

January 29, 2014  
Regular Meeting  
6:00 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, January 29, 2014 at 6:00 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: President John Tobias, Vice President Joe Tonascia and Directors Frank Bettencourt, Sonny Flores and Joe Torquato. Also present were District Manager/Engineer Jeff Cattaneo, District Counsel David E. Pipal, Assistant Manager Sara Singleton, Deputy District Engineer Dale Roskamp, Supervising Accountant Natalie Sullivan, Water Conservation Program Manager Shawn Novack, Water Programmer III Anne Stull, Consultant Harry Blohm and Office Specialist III Barbara Mauro.

### **CALL TO ORDER**

President Tobias called the meeting to order at 6:00 p.m.

**a. Pledge of Allegiance to the Flag**

President Tobias led the Pledge of Allegiance.

**b. Approval of Agenda**

Due to the urgency of Agenda Item #12, President Tobias stated we would live to move it to be the first item under the regular agenda and making it #6 and then renumbering from there. Noting this change, Vice President Tonascia made a motion and Director Torquato seconded it; the Agenda was unanimously approved.

**c. Public Input: Members of the Public are Invited to Speak on any Matter not on the Agenda**

There were no public comments.

### **CONSENT AGENDA:**

- 1. Approval of Minutes for: January 13, 2014 Special Meeting**
- 2. Allowance of Claims**
- 3. Acknowledgement of Paid Claims prior to the January Board Meeting**
- 4. Acceptance of Quarterly Investment Report, Ending December 31, 2013**
- 5. Recognizing Ernesto Jimenez for 5 Years of Service, Certificate Issued**

With no questions from the Board, a motion was made by Vice President Tonascia and seconded by Director Flores; the Consent Agenda was unanimously approved.

### **REGULAR AGENDA:**

**6. Discuss the Declaration of a Water Shortage Emergency and Implementing the District's Water Shortage Contingency Plans**

Mr. Cattaneo reported it is an extreme year for rainfall; the driest period on record. Northern California has only received 3.5" of rainfall to date. The District's imported water supply is reliant on snowfall. Mr. Cattaneo, using handouts, showed the difference in this year versus last year in snowfall and a graph showing rainfall from 1923-24 to present, and we are currently at the driest level.

The District, per Mr. Cattaneo, may need to declare a water shortage emergency as it is projected that we will receive a 0% allocation for Ag and only a 50% allocation for M & I. The District will ask for voluntary rationing. Prior to last week, Mr. Cattaneo stated the District was in a dire situation but the District has prepared for this situation.

Last June, Mr. Cattaneo stated the District moved water and transfer water was brought back. The District and the growers all conserved water due to the drought and in anticipation of a lower allocation this year. Currently, Mr. Cattaneo reports that the Bureau is stating there will be a -0- allocation for Ag this year. Last week, the Bureau discovered it would be difficult to meet their base needs and Mr. Cattaneo reviewed the triggers that occur because of this. The Bureau, in order to meet their base needs, has options to fill this gap. Mr. Cattaneo reported the 8000 AF the District has in storage (both District water and customer rescheduled water) could now be at risk. A definite decision hasn't been made. Mr. Cattaneo is asking the Board to set a Public Hearing in order to declare a water emergency. Discussion ensued on how soon it could be scheduled and what the deadlines for putting the notice in the newspaper are.

Shawn Kuchta, an audience member, asked if the Bureau's answer will be all or nothing. Mr. Cattaneo stated he didn't know as there are a number of options; he is just trying to keep everyone informed.

President Tobias added SBCWD is not alone; all of the Districts south of the Delta are in the same position. Mr. Cattaneo stated there is approximately 350,000 AF of water at risk. Part of the reason is due to environmental restraints. In 2013, November and December had a great deal of rainfall, however; due to the pumping restrictions, the state and federal water projects lost over 800,000 AF which went out to sea. Mr. Cattaneo stated that is enough water to half fill San Luis Reservoir.

Vice President Tonascia stated even with the environmental issues we face, water is still being released to the fisheries.

Robert Scagliotti, an audience member, asked what happened to the Farm Bill. Mr. Cattaneo stated it didn't go through.

Greg Swett, an audience member, asked if the District could fill San Justo Reservoir. Mr. Cattaneo stated the District is currently doing this and if allowed to continue, it could be full by March 1<sup>st</sup>, which would minimize the loss (San Justo Reservoir can hold 4500AF).

President Tobias stated the District had no early indication this could happen and Vice President Tonascia added the District is taking action in response to it. Mr. Cattaneo added the Bureau's rescheduled water guidelines stated the water would be available as long as San Luis Reservoir didn't fill; the possibility of losing this water came as a complete surprise.

Dale Coke, an audience member, asked what the District's recourse would be. Mr. Cattaneo stated we could go to court.

