

overview. The District is receiving an unmodified opinion, which is the best you can receive. The District has received the GFOA Certified of Excellence and she sees no reason why they won't be awarded it again for this audit. To receive this award, there is extra effort on the management's part.

Ms. Kaufman reviewed all the documents within the report. There were no new accounting policies but there are new GASB (Governmental Accounting Standards Board) requirements. There are some estimates in the report, but the auditor and management are in agreement on them. Ms. Kaufman stated her firm had no difficulties with the District and there were no uncorrected adjustments. Also, there were no material weaknesses or significant deficiencies. Ms. Kaufman stated this is rare and stated that speaks for the integrity of the District. This year, Hollister Urban Area Water Projects Agreement was reflected in the financials. Next year, GASB 68 will be on pension liability. At this point, Ms. Kaufman stated the impact is unknown. President Tonascia asked if there is an offset for this. Ms. Kaufman stated pension expense will be shown, all in one year.

There were no questions from the Board. President Tonascia thanked Mrs. Singleton, Mrs. Sullivan and District staff for all their hard work.

b. Consider Acceptance and Authorize Distribution

With a motion by Director Tobias and a second by Vice President Flores, the Board of Directors unanimously accepted the FY 13-14 Comprehensive Annual Financial Report and Audit and Authorized Distribution.

6. Discuss and Consider Authorizing District Manager to Execute a Contract with Dahl Consultants for Construction Management Services Related to West Hills Water Treatment Plant Construction (NTE \$ 1,555,206)

Mr. Cattaneo stated Mr. Blohm will introduce this item.

Mr. Blohm stated the Board has a letter from Mr. Cattaneo which described the process for choosing the construction management. Also, there is a scope and budget for Construction Management Services (CMS) for the West Hills Water Treatment Plant (WHWTP). Dahl Consultants just finished similar services for the District at the Lessalt WTP. Mr. Blohm described how Dahl was chosen for the Lessalt project and how they were presented first to the Governance Committee and then to the District's Board.

For the WHWTP, Mr. Blohm stated the agencies had considered HDR, who designed the treatment plant, but all of the managers agreed a third party should do the CM work and offer a "fresh eyes" look at the construction. A list of potential CM's was prepared, however; the group concluded that while this project is larger than Lessalt, they would prefer to use Dahl Consultants again, per Mr. Blohm.

Mr. Blohm asked Dahl Consultants for a proposal for the CM work at the WHWTP, which is included in the agenda packet. Dahl has also asked Kennedy-Jenks to be included in this project for their experience and background. Mr. Blohm stated this proposal was presented to the management of all three agencies and all fully endorsed Dahl Consultants. Both Wayne and John Dahl are in attendance at tonight's meeting.

President Tonascia asked if all of the partners (City of Hollister and Sunnyslope County Water District) are in agreement and Mr. Blohm stated yes.

With no further questions from the Board, a motion was made by Vice President Flores and seconded by Director Bettencourt; the Board of Directors unanimously approved Authorizing the District Manager to Execute a Contract with Dahl Consultants for Construction Management Services Related to West Hills Water Treatment Plant Construction (NTE \$ 1,555,206).

7. Confirmation of President's creation of an ad hoc committee, to wit, the Recycled Water Committee, and appointment of Director Flores and Director Bettencourt to said committee

With a motion by Director Tobias and a second by Vice President Flores, the Board of Directors unanimously confirmed the creation of an ad hoc committee, to wit, the Recycled Water Committee, and appointment of Director Flores and Director Bettencourt to said committee.

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

Mr. Cattaneo began by stating the Lessalt WTP construction has been completed.

Regarding CEQA clearance for the WHWTP, Mr. Rosskamp stated we are waiting approval of the Incidental Take Permit, which is reliant upon the Endangered Species Act, and it is in the 90 day review period. The Biological Opinion (B.O.) which is also needed, has been drafted and is being reviewed by the California Department of Fish and Wildlife. Mr. Rosskamp stated an easement was needed for the treated water pipeline and it has been obtained and recorded. Additionally, an appraisal for the pipeline is necessary and was done on Friday.

Mr. Blohm stated the District has been hearing positive comments from staff at the California Department of Fish and Wildlife and we are hopeful we will be able to use a 12 acre mitigation for the endangered species at the site.

