

January 30, 2013
Regular Meeting
6:00 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, January 30, 2013 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, and Directors Sonny Flores and Frank Bettencourt; Vice President Joe Tonascia and Director Joe Torquato were absent. Also present were District Manager/Engineer Jeff Cattaneo, District Counsel David E. Pival, Assistant Manager Sara Singleton, Deputy District Engineer Dale Roskamp, Supervising Accountant Natalie Sullivan, Water Conservation Program Manager Shawn Novack, 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**
With a motion by Director Flores and a second by Director Bettencourt, 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:** December 19, 2012 Regular Meeting
 January 14, 2013 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, 2012**
5. **Recognizing Mike Razo for 5 Years of Service, Certificate Issued**

Mrs. Mauro noted a correction was needed for the December 19, 2012 Minutes. Regarding the nomination of Vice President, Director Tonascia, and the minutes reflected Director Torquato incorrectly as being approved as Vice President. With that notation, a motion was made by Director Flores and a second by Director Bettencourt to approve the Consent Agenda, items 1-5; was unanimously approved.

REGULAR AGENDA:

6. **Public Hearing regarding 2013-14, 2014-15 and 2015-16 Zone 6 Water Years San Felipe Distribution System Rates and Charges and 2013-2014 Groundwater Charges**
 - a. **Proof of Mailing and Proof of Publication submitted for Notice of Public Hearing**

Mrs. Mauro verified both the proof of mailing and the proof of publication.

b. Presentation of 2013-14, 2014-15 and 2015-16 Water Years San Felipe Distribution System Rates and Charges and 2013-2014 Groundwater Charges

Mr. Cattaneo reported that the San Felipe Distribution System Rates are in the final year of a three year rate structure. Mr. Cattaneo, utilizing a Power Point presentation, gave the board an overview of the rate development. Feedback from customers has been positive to a three year rate structure, as they were better able to plan due to advance knowledge of rates. Additionally, Mr. Cattaneo reviewed the background of Prop 218 and that the District followed it by mailing out notification to customers 45 days prior to tonight's hearing.

Mr. Cattaneo reviewed the rates for both Ag and M & I and gave the methodology on what components make up these rates. Also, Mr. Cattaneo reviewed the District's costs associated with the Reach 1 facilities, which we share with Santa Clara Valley Water District (SCVWD). In addition to maintenance, the District and SCVWD also share costs in capital projects associated with Reach 1.

Mr. Cattaneo reported the original cost of the San Felipe Distribution System was \$24 million, which the District owns and operates. Also, there are facilities that the District operates but are owned by the United States Bureau of Reclamation (Bureau) which are: San Justo Reservoir, the Hollister Conduit and the San Juan Lateral. Mr. Cattaneo reviewed the District's operations and maintenance costs, which are not included in the rates. In reviewing the proposed rates, Mr. Cattaneo reported the District is only recovering 81-83% of the actual costs it incurs through the proposed rates.

In addition to the cost of water, there are power charges. Mr. Cattaneo reported there are CVP (Central Valley Project) power charges as well as local charges, which are from PG&E. Mr. Cattaneo reviewed the components of the power charges. The local charges are 100% recovered, per Mr. Cattaneo. The power charges are also on a 3 year structure.

Mr. Cattaneo reviewed the proposed Groundwater Charges and the costs associated with the management of groundwater in the San Benito County basin.

The Standby or Availability Charge of \$6/acre foot will not increase and will also be on a 3 year schedule. Reviewing the components of what makes of this charge; Mr. Cattaneo showed that the actual cost per acre foot is \$26.45.

President Tobias asked, regarding the Capital Projects with SCVWD, if the pump project complete. Mr. Cattaneo stated it will be in approximately 60 days.

c. Open Public Hearing

President Tobias opened the Public Hearing.

Tim McCord asked to speak. His property is in Sub 1 and he has two parcels and two wells. He doesn't think the District should be charging him for water in his wells and is against the groundwater charge. Mr. McCord further stated he pays his taxes for the blue valve as well as the Standby or Availability Charge and is paying well over \$1000 annually in taxes.

Judy McCord asked to speak. She stated SCVWD was taken to court regarding metering wells and the charge was found unconstitutional. Mr. Cattaneo stated SCVWD continues to charge for wells. Ms. McCord stated it was about 2 years ago and was found to be illegal.