Nick Lomanto, an audience member, asked, regarding the federal bureaucracy, when an answer was expected. Mr. Cattaneo stated it is expected by noon tomorrow.

Frank Guerra, an audience member, asked if Governor Brown declaring a drought helped the situation. Mr. Cattaneo replied it did not.

Mark Wright, an audience member, asked what the District planned to do about those who had paid the rescheduling fee and weren't able to get the water. Mr. Cattaneo stated the District would reimburse those customers. Mr. Wright asked about the water the District had transferred back from Santa Clara Valley Water District (SCVWD). Mr. Cattaneo stated it is stored in San Luis Reservoir and it is also at risk. President Tobias added District staff did a lot of work to get that water back. Mr. Cattaneo stated at the San Luis & Delta Mendota Water Authority Meeting on January 9<sup>th</sup>, there was discussion about the rescheduled water and all agreed there was no chance the Bureau would take the rescheduled water from the Districts.

Based on District Counsel advice on the posting of a public notice 10 days prior to the meeting for a public hearing, the Board scheduled a Special Meeting on Tuesday, February 18, 2014 at 6 p.m.

**7. Public Hearing regarding 2014-2015 and 2015-2016 Groundwater Charges**

**a. Proof of Mailing and Proof of Publication submitted for Notice of Public Hearing**

Mrs. Mauro verified both the proof of mailing signed by District staff and well as the proof of publication.

**b. Presentation of 2014-15 and 2015-16 Groundwater Charges**

Mr. Cattaneo stated the District normally approves the groundwater charges annually. Staff and the Finance Committee are recommending an increase for the Ag groundwater charge and sent out a notice, following the Prop 218 process. So to coincide with the San Felipe water rates, which have two more years, the proposed groundwater charge is for the next two water years. The 2014-15 Ag groundwater rate is proposed to increase from \$3.25/AF to \$3.60/AF and the 2015-16 rate will be \$3.95/AF. The recommendation for the M & I groundwater rate is for it to remain the same at \$23.25/AF. As of today, there were no protests received.

**c. Open Public Hearing**

President Tobias opened the Public Hearing.

Roy Lompa, a member of the audience, stated taxpayers paid for the Zone 3 twenty years ago and he still has \$200+ on his annual tax bill for it; the District is not even percolating in Zone 3 now. Mr. Cattaneo replied the groundwater charge is for the District's management of the basin not just for percolation. The District also prepares an annual groundwater report for the basin. Mr. Cattaneo added Zone 6 buys water from Zone 3 so the District can percolate into Tres Pinos Creek. Mr. Lompa added the homeowners in Zone 3 paid for Hernandez Reservoir. Director Torquato stated Zone 3 runs at a deficit but does pay for management. He offered to sit down with Mr. Lompa and go over the legitimate costs.

- d. **Close Public Hearing or continue to later date**  
With no further questions, President Tobias closed the Public Hearing.
  - e. **Consider Adoption of 2014-2015 and 2015-2016 Groundwater Charges**
    - ii. **Consider Resolution Establishing Groundwater Charges in Zone 6 for the 2014-2015 and 2015-2016 Water Years**  
With a motion by Vice President Tonascia and a second by Director Torquato, Resolution #2014-01, *A Resolution of the Board of Directors of the San Benito County Water District Establishing Groundwater Charges in Zone 6 for the 2014-2015 and 2015-2016 Water Years* was unanimously approved.
- 8. Public Hearing regarding Application Fee for Groundwater Extraction Permit**
- a. **Proof of Publication submitted for Notice of Public Hearing**  
Mrs. Mauro verified the proof of publication.
  - b. **Presentation of Application Fee for Groundwater Extraction Permit Applications**  
Mr. Cattaneo stated this is a continuation from the December Board meeting where the Board approved the process; this is simply the final step.  
  
Director Torquato stated in the County Ordinance, the District is the gate keeper. Mr. Cattaneo added the District became the enforcing agency when we began managing the well permits.
  - c. **Open Public Hearing**  
President Tobias opened the Public Hearing.  
  
Paul Wattis, a member of the audience, asked if this means he has to get a permit to pump water on his own property. Mr. Cattaneo stated no.  
  
Richard Bettencourt, a member of the audience, asked if needed a permit to water his animals. Mr. Cattaneo stated no, the District had that changed because it is in the same subbasin.  
  
