

February 1, 2016  
Special Meeting  
5:02 p.m.

The Board of Directors of the San Benito County Water District convened in special session on Monday, February 1, 2016 at 5:02 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: President Sonny Flores, Vice President John Tobias and Directors Frank Bettencourt, Joe Tonascia and Bob Huenemann. Also present were District Manager/Engineer Jeff Cattaneo, District Counsel David E. Pipal, Assistant Manager Sara Singleton, Supervising Accountant Natalie Sullivan, Office Specialist II Carolyn Garcia and Office Specialist III Barbara Mauro.

### **CALL TO ORDER**

President Flores called the meeting to order at 5:02 p.m.

- a. Pledge of Allegiance to the Flag**  
President Flores led the Pledge of Allegiance.
- b. Speakers will be limited to 5 minutes to address the Board**
- c. Approval of the Agenda**  
A motion was made by Director Tonascia and seconded by Vice President Tobias; the Agenda was unanimously approved.

### **AGENDA ITEMS:**

- 1. Public Hearing regarding 2016-17, 2017-18 and 2018-19 Zone 6 Water Years San Felipe Distribution System Rates and Charges and 2016-17 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 notice of the public hearing.
  - b. Presentation of 2016-17, 2017-18 and 2018-19 Water Years San Felipe Distribution System Rates and Charges and 2016-17 Groundwater Charges**  
Mr. Cattaneo, utilizing a PowerPoint presentation, stated this would be the final step for the Board to approve of new rates. Reviewing the previous steps, the Finance Committee reviewed the Prop 218 Notice on December 2, 2015, the Board approved the mailing of the Prop 218 Notice on December 16, 2015 at the regular Board meeting and District staff mailed the notice on December 17, 2015.  
  
For the San Felipe rates, this is a three year rate structure, which the District changed to in 2009. Mr. Cattaneo stated customers are better able to plan with this type of rate structure. Mr. Cattaneo reviewed the rate development process and stated 3 years of historical deliveries are combined with 1 projected year of delivery. The volume of the 4 years is averaged and all costs associated with the

water delivery are evaluated. Some of these costs come from the USBR, Santa Clara Valley Water District and San Luis and Delta Mendota Water Authority.

The recommended rates are: \$272/AF for Contract Ag, \$363/AF for Contract M & I and \$363/AF for Small Parcel M & I (the amount will depend on the allocation) and are the same for all 3 years. The Ag Full Cost (RRA Section 205(a)(3)) will be \$463/AF and the Ag Full Cost (RRA Section 202(3)) will be \$445; these rates are also proposed for 3 years. Mr. Cattaneo reviewed all of the items that make up the rate components and explained the Ag rate does not include interest but the M & I rate does, based on the USBR's terms. District O & M cost assumptions are only Zone 6 costs and do not include items such as the zebra mussels, the San Justo Reservoir seepage or the reclaimed water project.

Mr. Cattaneo then reviewed the components for the power charges and the methodology for determining the charges. There are fixed costs from the USBR and if fewer acre feet of water are available to generate power, it increases the costs. Mr. Cattaneo stated that the small parcel rate will be \$363/AF, and the District will be changing how the billing will be done. Beginning this March, the District will bill customers for water as it is used. The valve will continue to be closed if the allocation runs out.

For the Groundwater Charges, Mr. Cattaneo reviewed the methodology and stated it is not only the monitoring and reporting of the groundwater but the management of the groundwater basin. The actual costs are \$9.42/AF for Ag and \$28.26/AF for M&I. The current rate is: \$3.95/AF for Ag and \$23.25/AF for M&I. The proposed rate, for the 2016/17 Water Year is: \$4.95/AF for Ag and \$24.25/AF for M&I.

For the Standby or Availability Charge, the same methodology is used and staff is recommending keeping this charge at \$6/AF.

Mr. Cattaneo concluded by stating the Board's action would be to approve the proposed rates as stated.

**c. Open Public Hearing**

President Flores opened the Public Hearing.

Ron Ross, a homeowner from Stonegate asked to address the Board. He stated his area receives a portion of their water from the San Felipe system. He realizes we will experience wet and dry years. If the trend turns to being more wet than dry, would the District consider amending the ordinance later and lowering the costs if water is more available? Mr. Cattaneo stated staff did a conservative projection of volumes and future years could be significantly different. The Prop 218 sets ceilings but staff could go back to the Board with a recommendation to recalculate and the Board would have the option to reduce the rates.

There were no other public comments.

