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CITY COUNCIL
AGENDA REPORT

DATE: August 27, 2014

AGENDA OF: September 9, 2014

DEPARTMENT: Water Supply Advisory Committee (CN)

SUBJECT: Water Supply Advisory Committee Second Status Report and Community Survey Proposal

RECOMMENDATION: Motion to accept the progress report from the Water Supply Advisory Committee on its work to date and outreach and community engagement plans, authorize the proposed plan for conducting a community attitudinal survey, and provide feedback to the WSAC and staff, as appropriate.

BACKGROUND: In February 2014 the Santa Cruz City Council appointed representatives to a new advisory body whose role is to provide the City Council with recommendations on issues related to improving the reliability of the current water supply serving the Santa Cruz water service area. This new advisory committee, the Water Supply Advisory Committee (WSAC or Committee) has specifically been asked to “explore, through an iterative, fact-based process, the City’s water profile, including supply, demand and future threats; analyze potential solutions to deliver a safe, adequate, reliable and environmentally sustainable water supply, and develop strategy recommendations for City Council consideration.”

In establishing the WSAC, the Council asked to receive periodic reports from the Committee. The purposes of these reports are to give the Council updates, to ask for Council action on key steps on the process, for example, the WSAC Charter or the problem statement, and to provide opportunities for the Council to give the WSAC its feedback about issues or topics such as the work plan.

As the Council may recall, the Committee divided its work into two distinct phases: the initial reconnaissance or “recon” and the “real deal.” The recon phase allows for a broad survey of the challenges, issues and options around Santa Cruz’s water supply and development of methodology to winnow the options and issues to a manageable subset for in-depth exploration in the real deal phase. The recon phase will conclude in approximately December and the Committee will shift to the real deal for the balance of its time (until May 2015). Recommendations for the City Council will be formulated toward the conclusion of the real deal phase.

The Committee has convened four times with its fifth meeting slated for August 27 (5 p.m.) and August 29 (2 p.m.) at the Peace United Church of Christ Fellowship Hall. All agendas and meeting materials can be found on the Committee’s website: www.santacruzwatersupply.com.

DRAFT

DISCUSSION: This agenda item provides the City Council with the second of several planned WSAC status reports and reports on major milestones. Included in this agenda item is a request for Council action on conducting a community attitudinal survey to support the WSAC's evaluation of alternative approaches to improving the reliability of Santa Cruz's water supply.

The following sections provide synopses of the distinct issues examined by the Committee since the last progress report to the City Council:

Evaluation Criteria

Since the WSAC's June report to the City Council, the Committee received a comprehensive report on Santa Cruz's water supply and demand profile and an overview of the many water supply studies, project development and evaluation work conducted by the City since the early 1980s. It also began to develop and apply a multi-criteria decision tool to aid in the weighting and evaluation of water supply alternatives for use in the recon and possibly real deal phases of the work.

A key facet of the evaluation process for water supply options and alternatives is the selection of the criteria that will fuel the evaluation process. Before it could start rating and comparing possible alternatives, the Committee needed to decide *what* to include as the evaluation rubric.

Attachment A is a concept paper on potential criteria for evaluating alternatives during the reconnaissance phase of the Committee's work. These criteria were derived from the assessment process conducted by facilitators Nicholas Dewar and Carie Fox at the beginning of the WSAC process. The expectation is that these criteria will evolve and develop as the Committee begins to use them, including adding new criteria, combining criteria and eliminating criteria. In addition to work on criteria, the Committee began work on the rating scales that will be used to evaluate options for improving the reliability of Santa Cruz's water supply.

Scenario Development Exercise

Section to be drafted . . .

Community Outreach and Engagement Efforts

The WSAC and City staff have taken very seriously the Council's direction and desire to work throughout the process to engage the broader community. Since the Committee's June report to the Council, through the collaborative efforts of WSAC members and City staff, a lot of really creative work is underway. Examples are highlighted below.