Mr. Swett asked about defining the subbasins. Mr. Cattaneo stated the subbasins are contained in our annual groundwater report and Mr. Cattaneo explained what the District had changed in the County Ordinance.
  - d. **Close Public Hearing or continue to later date**  
There were no further questions, so President Tobias closed the Public Hearing.
  - e. **Consider Adoption of Ordinance for Application Fee for Groundwater Extraction**
    - ii. **Consider Ordinance Establishing an Application Fee for Groundwater Extraction Permit Applications**  
With a motion by Director Bettencourt and a second by Director Flores, Ordinance #53, *An Ordinance of the Board of Directors of the San Benito*

*County Water District Establishing an Application Fee for Groundwater Extraction Permit Applications* was unanimously approved.

**9. Public Hearing Regarding the Dissolution of Zone 104 which is the zone of benefit for the Fairview Road Water System and Terminating the Project therein**

Mr. Cattaneo stated, at the request of the homeowners, this item will be continued to the February 26, 2014 Board Meeting.

- a. **Proof of Publication**
- b. **Historical Review of Zone 104 and Discussion regarding the need to Dissolve the Zone and Terminate the Project therein**
- c. **Questions of Directors**
- d. **Open Public Hearing**
- e. **Close Public Hearing or continue to a later date**
- f. **Consider Approval of Resolution Terminating the Project in Zone 104 and Dissolving the Zone, Fairview Road Water System**

**10. Consider Approval of McGilloway, Ray, Brown & Kaufman for Auditing Services for Fiscal Year End 2014, with option for renewal for fiscal years 2015 and 2016 and Authorize District Manager to Enter into a Contract and approval renewals (\$24,000)**

Mrs. Singleton stated the District annually has its books audited by an outside firm. Last year, the Finance Committee asked for a Request for Proposal (RFP) to be done. In October, the committee reviewed the RFP and the list of 10 firms the District would submit it to and the committee approved. The deadline was December 13, 2013 and 5 proposals were received. Staff reviewed the proposals and chose the top 3 firms to interview, which occurred on January 16, 2014. Based on these interviews, the committee is recommending the District continue with our current auditor, McGilloway, Ray, Brown and Kaufman.

Director Torquato stated the committee did ask for the RFP and reported the 3 firms interviewed were all hi-caliber candidates. Upon comparison of the other two firms, Director Torquato stated the committee felt the District is receiving an amazing service from our current auditor. Director Bettencourt added the current auditor's dedication is impressive.

Mrs. Singleton stated GFOA does suggest rotation but rotation of partner within the same firm is fine, as it offers a fresh set of eyes for auditing purposes but keeps the knowledge of the government agency.

With no further questions, a motion was made by Vice President Tonascia and seconded by Director Bettencourt; the Board of Directors unanimously approved of McGilloway, Ray, Brown and Kaufman for Auditing Services for Fiscal Year End 2014, with an option for renewal for fiscal years 2015 and 2016 and Authorized the District Manager to enter into a Contract and approve renewals.

**11. Discuss and Consider Approval of Amendment #2 to Environmental Science Associates (ESA) for Services for the West Hills Water Treatment Plant Project Environmental Services and Authorize District Manager to Sign (\$68,270)**

Mr. Rosskamp stated the District, with its partners, are working on the West Hills Water Treatment Plant (WHWTP) to give better quality potable water to the west side of Hollister. Environmental Review is done by a 4 prong approach, CEQA (California Environmental Quality Act), NEPA (National Environmental Protection Act), Federal Endangered Species Act and State Endangered Species Act. For this, Mr. Rosskamp reported the District has contracted with ESA. The District had an initial contract with ESA in April 2012 for \$240,000 which was the initial work to start the process. In March of 2013, the District amended the contract for \$125,519 which focused on the impacts of building the WHWTP. Now, the board is being asked for a second amendment to the contract for \$68,270 which should complete the process, get through the public review process and ultimately lead to the permits.

Director Bettencourt asked if this will be the final amount to ESA. Mr. Rosskamp stated yes, unless there are any surprises. Mr. Cattaneo added much depends on the California Department of Fish and Wildlife and the Federal Department of Fish and Wildlife. Mr. Rosskamp reported the District has been in continuous communication with both entities.

With no further questions, a motion was made by Director Bettencourt and seconded by Director Flores; the Board of Directors unanimously approved of Amendment #2 to ESA for Services for the West Hills Water Treatment Plant Project Environmental Services and Authorized the District Manager to sign (\$68,270).

**12. Consider Approval of purchasing a Replacement Variable Speed Drive for Subsystem 9L at Sunnyslope and Fairview (\$16,750.24)**

Mr. Cattaneo stated the District has several pumping systems housed at 9L, and they are operated with variable speed drives (VSD) to maximize the water and minimize the energy used to pump it. The VSD that is 250 HP is near the end of its life (10 years). This drive, per Mr. Cattaneo, is essential to operating the pumping station. If it were to go out, there is an 8 week lead time to get a replacement. President Tobias asked if the District will wait until it fails to replace it. Mr. Cattaneo said no, but it does take 1 to 1.5 days to replace it because a boom truck is needed to install it. Director Torquato asked if it is a direct replacement and Mr. Cattaneo stated yes it is.

