

District could store it off-site and would have the potential of 1400 AF additional water from this agreement. In a dry year when the allocation is low, there will not be any water to transfer.

Mr. Cattaneo stated this water would be beneficial to our Ag and M&I customers as well as for the Hollister Urban Area Water Project (HUAWP). Mr. Cattaneo recommends going forward as additional water will be critically important. Mr. Cattaneo added he is not certain why the District passed on it last time. The agreement has been reviewed by District Counsel.

With a motion by Director Flores and seconded by Director Bettencourt, the Board of Directors unanimously authorized the District Manager to enter into San Luis & Delta Mendota Water Authority Activity Agreement for the Acquisition of Water by the United States, San Luis & Delta Mendota Water Authority, and Madera Irrigation District from the San Joaquin River Exchange Contractors Water Authority by three affirmative votes, Tobias, Bettencourt and Flores, with Tonascia and Torquato absent.

5. Discuss the State Water Resource Control Board's denial of Petition for Reconsideration of this year's water rights fees and Consider Approval of the continuation of litigation, representation by Somach, Simmons and Dunn

Mr. Cattaneo stated this is an on-going issue. The District, as part of the Central Valley Project Water Association (CVPWA), hired outside legal representation due to the increase in water rights fees, which members felt were significant and possibility illegal. Over the last 10 years, about \$30,000 has been spent on the legal challenge. Until all members have responded, it is not possible to give a breakdown of the cost. Mr. Cattaneo stated staff recommends continuing with the legal representation.

When asked if a vote is needed, Mr. Pipal stated just a consensus of the board. The board members in attendance, Tobias, Bettencourt and Flores, were all in favor of continuation of the litigation; Tonascia and Torquato, were absent.

6. Consider Resolution Setting Forth its Intention Regarding Percolation of San Felipe Project Water

a. Water Contract Year 2014-2015

In light of the current water situation, Mr. Cattaneo stated the board might find it strange to consider a percolation action with no water. In the past, the District has purchased water from Zone 3 to percolate in Zone 6. If we are able to percolate, this resolution would give us the ability to do so and the water transfer helps Zone 3.

With a motion by Director Flores and a second by Director Bettencourt, Resolution #2014-03 *A Resolution of the Board of Directors of the San Benito County Water District setting forth its intentions regarding percolation of San Felipe Project Water for Water Contract Year 2014-2015*, was approved by three affirmative votes, Tobias, Bettencourt and Flores; Tonascia and Torquato were absent.

7. Consider Resolution Establishing a Policy For Zone 6 Inter-Subsystem Water Transfers for the 2014-2015 Water Contract Year

Mr. Cattaneo stated the District takes this action annually and has for the last 8-10 years. The resolution sets policy for inter-subsystem transfers. The only change for this year from last year is that we had previously limited Subsystems 10 & 11 to .9 AF per acre and this year's limit would be 1.2 AF per acre. Staff feels with a 20' depression in the groundwater level, this change is appropriate.

With a motion by Director Bettencourt and a second by Director Flores, Resolution #2014-04 *A Resolution of the Board of Directors of the San Benito County Water District Establishing a Policy for Zone 6 Inter-Subsystem Water Transfers for the 2014-2015 Water Contract Year* was approved by 3 affirmative votes, Tobias, Bettencourt and Flores; Tonascia and Torquato were absent.

8. Review Project Update for Recycled Water Facilities Planning & Implementation Project

Mr. Rosskamp gave an update on the Recycled Water Project. Mr. Rosskamp stated this began with an MOU between the District and the City of Hollister (City) in 2008. The District paid to upsize the pipe from the water treatment plant to the airport in July 2008, to transport the recycled water. Steps taken since then have been a pilot project for use of the recycled water, a defined use area by HDR and as a part of this, Prop 84 grant funds are being used for a Salt and Nutrient Management Plan which is a necessary component for the recycled water project.

Next steps, per Mr. Rosskamp, will be a groundwater monitoring plan, a Title 22 water report, a project level California Environmental Quality Act (CEQA) and growers outreach to those in the Wright Road corridor. The timeline for these steps was also discussed.

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

John Dahl, of Dahl Consultants, gave a report on the Lessalt WTP. Mr. Dahl reported the construction is going well and the Fairview Road pipeline is complete. Mr. Dahl reported Specialty Construction's work is good quality thus far. The concrete work is nearly complete and the tanks will be arriving soon. So far, there have been 2 change orders, but there will be more to come. The 2 change orders have been about \$50,000-\$55,000.

President Tobias asked if the pipeline is operational. Mr. Dahl stated no, but it will be when we are closer to completion of the project.

Bob Ellis, of HDR, gave a report on the West Hills Water Treatment Plant (WHWTP) design status. Mr. Ellis reported they will be at 50% of design near the end of March and be at 90% of design the end of June. The intention is to go to bid in the fall, but that is dependent of the status of the environmental issues near the site. To date, Mr. Ellis stated 32% of the budget has been expended. An updated Pre Design Report has been distributed to the California Department of Public Health and to the District. The size of the operations building was reviewed as was the connection to the Hollister Conduit. The

treated water pipeline, per Mr. Ellis, will have no impact where it crosses the Nash Road Bridge.