1. Santa Cruz Water Supply Convention – Our Water, Our Future

Following the work of a WSAC subcommittee made up of Doug Engfer, Sarah Mansergh, and Sid Slatter, in early July the public was invited to submit brief write-ups of strategies, ideas and alternatives for improving the reliability of Santa Cruz's water supply. By July 28th, more than 80 submissions had been received.

Submissions covered a wide range of topics ranging from:

DRAFT

- enhancing conservation efforts
- landscaping improvements
- expanding rainwater catchments and grey water systems
- incentivizing conservation through pricing structures
- revisiting old strategies such as exchanging highly treated wastewater for irrigation water used for north coast agriculture
- developing recycled water facilities and systems
- more groundwater development
- aquifer storage and recovery
- on-stream and off-stream storage projects
- desalination using a variety of existing and new approaches and technologies for both the desalination process and the energy issues related to desalination.

In August those submitting ideas in the first round were invited to sharpen their pencils and further develop their proposals for submission to the WSAC and for public review in a Santa Cruz Water Supply Convention to be held from 11 a.m. to 9 p.m. on (date to be determined) at the (location to be determined). The Santa Cruz Water Supply Convention will include very brief presentations by the submitters at noon and at 5:30 p.m. and poster presentations of strategies, ideas, and alternatives so that those visiting the event can view the ideas and interact with the submitters. The public is highly encouraged to attend and the event will be correspondingly publicized by the City.

WSAC members will attend the Convention and rate and rank the proposals using four criteria: effectiveness, environmental impact, community impact, and practicability. At the WSAC's meeting on Friday, September 27th, the Committee will discuss its reviews and ask their consultant team to develop follow up information and analysis for those strategies, ideas and alternatives considered most relevant to include in the last stages of the reconnaissance phase of the Committee's work and carry into the real deal.

2. www.santacruzwatersupply.com Website

As of mid-July, the Water Supply Advisory Committee's new website is up and running. Committee members Sarah Mansergh and David Sterns worked with City staff Malissa Kaping, Keith Sterling, and Eileen Cross to create and launch a website dedicated to the Committee and its exploration process. This website serves as a key information portal for Committee members and the public alike. Meeting agendas and materials are posted, an extensive document library is being developed, and local, state, national and international news and analysis articles that are being directed to the Committee's attention by a wide range of interests will be posted. Interested members of the public can find out about the backgrounds and interests of WSAC members and work the Committee and sign up to receive regular updates, meeting highlights, invitations to events and more. The site will continue to evolve into an extremely rich data resource for the entire community.

3. Community Outreach Subcommittee

The Committee established a subcommittee to work on community outreach during the reconnaissance phase of the project. Its members are Erica Stanojevic, Peter Beckmann, and

DRAFT

Charlie Keutmann who are supported by City staff. This subcommittee has begun working and is developing and pursuing the following activities:

- Now that the website is up and running, there is an opportunity to provide regular email updates to interested members of the public. The subcommittee is working on creating an email distribution list for this purpose and will be integrating email lists developed by the Water Department for other purposes as well as providing opportunities for citizens to sign up for email updates on the website.
Monthly highlights of the WSAC meetings are being developed and will be regularly distributed to those on the email notification list.
- The outreach subcommittee is considering a speaker's bureau consisting of Committee members and staff with the core goals to educate and engage. The speaker's bureau will offer presentations to community organizations such as service clubs, neighborhood and other interested groups (environment, business, technology, industry) . The first presentation would focus on helping the community understand the nature of the issues with which the WSAC is dealing. Later in the process, additional presentations would be developed and offered to give interested groups an update on progress and invite their participation and input.
- KSCO has offered Charlie Keutmann a 10 minute radio segment on the third Monday of every month to talk about the WSAC and its work. Charlie's first program in July focused on the request for the public to provide strategies, ideas and alternatives for improving the reliability of Santa Cruz's water supply. His August program will include WSAC member Sue Holt. Sue represents outside city customers on the WSAC and will use this opportunity to reach out to that constituency.
- WSAC member Erica Stanojevic is researching opportunities to engage school children (and their parents) and is working on ideas such as a video contest that would focus on water conservation ideas kids have and are using. She is also thinking about opportunities later in the process to engage home schooled children.