Regarding the Hexavalent Chromium VI (Chrom VI), Mr. Blohm stated the City of Hollister (COH) has agreed to move forward with HDR's proposal and review the options. A meeting was held today with an expert on Chrom VI. At this point, Mr. Blohm stated California is the only state with this regulation as the EPA does not have one yet. The COH and Sunnyslope County Water District (SSCWD) are the well owners, but the District has an integral part in the Hollister Urban Area Water Projects. The agencies are working toward getting back in compliance with this regulation.

A member of the audience asked how you get rid of the Chrom VI. Mr. Blohm stated it is a treatment and all are working for the best approach to this, but the usual treatment is dilution. More than 50% of the areas affected by the Chrom VI are in the state of California.

Director Tobias asked how the run-through went at Lessalt. Mr. Blohm stated all went well and the plant is fully operational. Mr. Cattaneo added the Notice of Completion has been recorded for Lessalt.

Director Bettencourt asked how many wells are affected with the Chrom IV. Mr. Blohm stated SSCWD has 1 that is fluctuating and the COH has 4 that are out of compliance.

Director Huenemann asked if the level has been reduced. Mr. Cattaneo stated it was 50 and it is now 10. Director Huenemann asked if it causes health problems. Mr. Blohm stated it naturally occurs in our area and at some levels, it has been shown to cause cancer.

9. Committee/Agency Representative Reports:

a) San Luis Delta Mendota Water Authority (Tobias/Tonascia)

Mr. Cattaneo stated they are working on the annual budget, which is due at the February Board Meeting. The initial Ag allocation is expected to be -0-. Their initial budget amount was \$23 million and members have asked staff to reduce this by 5%. There is another meeting scheduled for next Monday to continue budget discussion. There is also concern over the Public Information Program.

b) Mid Pacific Water Users Conference in Reno, Nevada, January 21-23, 2015

Director Tobias reported there were good presentations and the Groundwater Sustainability Act was high on the list. He was disappointed there was no action by the politicians to help get more water and how to better manage it. What to do right now, was not discussed.

President Tonascia agreed that the Groundwater Sustainability Act was the hot topic. By 2017, there was discussion that the surface water and groundwater would be tied together. Also discussed was the possibility of stressors other than the pumps that are affecting the Delta smelt and the salmon.

c) Administration Committee (Tobias/Flores)

Director Tobias reported the committee discussed the Dahl proposal.

d) Finance Committee (Bettencourt/Tonascia)

Director Bettencourt reported the Audit was presented and discussed.

e) Investment Committee (Flores/Tobias)

As per Mr. Cattaneo, the meeting was cancelled.

f) Personnel Committee (Tobias/Tonascia)

As per Director Tobias, interviews were conducted for the Maintenance position that was open; the position has now been filled.

g) SLDMWA Public Information Advisory (Tonascia)

President Tonascia stated the committee is out of funds. There are hoping for some additional outside funding and Santa Clara Valley Water District has contributed \$250,000.

10. District Manager/Engineer's Report:

a) Reach 1 Operations

Mr. Cattaneo reported that the District will attend the quarterly meeting at SCVWD. The new budget will be the main topic. Also, SCVWD still wants an additional valve put in at bifurcation, but that will entail dewatering the Hollister Conduit, which is no small task.

b) Zone 3 Operations

Mr. Cattaneo reported with no rain in January, Hernandez and Paicines Reservoir have -0- water.

c) Zone 6 Operations

Mr. Cattaneo reported the initial Ag allocation will be -0-. He is hoping to get to 15%. Mr. Cattaneo also reported that he has 3000 AF of transfer water. If the District allocates .14 per 1 acre of land, that would be about 10% allocation. The cost for the transfer water, for the customers, will be about \$435/AF. Mr. Cattaneo reported the Exchange contractors may have a possible 1000 AF of water that might result in the availability of transfer water later in the year. The cost of this water will be \$500 to the District, but that does not include any conveyance or pumping costs.

d) San Luis Delta Mendota Authority Activities

Mr. Cattaneo reported the budget is the main activity.

e) Pacheco Pass Water District

Mr. Cattaneo attended the recent LAFCO meeting. The Pacheco Pass Water District item was continued until the May meeting. Steve Verigan is preparing a scope with his opinion on what is needed for the Pacheco Pass Water District's facilities. SCVWD is thinking it will be a low of \$10 million and a high of \$50 million to do all that it is needed at Pacheco.

11. Adjournment

With no further business to discuss, the meeting was adjourned at 6:57 p.m.

Minutes were approved at the February 25, 2015 Board Meeting and signed by the presiding board member.

/s/ Joseph Tonascia
Joseph A. Tonascia, President

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