



## **REGULAR AGENDA:**

### **7. FY 14-15 Comprehensive Annual Financial Report and Audit**

Mrs. Singleton stated Patricia Kaufman was in attendance to make tonight's presentation. Ms. Kaufman has more than 30 years of experience in auditing, has been the Chief Financial Officer and Controller at various companies and has served on numerous committees, including the State Governmental Accounting and Auditing as a committee member.

#### **a. Presentation by McGilloway, Ray, Brown & Kaufman**

Ms. Kaufman, utilizing a PowerPoint presentation, stated she was presenting the Board with the Audited Financial Statements. She added a Management Letter was not needed. This is an unmodified report, which is excellent and not the norm. Also, Ms. Kaufman congratulated the District on the prior fiscal year's financial report receiving the Certificate of Excellence from the Government Finance Officers Association. Included in this year's reports were several GASB pronouncements. Also, new to this year's report was the pension standards which was a significant change.

Total Assets for 2015 were \$120.8 million. Ms. Kaufman pointed out several highlights such as an increase in net receivables of \$4 million due to the IRWMP Grant and the Contract Receivable, up \$13 million due to the Tranche for the Hollister Urban Area Project. Capitalization is up due to the Lessalt Water Treatment Plant and the Deferred Pensions is the new item for GASB 68 and 71; showing a total net position of \$92 million. The condensed statement of net position, operating revenue/operating expenses is at (\$4.7 million).

Ms. Kaufman then reviewed the Non-Operating Revenue and Capital Contributions.

Ms. Kaufman stated there were no new policies, there were two new GASB's as earlier stated and the District used estimates which concurred with their assumptions. She also reviewed the footnotes. Ms. Kaufman reported there were no difficulties with staff, no significant issues and no material weaknesses.

Director Bettencourt complimented District on their work on this year's audit.

#### **b. Consider Acceptance and Authorize Distribution**

With a motion by Director Bettencourt and a second by Vice President Tobias, the Board unanimously Accepted the FY 14-15 Comprehensive Annual Financial Report and Audit and Authorized its Distribution.

### **8. Discuss and Consider Prop 84 Grant Sub Agreement between the San Benito County Water District and the Pajaro Valley Water Management Agency and Authorize Board President to Sign Agreement**

Mr. Cattaneo stated this item is related to the Prop 84 Grant, however; Pajaro Valley Water Management Agency is the Lead Agency and has the Master Agreement with the State and the District would be the Grantee this time. It is a standard form and District Counsel has reviewed it.

With a motion by Director Bettencourt and a second by Director Huenemann, the Board of Directors unanimously approved of the Prop 84 Grant Sub Agreement between the San Benito County Water District and the Pajaro Valley Water Management Agency and Authorized the Board President to Sign Agreement.

- 9. Discuss and Consider Authorizing District Manager Execute a Contract Amendment with ELC Consulting for Advanced IT Services**  
*(This item was removed from the agenda)*

**10. Staff Report on the Hollister Urban Area Water and Wastewater Master Plan Update**

Mr. Blohm began with the West Hills Water Treatment Plant. The contractor continues to be on schedule. The risk area at the site is the deep excavation for the clear well. The tank work as well as the concrete work will begin next week. MPE, who will be doing the treated water pipeline, has begun the pot holing process to locate any utilities that would be in the way of the pipe.

Regarding, the Recycled Water Storage Ponds, Mr. Blohm reported the consultant the District is using, GEI, has prepared a technical Memorandum. In this memorandum, GEI has selected a flexible area for the site for the ponds and are on schedule for a May 2016 completion.

Regarding the Recycled Water Pipeline, Mr. Blohm reported delays have been encountered due to the weather. The contractor has requested a nine day rain delay credit. Mr. Blohm added the completion date will be after mid-March now. Also, Mr. Blohm stated the contractor is paying closer attention to better management of the road work around the construction site. Mr. Cattaneo added tomorrow the contractor will begin the bore and jack, underneath the high pressured gas line.

Regarding the Master Plan Update, Mr. Blohm reminded the Board the update was approved by all agencies last summer. The first item to update was the water demand and that has been completed. In the original Master Plan, the estimate for the year 2023 was 11,000 AF/year but new projections are now 8700 AF/year. Mr. Blohm added the expansion of the West Hills WTP will not be needed. Also, in the 2010 Master Plan, it called for a cross town pipeline. Due to the Chromium VI issue, there is a need to accelerate the crosstown pipeline to use the treated water in the wells to reduce the Chromium VI. Using the pipeline, it has possibly saved the City of Hollister about \$20 million for the Chromium VI treatment.