Independent Review Panel

In June, the Council authorized the Committee to obtain the services of an Independent Review Panel to critically review the work products of Committee's technical consultant team. Attachment B is a copy of the request for qualifications issued for the Independent Review Panel. A subcommittee consisting of David Baskin, Rick Longinotti, Sarah Mansergh and Sue Holt are reviewing the statements of qualifications from the prospective panelists for recommendation for appointment in September.

Community Attitudinal Survey

Section to be drafted . . .

Summary

As this second status report indicates, the Committee has been productively and industriously working on several fronts to complete the mission set forth by the City Council in a timely manner.

DRAFT

To date, this work has been largely framework setting and high-level exploratory to prime for the intense, substantive work to come.

The Committee is pleased to submit this report and welcomes comments and feedback from the Council.

FISCAL IMPACT: Should the City Council authorize the City and Committee to conduct a community attitudinal survey, there will be a cost to the Water Fund ranging from \$15,000 to \$23,000. There is adequate balance in the XXXX fund to cover the expenditure.

Submitted by:

Mike Rotkin
Member, Water Supply Advisory Committee

DRAFT

Attachment A

DATE: July 28, 2014

TO: Water Supply Advisory Committee

FROM: Nicholas Dewar and Carie Fox

SUBJECT: Concept Paper on Potential Criteria for Evaluating Alternatives during Recon

The purpose of this concept paper is to give the Committee the beginnings of a potential list of criteria for use in evaluating water supply or demand management alternatives or other strategies during the Recon phase of its work. The criteria included on this list (and in the graphic on the first page) were gleaned from the assessment process that involved interviews of WSAC members and others by the process facilitators Nicholas Dewar and Carie Fox. Nicholas and Carie started with over 100 nodes and reduced them to the 31 you see in the attached graphic. As you hammer away on these, the number likely will (and definitely should) go down dramatically again.

There is one thing missing from this graphic and in the narrative below: the option of using water scarcity as a lever to reduce growth. This is a tricky thing to use in a shared decision model because you don't have shared values about that objective. And it is also a deeply controversial issue because it is not certain that growth is part of your Committee's decision space. Luckily, Recon is a highly iterative process, so it made sense to flag this issue for you and ask your guidance about whether, where and how you want to represent this issue.

Again, luckily, the decision about growth doesn't need to be made this month. It is important to get a good start on the criteria now, however. Why? Because ratings scales drive the research, and in turn ratings scales hang on the criteria. If you as a Committee want influence over the research, getting the criteria going is a very good strategy.

To assist the Committee in getting its head around the criteria, Rosemary Menard created a preliminary definition for each and included a brief discussion of relevant sub-criteria. The same rules apply as for all the other Concept Papers. Dig in and make changes!

Promotes Good Governance – Actions or ideas that achieve or support achievement of this criterion are transparent, fiscally responsible, aligned with community values and priorities, and provide long---term community benefits. Examples of sub---criteria would include:

- Complies with relevant federal, state, and local law and policy
- Garners and maintains public support

DRAFT

- Obtains and sustains political support
- Supports decision---making approaches that attempt to optimize the value added from the action taken for the investments (time, money, community energy) being made

Mitigates Direct Impacts – Almost any action or plan can have impacts. Impacts can be general or localized. An example of a direct sub---criterion would be:

- Minimizes and equitably distributes rate impacts, and maintains affordability of water service
- Makes investments in a manner that protects and supports the viability and vitality of the local economy as well as the financial health and well---being of the City

An example of a localized sub---criterion would be:

- Reduces noise and odors from the project during both construction and ongoing operations

Promotes Environmental Well Being – Our long history of federal and state environmental laws such as NEPA and CEQA make this criterion a familiar one. These laws require that a wide range of potential environmental impacts be analyzed and evaluated prior to the authorization of any project. Impacts associated with a project that can't be avoided are mitigated. A common example is wetland impacts that are mitigated through constructing or improving wetlands elsewhere. Examples of sub---criteria for this criterion would include:

- Minimizes effects of greenhouse gas emissions related to water supply
- Provides instream flows to support aquatic ecosystems

Provides Comfort and Social--Well--Being – This criterion encompasses a range of social and community value issues that are important in establishing and maintaining a strong and socially viable community. Included in this criteria are basic human needs and values, as shown, for example, in lower three levels of Maslow's hierarchy of need:



Sub---criteria for this criterion include:

- Provides for and sustains individual and community health, safety and physical and psychological comfort
- Establishes and maintains social fairness and equity
- Supports comfort

DRAFT

and Recreation

Supports Economic Well--Being – A strong and resilient economy is the needed foundation on which to build and sustain any community. Such an economy plays an important role in supporting a community

in establishing and maintaining the social conditions that are necessary for a quality community as described in the criteria above. Examples of sub---criteria for this criteria include:

- Supports a vibrant and diverse regional and local business community that provides a solid and resilient tax base
- Establishes and maintains a diverse housing stock
- Supports retention of property values and allows for maintaining or improving curb appeal
- Supports financial ratings for the City that provides for access to capital markets on favorable terms
- Directs growth in a manner that minimizes negative impacts to the community and its values and character

Manages Risk – Effectively managing risk to support its ability to consistently deliver water that meets both quality and quantity standards and expectations is one of the Water Department's major functions. Sub---criteria relevant to this criterion would include:

- Provides necessary and expected quantity of water annually
- Provides necessary and expected quality of water annually
- Manages the water system to effectively limit unplanned interruptions in service
- Manages the water utility to efficiently and cost---effectively deliver water service to its customers
- Manages the water utility's finance to support financial ratings for the Water Department that provide for access to capital markets on favorable terms

Aligns decisions with community identity – Each community has its own character and value system. Decisions made by community elected or appointed decision---makers should reasonably align with the community's identity. Sub---criteria related to this criterion would include:

- Supports the community's commitment to environmental sustainability
- Supports the community's commitment to embracing and applying creative appropriate technologies to address community challenges
- Supports maintaining stable community characteristics, particularly related to the community's look, feel, economy and value system

Qualifications Due: 3:00 PM, Thursday August 14, 2014

4

Attachment B



Request for Qualifications for an
Independent Review Panel

Water Supply Advisory Committee

City of Santa Cruz Water Department



Qualifications Due: 3:00 PM, Thursday August 14, 2014

I. Request for Qualifications

The City of Santa Cruz Water Department is soliciting Statements of Qualifications (SOQs) from individuals with expertise in assisting citizen advisory bodies in effectively interacting with a technical consultant support team.

II. Water Supply Advisory Committee Overview

A. Project Description

The City of Santa Cruz Water Department (SCWD) is a municipal utility that provides water service to a geographic area that includes the entire City of Santa Cruz, adjoining unincorporated areas, a small part of the City of Capitola, and coast agricultural lands north of the City limits. The current population served is approximately 94,000.

The SCWD's water supply comes entirely from local sources. Surface water accounts for over 95% of the SCWD's total water supply. Groundwater pumped from wells comprises the remaining 5% of SCWD's water sources. Due to this, the region's water supply is extremely vulnerable to fluctuations in seasonal rainfall. Frequent water shortages and restrictions exemplify the region's vulnerability.

In response to the region's water supply reliability issues, the City has spent decades observing, researching, and reporting on new water supply opportunities and conservation methods. In 2010, after multiple studies, evaluations and reports, SCWD (partnered with Soquel Creek Water District) proposed a sea water reverse osmosis desalination plant (desal) as a potential solution to the region's water shortages.

The public responded to the proposed desalination plant by requesting that it be put to a vote, and gathered enough signatures to qualify a measuring requiring a public vote before funding for construction or acquisition of a desal project could commence. This measure, known as Measure P, was placed on the November 2012 ballot and passed with 72% of the vote.