Mr. Roskamp stated permit review continues and the 45 day public review period is underway for the WHWTP Environmental Impact Report. In April, there will be comments to the Board and in May, hopefully the final document will come to the board for approval.

The public review for the National Environmental Policy Act (NEPA) will start in March. The biological assessment required for the consultation is on track as well.

Mr. Ellis stated the North Area Groundwater Project is connected to the Hollister Urban Area Master Plan and its call for long term water sources. The objective of this project is to add high quality water, manage water in local streams and percolation, reduce high groundwater levels and provide additional local storage for water. The current study will be to review all the previous work done and define facilities and phasing as well as confirm cost estimates.

Holly Kennedy, also from HDR, continued their report. The project area will be reviewed and the project scope and schedule, including the final plan, should be ready by September 2014. Options to consider are stakeholders outreach, using existing wells versus new wells, best locations for wells, operational scenarios and connections to the Hollister Conduit. Environmental concerns (CEQA and NEPA) need to be addressed and the facilities plan ties all of these together, per Ms. Kennedy.

Ms. Kennedy said the next steps will be to: complete the basic planning, review the previous work, complete the conceptual plan and find the key to reaching out to the stakeholders. This will coincide with the start of construction at the WHWTP.

Mr. Cattaneo added the operational scenarios would require water supply committee meetings as well as input from the Board. These will be important pieces going forward. This will provide some benefit to those in this area and it will supply extra water for Ag customers. Mr. Cattaneo stated staff will need input from the Board and the public input in about 2-3 months. Mr. Blohm added staff is getting input from experts regarding forms of agreement that can be used. Ms. Kennedy stated all information will be reviewed.

10. Committee/Agency Representative Reports:

- a) **San Luis Delta Mendota Water Authority (Tobias/Tonascia)**
Mr. Cattaneo will cover this under his manager's report.
- b) **Pajaro River Watershed Flood Prevention Authority (Bettencourt/Flores)**
As per Director Bettencourt, it was mostly informational meeting.
- c) **Finance Committee (Bettencourt/Torquato)**
As per Director Bettencourt, the committee discussed the quarterly reporting.
- d) **Rural Water Systems Committee (Flores/Tonascia)**
As per Director Flores, Zone 104, Fairview Road Water System, was discussed.

- e) **Zone 6 Water Supply Committee (Tobias/Torquato)**
As per President Tobias, the water allocation for the new water year was discussed.
- f) **City of San Juan Bautista Water Softening Project Ad Hoc Committee (Tonascia/Torquato)**
Mr. Cattaneo stated a meeting was held. The City of San Juan Bautista (COSJB) has suggested they take funds from their reserves to finish their pellet plant. They would like the District to loan them the amount taken from their reserves. Mr. Cattaneo stated for the District to even consider this, the COSJB would have an obligation to show how they would repay this and perhaps do a rate study to see if it's even feasible. There was no commitment given by the District.
- g) **City of Hollister RDA Advisory (Tobias)**
As per President Tobias, the meeting was cancelled.

11. District Manager/Engineer's Report:

- a) **Reach 1 Operations**
Mr. Cattaneo reported that he and Mrs. Singleton met with Joan Maher from Santa Clara Valley Water District (SCVWD). Items discussed were the budget, which was lower than expected, environmental review is always high and a secondary isolation valve, to prevent zebra mussels from getting in SCVWD's valve at bifurcation, will be a shared cost. Our District will design and oversee this project.

Mrs. Singleton added the Adjustable Speed Drive project is wrapping up. Also, the quality of the quarterly operations meetings with SCVWD has much improved.
- b) **Zone 3 Operations**
Mr. Cattaneo reported he has nothing to report and as there is -0- water in Hernandez Reservoir.
- c) **Zone 6 Operations**
Mr. Cattaneo reported the finalized water allocations are: 25% for Ag Contract customers at \$170/AF. There will also be an extra 5% for Ag Contract customers from the Yuba/South San Joaquin water transfer, but this water is going to be \$385/AF, as the District has to pay more for this water. Mr. Cattaneo added the additional water is water that was secured through transfers.
- d) **San Luis Delta Mendota Authority Activities**
Mr. Cattaneo stated there was discussion about drawing down San Luis Reservoir and possibility limiting access to the water. In late July or early August, the District may not be able to get water from San Luis Reservoir, so Mr. Cattaneo stated the District will need to maximize the storage in San Justo Reservoir. Even utilizing maximum storage in the reservoir, delivery to Sub 1 and 1A will have low pressure and it will be unavoidable.

Even though there is less water from the Bureau, the District is still obligated to pay the O & M costs at SLDMWA, which are approximately \$200,000. Moving water will be a timing issue.

President Tobias added the article in the Irrigation Leader on Jeff Cattaneo was very good and he complimented Jeff on it.

12. Adjournment

This no other business to discuss, the meeting was adjourned at 7:15 p.m.

Minutes were approved at the March 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