Mr. McCord asked Mr. Cattaneo what is the basis for charging for water from the ground by the District. Mr. Cattaneo stated the majority of the cost is for managing and monitoring of the basin. The actual cost for the District is \$9.39/AF for Ag and \$28.16/AF for M & I. The remainder of the groundwater costs is recovered by tax revenue.

Mr. Pipal added in 1977, the voters of San Benito County authorized San Benito County Water District to charge a groundwater charge, a standby or availability charge and to assess taxes. This is the reason the District is able to charge it, because the District has to pay back the government.

d. Close Public Hearing or continue to later date

President Tobias closed the Public Hearing.

e. Consider Adoption of 2013-2014, 2014-2015 and 2015-2016 Water Year San Felipe Distribution System Rates and Charges and 2013-2014 Groundwater Charges

i. Consider Ordinance Establishing San Felipe Distribution System Water Rates and Charges for Agricultural and Non-Agricultural (Municipal and Industrial) Water for the 2013-2014, 2014-2015 and 2015-2016 Water Years

Mr. Pipal stated the motion for the ordinance should include incorporating the information provided to the board in their binders. With a motion by Director Bettencourt, incorporating the binder materials, and a second by Director Flores, Ordinance 51, *An Ordinance of the Board of Directors of the San Benito County Water District Establishing San Felipe Distribution System Water Rates and Charges for Agricultural and Non-Agricultural (Municipal and Industrial) Water for the 2013-2014, 2014-2015 and 2015-2016 Water Years* was unanimously approved.

ii. Consider Resolution Establishing Groundwater Charges in Zone 6 for the 2013-2014 Water Year

Mr. Pipal said the same would apply for the groundwater charge. With a motion by Director Flores, incorporating the information provided to the board in their binders, and a second by Director Bettencourt, Resolution

#2013-01, A Resolution of the Board of Directors of the San Benito County Water District Establishing Groundwater Charges in Zone 6 for the 2013-2014 Water Year was unanimously approved.

7. Public Hearing regarding Zone 6 Standby or Availability Charge for the 2013-2014 Water Year

a. Proof of Publication submitted for Notice of Public Hearing

Mrs. Mauro verified the proof of publication.

b. Presentation of Establishing Standby or Availability Charge for the 2013-2014 Water Year

Mr. Cattaneo made this presentation as part of his Power Point presentation.

c. Open Public Hearing

President Tobias opened the Public Hearing. There were no public comments.

d. Close Public Hearing or continue to a later date

President Tobias closed the Public Hearing.

e. Consider Resolution Establishing Standby or Availability Charge for the 2013-2014 Water Year

With a motion by Director Flores and second by Director Bettencourt, Resolution #2013-02, *A Resolution of the Board of Directors of the San Benito County Water District Establishing Standby or Availability Charge for the 2013-2014 Water Year* was unanimously approved.

8. Discuss and Consider Resolution Amending Resolution #2012-14 Relating to the Rescheduling of Unused/Conserved Water

Mr. Cattaneo stated rescheduled water is an issue the Board has been addressing on an annual basis. There is an expectation that San Luis Reservoir may fill this year. Mr. Cattaneo stated the District has a number of customers that have more than 15% (of their allocation) of conserved water that they could reschedule. Staff is suggesting this year's resolution be modified to have a provision for a Tier 2, which would be low priority water and would be lost should all the District's storage be full and San Luis Reservoir would fill. The District has modified their use of San Justo Reservoir but it does not have enough storage for all of the rescheduled water. Also, Mr. Cattaneo stated the District has the highest priority for the storage at San Justo.

Director Bettencourt asked if this is similar to how the District has handled this in the past. Mr. Cattaneo stated yes, but this year there is more water available to reschedule. In the past, the water office has been able to move water around between the users.

With a motion by Director Bettencourt and a second by Director Flores, Resolution #2013-03, *A Resolution of the Board of Directors of the San Benito County Water District Amending Resolution #2012-14 Relating to the Rescheduling of Unused/Conserved Water* was unanimously approved.

9. Discuss and Consider Approval of participation in an Activity Agreement for the San Luis & Delta-Mendota Water Authority Public Information Program

Mr. Cattaneo stated the Board has been discussing this for about a year. San Luis & Delta-Mendota Water Authority (SLDMWA) is asking their members if they wish to participate. The anticipated cost, annually, will be \$2.2 million for five years (\$11 million total). Westland Water District's board proposed to go forward if all contractors participated. The purpose of this program is education of the public in regard to water shortages and how they affect ag use.