In the fall of 2013, following continuing expressions of concern about a possible desal project by community interests, the City stepped back from the path it had been on and decided to create a citizens committee to consider the water supply issues, alternative strategies and solutions, and the public policy implications for Santa Cruz and provide recommendations to the Santa Cruz City Council. The Water Supply Advisory Committee (WSAC or Committee) was formed in early 2014 and began meeting in late April. It is made up of 14 citizens with diverse backgrounds and professions and the Santa Cruz Water Department Director is an ex officio member of the committee.

The Committee will have the support of a team of technical consultants throughout its process and the role of the proposed Independent Review Panel (IRP or Panel) is to support the committee by providing critical review of the work products produced by the technical support team and to provide suggestions to the Committee lines of technical inquiry that would be helpful in completing their work.

IRP Role Description

The role of the IRP would be to assist the WSAC in effectively interacting with its consultant support team. To achieve this goal, the Panel would:

- Provide critical review, on an as assigned or as needed basis, of products created by the WSAC technical support team. The goal of the Panel's work is to offer feedback to the Committee on work provided by its technical support team. Specifically, review of the work produced by the technical support team would focus on:
 - The accuracy and appropriateness of analytical, scientific, and technical methods;
 - The clarity and accuracy of statements of assumptions; and
 - The appropriate characterization of the strengths and weaknesses of the analyses, especially with respect to uncertainty, data quality, or other factors that, if different, could affect the results in a significant manner.
- Offer advice or suggestions to the WSAC regarding lines of inquiry or technical questions that should be evaluated by the technical team.

The Panel would work together as a team, or be individually assigned, to review products prepared or created by the technical team and report their findings to the Committee.

For more information on the WSAC please see the following website:

<http://www.cityofsantacruz.com/index.aspx?page=2018>

B. Panel Characteristic:

Panel characteristics would include the following:

- The Panel would include 3 to 5 members;
- Panel members would have scientific or technical training and substantial practical experience in scientific or technical disciplines relevant to the work of the WSAC.
- Panel member experience and expertise would be diverse with the experience and expertise of each panel member complementing and supplementing the experience and expertise of the other. An example of an effective Panel would be made up of:
 - An environmental engineer/scientist, especially with experience related to climate change, watersheds, fisheries, hydrology, hydrogeology, permitting or related issues;
 - A civil engineer with experience related to municipal water systems and resource planning, management, treatment technology, facilities design and operations; and
 - A public policy expert, especially related to environmental and community sustainability issues and decision-making by local governments in light of significant uncertainty.

Other combinations of expertise will be evaluated by the Panel selection team.

- Panel members would be expected to bring their broad knowledge and experience to the process and apply this expertise to the topics the WSAC will be dealing with.

- Panel members would have reasonable availability to work with the WSAC during the coming year, including being willing to at least occasionally attend WSAC monthly meetings, being willing to commit the time needed to review documents, and being willing to prepare and personally present to the WSAC summaries of their review efforts.
- Panel members would have demonstrated ability to explain complicated topics in terms non-technical people can understand as well as the ability to present facts without concealing values and with clear articulation of assumptions.

Additional Panel characteristics that would be desirable include:

- Panel members would have demonstrated skills as technical and/or scientific reviewers through experiences such as providing peer review for articles or other publications on scientific and technical topics; and
- Panel members would have some previous experience supporting, advising, and engaging with citizen groups on topics with public policy implications.

C. Panel Compensation

Compensation would be provided in the form of an honorarium only. The honorarium amount would be limited to \$5,000 per panel member. Direct expenses (mileage, other transportation, per diem, if and as needed) would be reimbursed.

D. Schedule

The WSAC meets at least monthly and is scheduled to complete its work by spring of 2015 unless the work is extended by the City Council.