**11. Committee/Agency Representative Reports:**

- a) San Luis Delta Mendota Water Authority (Tobias/Tonascia)**  
As per Mr. Cattaneo, he will cover this under his Manager's report.

- b) Mid Pacific Water Users Conference in Reno, Nevada, January 20-22, 2016**  
As per Mr. Cattaneo, he would like to move this to the Special Meeting on February 1, 2016, so Director Tonascia can report on this.

- c) **Water Resources Association (Flores/Bettencourt)**  
As per President Flores, he was not in attendance.
- d) **Administration Committee (Tobias/Flores)**  
As per Mr. Cattaneo, the committee discussed the ELC Agreement, the Meadowlark Lease and the Prop 84 Grant Sub Agreement.
- e) **Finance Committee (Bettencourt/Tonascia)**  
As per Director Bettencourt, the committee met with the auditor and reviewed the audited financial statement.
- f) **Investment Committee (Flores/Tobias)**  
As per Director Tobias, the committee reviewed the Quarterly Report and discussed longer term investments.

**12. District Manager/Engineer's Report:**

- a) **Reach 1 Operations**  
Mr. Cattaneo reported Santa Clara Valley Water District (SCVWD) is looking for a new Executive Director. Also SCVWD is estimating it will be \$5-6 million to evaluate the Pacheco Conduit and are still considering the need for a second valve at Bifurcation to keep the zebra mussels from migrating into their side of the pipeline.
- b) **Zone 3 Operations**  
Mr. Cattaneo reported the sediment removal at the Paicines Reservoir is complete. With the exception time spent by District Counsel and Mr. Cattaneo to review the Hold Harmless Agreement, the removal was done at no cost to the District. The landowner also burned off all of the new growth. The District has begun moving water through the Paicines Canal reported Mr. Cattaneo. The Telemetry Equipment has been installed at the Hernandez Reservoir.
- c) **Zone 6 Operations**  
Mr. Cattaneo reported that the District is still waiting for the final accounting on the North Delta Water and the water stored in Semi Tropic. Unfortunately there was a transfer loss rate of 35%, but staff did account for that when we offered the additional water to our customers.
- d) **San Luis Delta Mendota Authority Activities**  
Mr. Cattaneo reported at next week's meeting, the Authority's Board will be considering the budget for the its next fiscal year. As a part of this budget, the Public Outreach will start at \$800,000 and could go as high as \$1.6 million, with the triggers built into the budget. Overall, the total budget is \$3.7 million higher than the previous year's budget, which would be an increase of \$80,000 to our District. Delta Mendota's O & M costs were \$11 million this year and their budget for next year is \$13.4 million. The only noticeable decrease is \$500,000 in the legal budget. As Director Tonascia attended the Committee Meeting, Mr. Cattaneo will ask him to report on this at the February 1, 2016 meeting.

**13. CLOSED SESSION:**  
**Conference with Labor Negotiator**  
**Pursuant to Government Code Section 54957.6**  
**Agency Negotiator: District Manager**  
**Title: Office and Field Employees**

**14. CLOSED SESSION:**  
**Conference with Labor Negotiator**  
**Pursuant to Government Code Section 54957.6**  
**Agency Negotiator: District Manager**  
**Unrepresented Employees: Management/Confidential/Professional Employees**

*The Board went into Closed Session at 6:42 p.m.*

**15. OPEN SESSION: Report any action from Closed Sessions, if any**

*The Board returned from Closed Session at 7:03 p.m.*

On Agenda Item #13, Mr. Pipal stated the Board took action in Closed Session to suspend furloughs for the SEIU represented employees for the remainder of the 2015-16 Fiscal Year for the Office and Field Employees, Subject to a Meet and Confer with the Union. A motion was made by Vice President Tobias and a seconded by Director Bettencourt.

On Agenda Item #14, Mr. Pipal stated the Board took action in Closed Session to suspend furloughs for the Management/Confidential/Professional employees for the remainder of the 2015-16 Fiscal Year, and this is effective immediately.

**16. Adjournment**

With no further business to discuss, the meeting was adjourned at 6:42 p.m.

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Approved at the February 24, 2016 Board Meeting and signed by the presiding board member.

*/s/Sonny Flores*  
Sonny Flores, President

*/s/Barbara L. Mauro*  
Barbara L. Mauro, Recording Secretary