President Tobias asked if the public information was for southern California residents. Mr. Cattaneo stated the campaign would be statewide but would concentrate on southern California. Discussion ensued between Mr. Cattaneo and the board members. The Board is electing not to participate and Mr. Cattaneo will relay this information at the next SLDMWA Board Meeting.

No action was taken on this agenda item.

10. Staff Report on Groundwater Extraction

Mr. Cattaneo stated a meeting occurred this week with our staff, District Counsel, County Planning and County Counsel regarding the Ordinance issues. The County agreed with the District's proposal on the changes needed due to the shortcomings of the Ordinance. County Planning and County Counsel agreed to put it on the agenda for the County Board of Supervisors' meeting on February 19, 2013.

Director Flores asked if the proposed language of the Ordinance can be shared with the Board. Mr. Cattaneo stated yes, he will make a presentation at the next Board meeting.

11. Committee/Agency Representative Reports:

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

Mr. Cattaneo reported that the Delta Habitat Conservation and Conveyance Program (DHCCP) initial cost was \$50 million, for which the District would be responsible for approximately 2%. A workshop is being held tomorrow to discuss refinancing the debt, as a balloon payment will be due in just over 1 year. Rates are about 4% with no provision for a prepayment. Staff is recommending the District consider paying our portion out of District reserves. This will be an item on a future agenda.

b) Water Resources Association (Flores/Bettencourt)

Mr. Novack stated the committee elected a new chair and vice chair for 2013. Also, he reviewed the current programs and outreach and reported to the committee that WRA is changing its focus to irrigation water savings and has a new rebate program for irrigation retrofitting.

c) **Hollister Urban Area Water and Wastewater Master Plan Governance Committee (Tobias/Bettencourt)**

Mr. Blohm stated the agencies are making significant progress on the Water Supply and Treatment Agreement. Currently, the agreement is being reviewed by the District attorney in Sacramento and Mr. Blohm reported he hopes the review will be done in about a week to 10 days. The key element of the agreement now is the financing section.

Mr. Blohm reported he is meeting with the City of Hollister and Sunnyslope County Water District regarding the financing, so it can be included in their rate analysis. A rate model has been completed and will be available in mid-February. Mr. Blohm added there is an Expanded Finance Committee Meeting scheduled for February 12, 2013.

Regarding the California tiger salamander at the West Hills Water Treatment site, the best case/worse case scenarios in regards to CEQA/NEPA have been discussed. Mr. Blohm, Dale Rosskamp and ESA met with the USBR at the Tracy office. The Bureau has been cooperative in the past. From this meeting, the Bureau agreed to allow ESA to ghost write the NEPA and Fish and Wildlife Consultation and the Bureau will then reformat and edit as needed. This was agreed upon at staff level, per Mr. Blohm.

Mr. Blohm reported Data Instincts, our P.R. firm, is making good progress. Mr. Novack stated he hopes to have materials for the managers to approve at their next meeting.

d) **Investment Committee (Flores/Tobias)**

As per President Tobias and Director Flores, the Quarterly Investment Report was discussed.

e) **Mid Pacific Water Users Conference (Tonascia/Torquato)**

Director Bettencourt attended the conference. The presentations he attended discussed projects statewide. Several speakers were from the Bureau and a speaker representing SLDMWA gave a presentation on tail water.

12. District Manager/Engineer's Report:

a) **Reach 1 Operations**

Mr. Cattaneo reported the Adjustable Speed Drive Project is near completion.

b) **Zone 3 Operations**

Mr. Cattaneo reported the work the District was doing at the Paicines Canal is complete. There are some minor maintenance work projects in progress.

c) **Zone 6 Operations**

Mr. Cattaneo reported the Re-Operation Plan for San Justo Reservoir continues to move forward. Also, during regular maintenance at 9H, District staff found zebra mussels.

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

Mr. Cattaneo reported this has already been covered.

13. Adjournment

With no further business, the meeting was adjourned at 7:24 p.m.

The minutes were approved at the February 28, 2013 Board Meeting and signed by the presiding board member.

/s/John Tobias

John Tobias, President

/s/Barbara L. Mauro

Barbara L. Mauro, Recording Secretary