- d. **Close Public Hearing or continue to later date**  
President Flores closed the Public Hearing.
  - e. **Consider Adoption of 2016-17, 2017-18 and 2018-19 Water Years San Felipe Distribution System Rates and Charges and 2016-17 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 2016-17, 2017-18 and 2018-19 Water Years**  
With a motion by Director Bettencourt and a second by Vice President Tobias, Ordinance No. 58 *An Ordinance of the Board of Directors of the San Benito County Water District Establishing San Felipe Distribution System Water Charges for Agricultural and Non-Agricultural Water* was passed by 4 affirmative votes (Flores, Tobias, Bettencourt and Tonascia); there was 1 no vote (Huenemann).
    - ii. **Consider Resolution Establishing Groundwater Charges in Zone 6 for the 2016-17 Water Year**  
With a motion by Director Tonascia and a second by Director Bettencourt, Resolution #2016-03, *A Resolution of the Board of Directors of the San Benito County Water District Establishing Groundwater Charges in Zone 6* was passed by 4 affirmative votes (Flores, Tobias, Bettencourt and Tonascia); there was 1 no vote (Huenemann).
2. **Public Hearing regarding Zone 6 Standby or Availability Charge for the 2016-17, 2017-18 and 2018-19 Water Years**
- a. **Proof of Publication submitted for Notice of Public Hearing**  
Mrs. Mauro verified the proof of publication for the public hearing.
  - b. **Presentation of Establishing Standby or Availability Charge for the 2016-17, 2017-18 and 2018-19 Water Years**  
This has already been presented.
  - c. **Open Public Hearing**  
President Flores opened the Public Hearing.
  - d. **Close Public Hearing or continue to a later date**  
With no public comments, President Flores closed the Public Hearing.
  - e. **Consider Resolution Establishing Standby or Availability Charge for the 2016-17, 2017-18 and 2018-19 Water Years**  
With a motion by Vice President Tobias and a second by Director Tonascia, Resolution #2016-04, *A Resolution of the Board of Directors of the San Benito*

*County Water District Implementing a Standby or Availability Charge for the 2016-2016, 2017-2018 & 2018-2019 Water Years* was unanimously approved.

3. **Consider CEQA Findings of Fact, Mitigation Measures, Mitigation Monitoring and Reporting Program, and the CEQA Addendum to the San Benito County Water District Recycled Water Storage Pond Project Subsequent EIR**

Mr. Cattaneo stated this is the final process needed for the Recycled Water Storage Pond Project. There were no questions from the Board.

a. **Certify the San Benito County Water District Addendum to the San Benito County Water District Recycled Water Storage Pond Project Subsequent EIR**

With a motion by Director Tonascia and a second by Vice President Tobias, the Board of Director unanimously Certified the San Benito County Water District Addendum to the San Benito County Water District Recycled Water Storage Pond Project Subsequent EIR.

b. **Adopt by Resolution California Environmental Quality Act Findings of Fact, Mitigation Measures, and Mitigation Monitoring and Reporting Program**

With a motion by Vice President Tobias and a second by Director Bettencourt, Resolution #2016-05, *A Resolution of the Board of Directors of the San Benito County Water District Certifying the San Benito County Water District Recycled Water Storage Pond Project Subsequent Environmental Impact Report; Adopting the California Environmental Quality Act Findings of Fact, Mitigation Measure and Mitigation Monitoring and Reporting Program; and Approving the Recycled Water Storage Pond Project* was unanimously approved.

c. **Approve the Addendum to the San Benito County Water District Recycled Water Storage Pond Project Subsequent EIR & Direct District Manager/Engineer to Sign Notice of Determination and File Notice of Determination with San Benito County Recorder's Office**

With a motion by Director Bettencourt and a second by Vice President Tobias, the Board of Directors unanimously Approved the Addendum to the San Benito County Water District Recycled Water Storage Pond Project Subsequent EIR & Directed the District Manager/Engineer to Sign the Notice of Determination and File the Notice of Determination with San Benito County Recorder's Office.

d. **Approve of Project and Ratify Board's Previous Approval on January 11, 2016**

With a motion by Director Tonascia and a second by Vice President Tobias, the Board of Directors unanimously Approved of the Project and Ratified the Board's Previous Approval on January 11, 2016.

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

**a. Mid Pacific Water Users Conference in Reno, Nevada, January 20-22, 2016 (Tonascia)**

Director Tonascia reported the conference was well attended. While the snowpack is at 110% in some areas, it will still mean a -0- allocation for us to start, with the possibility of a small allocation in July or August. He stated while the levels are rising in the dams, the pump issues continue in the Delta. Director Tonascia reported they are looking at the possibility of building a Sites Reservoir. The initial allocation will most likely be -0- for Ag and 50% of historical use for M&I.

**b. SLDMWA Public Information Advisory (Tonascia)**

Director Tonascia reported at the meeting, the current budget of \$800,000 is their starting point and are proposing to raise it as high as \$1.6 million. Their purpose has to be outreach on an educational basis only and cannot be political. Some on the committee are asking for more accountability and to preview ads before running them.

**5. Discuss and Consider giving the San Luis and Delta Mendota Water Authority Representatives direction regarding the \$1.6 million Public Outreach Budget for Fiscal Year 2016-17**

Based on Director Tonascia's report, the Board discussed what direction to give the SLDMWA representatives. Mr. Cattaneo stated the District's representatives cannot vote on line items in the SLDMWA budget, so they cannot single out this one item in the budget. Santa Clara Valley Water District intends to vote no on the budget, he has been told. The consensus of the Board is to stress accountability for the public outreach budget and spend the money wisely but the District should vote for the budget.

**6. Adjournment**

With no further business to discuss, the meeting was adjourned at 6:06 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