Resource Conservation District
- Gold Ridge Resource Conservation District
- Marin Resource

- Conservation District*
- Mendocino Resource Conservation District
- Napa County Resource Conservation District
- San Mateo Resource Conservation District
- Resource Conservation District of Monterey County
- Resource Conservation District of Santa Cruz County
- Shasta Valley Resource Conservation District
- Sonoma Resource Conservation District
- Tehama County Resource Conservation District
- Upper Salinas-Las Tablas Resource Conservation District
- Resource Conservation District of Ventura County

Nonprofits and Associations

- Bay Area Flood Protection Agencies Association
- Coastal Watershed Council
- Elkhorn Slough Foundation *
- Greater Monterey County Regional Water Management Group
- Heal the Ocean*
- North Bay Water Reuse Authority
- North Bay Watershed Association
- North Coast Resource Partnership
- Russian River Watershed Association
- Sonoma Ecology Center
- Ecology Action

*Pending approval of upcoming resolution



04/09/21 Santa Cruz - Whenever it rains in California we all get this feeling of relief. From wildfire prevention to replenishing our supply of drinking water, rain brings hope.

It goes without saying that rainwater is a precious commodity on the Central Coast and we haven't had enough of it in the past two years. In fact, in a normal year Santa Cruz gets 31 inches of rainfall. This year they've only received about half of that at 15 inches and because last season was also less than normal, officials are beginning to get concerned if dry conditions continue.

"So single year is not going to be a big deal. Two years in a row, we can start thinking about what next year's going to be. Three years in a row definitely, or three years out of the last four years have been below average. We are this year are kind of starting to think about do we need to ask our customers to reduce their consumption because none of us know what next year is going to bring," said Piret Harmon, general manager of Scotts Valley Water District.

Because the Central Coast relies completely on local rainfall and has enough local surface water and groundwater stored, it's OK for now.

The City of Santa Cruz uses 95% surface water from areas like Loch Lomond or the San Lorenzo River but in Scotts Valley residents are drinking 100% groundwater. So what's the difference?

Groundwater is stored deep beneath the Santa Cruz mountains in the Santa Margarita basin. Rainwater seeps through soil, rocks, crevices and into the wells that can range from a couple hundred to over 1,700 feet deep. This water is stored underground for about 2 to 5 years before being pumped back up to treatment plants like the Orchard Run Treatment Plant in Scotts Valley where the underground minerals are removed, to provide safe, drinkable water.

Surface water comes from the Loch Lomond Reservoir and other local rivers. It is treated, cleaned and tested at places like the Graham Hill Water Treatment Plant before it becomes the drinking water for the city of Santa Cruz. The rain we receive each season plays a key role in that process.

"These reservoirs were sized for annual refill and depletion because of the normal rainfall. And one of the things that I think we've all come to the conclusion about is. The historic patterns here that was normal, we don't have that anymore, we have dry and we have wet, but we don't have that thing in the middle that's normal," said Rosemary Menard, water director for the city of Santa Cruz

What's so unique about the city of Santa Cruz and the Santa Cruz Mountains is that they aren't part of the state water project.

That means any rain that falls locally is the water you are drinking. Whether that's surface water or from groundwater. That is the water that comes straight out of your faucet