III. RFQ Process

A. Process

Parties interested in being considered to provide these services are requested to submit their SOQs on or before 3:00 pm, Thursday, August 14, 2014. SOQs will be evaluated by a Panel selection team made up of City of Santa Cruz staff and WSAC members using the criteria established in Section V. The panel selection team may make its selection entirely based on the SOQs or top rated candidates may be asked for supplemental information or may be invited to interview with the panel selection team. During the interview phase, if it is used,, semi-finalists may be asked to:

- Make an oral presentation, and/or
- Respond to pre-established questions.

All responsive teams will be given equal opportunity to provide any requested additional information to the City. Any interviews will be scheduled on a mutually agreed upon date and will be at no cost to the City. The Evaluation Committee will use all available information to rank the semi-finalists in order of their ability to best meet the needs of the City.

B. Timeline

The tentative timeline for the selection process is as follows.

3:00 pm, Thursday, August 14, 2014 ----- SOQs Due
Week of August 25, 2014 ----- Interviews, if applicable
Friday, September 19, 2014 ----- Contracts with Panel in
place

C. Information Disclosure to Third Parties

SOQs are a matter of public record and are open to inspection under the California Public Records Act. If any respondent claims any part of its SOQ is exempt from disclosure and copying, they shall so indicate in the transmittal letter. By responding to this RFQ, respondents waive any challenge to the City's decision in this regard.

If any SOQ contains confidential information, the respondent shall clearly label and stamp the specific portions that are to be kept confidential. The respondent is urged to identify the truly confidential portions of the SOQ and not simply mark all or substantially all response as confidential. Notwithstanding the foregoing, respondents recognize that the City will not be responsible or liable in any way for losses that the respondents may suffer from the disclosure of information or materials to third parties.

D. City Rights and Options

The City, at its sole discretion, reserves the following rights:

1. To reject any, or all SOQs or information received pursuant to this RFQ;
2. To supplement, amend, substitute or otherwise modify this RFQ at any time by means of written addendum;
3. To cancel this RFQ with or without the substitution of another RFQ or prequalification process;
4. To request additional information and/or schedule interviews as part of the selection process;
5. To verify the qualifications and experience of each respondent;
6. To require one or more respondents to supplement, clarify or provide additional information in order for the City to evaluate SOQs submitted;
7. To hire multiple contractors to perform the necessary duties and range of services if it is determined to be in the best interests of the City: and
8. To waive any minor defect or technicality in any SOQ received.
9. City reserves the right to determine the extent, duration and limit of Panel member service

E. Questions/Clarification Request

For the City, the primary contact is:

Rosemary Menard Water Director
City of Santa Cruz Water Department
212 Locust Street, Suite C, Santa Cruz CA
95060 Email:
RMenard@cityofsantacruz.com
Phone: (831)420-5205

During the SOQ process, interested parties shall direct all questions via email to the City's primary contact listed above.

IV. Submittal of SOQs

The SOQs shall provide the information requested and be organized into sections as follows:

- Cover letter describing:
 - How they fit the Panel Characteristics
 - Their willingness to accept the offered compensation
 - Their availability to work with the WSAC over the coming year
- Resume or curriculum vitae.

V. Evaluation Criteria and Selection

The City will evaluate each respondent's experience and expertise in relation to the panel characteristics described in section II B above. Candidates will be evaluated on the information presented in the SOQ. Final selection may be based on the SOQ as well as any supplemental information or interviews conducted. Evaluation factors used to select the semi-finalists shall include the following:

1. Experience and qualifications as they relate to this project (100%).
 - a. The match of individual qualifications and experience to the Panel characteristics described in this RFQ, and
 - b. An individual's availability to participate.

If a clear choice is not evident, interviews will be scheduled with those semi-finalists of exceptional rating.

VI. Response Format

One copy of the Statement of Qualifications shall be submitted and are to be no longer than 20 individual sheets in length (proposal may be printed on both sides of sheet), including resumes and attachments. Submitters are encouraged to use a double-sided format and recycled paper when possible.

Parties interested in being considered for this project are requested to submit their Statements of Qualifications **by 3:00 pm, Thursday, August 14, 2014**

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