With a motion by Vice President Tonascia and a second by Director Torquato, the Board of Directors unanimously approved the purchasing of a Replacement Variable Speed Drive for Subsystem 9L at Sunnyslope and Fairview (\$16,750.24).

**13. Staff Report on the Hollister Urban Area Water and Wastewater Master Plan Update and Lessalt Water Treatment Plant Update**

Mr. Blohm reported the environmental process for the WHWTP is moving forward. He and Mr. Rosskamp went to Fresno yesterday to meet with the Bureau. The Bureau is on board with all the documentation and is in total support of the project.

Mr. Rosskamp stated the 45 day public review of the DEIR for the WHWTP will begin tomorrow.

Regarding Lessalt, Mr. Blohm reports the contractor is almost done with the Fairview Road pipeline so the impact to traffic is almost over. Mr. Blohm reports the project is on

schedule and the District is happy with Specialty Construction and our construction manager states all is going well.

Design work for the WHWTP is going well. The topography at the site is flatter than previously thought, so that is good news. HDR expects to have a 50% design done by April or May and it remains on schedule.

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

- a) **San Luis Delta Mendota Water Authority (Tobias/Tonascia)**  
Vice President Tonascia reported that at the Mid Pacific Water Users Conference, a lot of what we discussed tonight was brought up at the conference. Klamath, Shasta and Folsom Dams are down and reducing their releases. Endangered species remain a key issue per Vice President Tonascia. The previous year was a dry year but water allocations were still done, which doesn't make sense, stated Vice President Tonascia.
- b) **Water Resources Association (Flores/Bettencourt)**  
As per Director Flores, he had nothing to report.
- c) **Administration Committee (Tobias/Flores)**  
As per Mr. Cattaneo, the committee reviewed the Amendment to ESA's contract.
- d) **Finance Committee (Bettencourt/Torquato)**  
As per Director Bettencourt, the committee interviewed the auditors.
- e) **Investment Committee (Flores/Tobias)**  
As per President Tobias, the committee reviewed the quarterly investment report.
- f) **Zone 6 Water Supply Committee (Tobias/Flores)**  
As per Mr. Cattaneo, the 2014 water supply and allocations were discussed. Staff and the committee are recommending allocating with the District's stored water, combined with the Bureau's allocation, which is still up in the air.
- g) **City of Hollister RDA Advisory (Tobias)**  
As per President Tobias, the meeting was cancelled.

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

- a) **Reach 1 Operations**  
Mr. Cattaneo reported SCVWD are in the budgeting process now and nearing completion.
- b) **Zone 3 Operations**  
Mr. Cattaneo stated there isn't much to report as there isn't any water in Hernandez or Paicines reservoirs. The District asked Steve Verigan, GEI, to perform an inspection at the Hernandez outlet. There is some remedial work to be done and Mr. Cattaneo is waiting for the final report. Previous, it was thought it needed about \$1 million in repairs but Mr. Verigan is suggesting approximately \$50,000-\$100,000 instead.

c) **Zone 6 Operations**

Mr. Cattaneo reported the water office is reviewing those small parcel customers that had little or no usage, to be sure this is correct or if we have any meter malfunctions.

Managing the customer accounts this year will be critical. Discussion will be needed regarding how often and when to read meters of customers nearing the end of their allocation. Due to the shortage, Mr. Cattaneo reported there will not be any extra water to back fill any overages.

Mr. Cattaneo reported the asset management plan will be done in February and Jeff Micko will be present at the February board meeting.

Mr. Cattaneo would also like to ask Mr. Micko to create a water inventory program for the District. In previous years, the District didn't have much additional water but now with the HUAWP, more outside water will be obtained and it will need to be tracked. The proposal would be approximately \$9500-\$9600 and he would like to issue a purchase order to have Mr. Micko proceed; the board supported the program.

d) **San Luis Delta Mendota Authority Activities**

Mr. Cattaneo reported the last 5 years, the District has not been a party to the San Joaquin Exchange Contractor Program. In 2007, when it was due to be renewed, the District chose not to do it. Over the next 5 years, the District will be a participant. In the past, it has been a pool of 20,000 to 80,000 AF made available to SLDMWA members. Our District's portion could be somewhere between 2-2.5%. Also, Mr. Cattaneo reported he is still negotiating the Yuba and the Glen Colusa Water contracts.

**16. Adjournment**

With no further business to discuss, the meeting was adjourned at 7:34 p.m.

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Minutes were approved at the February 26, 2014 Board Meeting and signed by the presiding board member.

*/s/John Tobias*  
John Tobias, President

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