

February 27, 2013
Regular Meeting
6:00 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, February 27, 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, 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 Rosskamp, 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**
Prior to the approval of the agenda, Mr. Cattaneo stated agenda item #7 needs to include the consideration and approval of a resolution. Mr. Pipal added the resolution addition is merely a formality. Noting this change, a motion was made by Vice President Tonascia and seconded by Director Torquato; 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 30, 2013 | Regular Meeting |
| | February 14, 2013 | Special Meeting |
| 2. Allowance of Claims | | |
- Regarding claims, Director Bettencourt asked about the payment to Gutierrez Consultants. Mr. Cattaneo stated only part of what the District is paying is the District's alone; the remainder will be reimbursed through the IRWMP Grant. With no additional questions, a motion was made by Vice President Tonascia and seconded by Director Bettencourt; the Consent Agenda was unanimously approved.

REGULAR AGENDA:

- 3. Consider Resolutions Setting Forth its Intention Regarding Percolation of San Felipe Project Water**
Mr. Cattaneo reported this item is usually brought to the Board annually before the water year begins in March. In 2012, the Board sent this item back to committee, as it had been revised not to come to the board each year. The conclusion on this item was the

committee and the Board found the best option was to continue the process and review it each year. Item number 3a. is for the current water year and item number 3b. is for the upcoming water year.

a. Water Contract Year 2012-2013

With a motion by Vice President Tonascia and a second by Director Torquato, Resolution # 2013-04, *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 2012-2013* was unanimously approved.

b. Water Contract Year 2013-2014

With a motion by Director Torquato and a second by Director Bettencourt, Resolution # 2013-05, *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 2013-2014* was unanimously approved.

4. Consider Resolution Establishing a Policy For Zone 6 Inter-Subsystem Water Transfers for the 2013-2014 Water Contract Year

Mr. Cattaneo reported this resolution is the same as it has been for the previous three years; it lays out the District's policy regarding inter-subsystem transfers. With a motion by Vice President Tonascia and a second by Director Bettencourt, Resolution #2013-06, *A Resolution of the Board of Directors of the San Benito County Water District Establishing a Policy for Inter-Subsystem Water Transfers for the 2013-2014 Water Contract Year* was unanimously approved.

5. Discuss and Consider payoff for the Delta Habitat Conservation and Conveyance Loan (\$1,125,923)

Mr. Cattaneo reported approximately 4 ½ years ago, the San Luis and Delta Mendota Water Authority (SLDMWA) presented their members with an option to participate in the Delta Habitat Conservation and Conveyance Program (DHCCP). The preliminary design cost was estimated at an initial \$50 million, which Westlands Water District backed with a bond. The District has been paying interest only thus far on its portion. Mr. Cattaneo reported our portion of the debt is coming due December 2013. SLDMWA has suggested a financing option with Westlands which will have an interest rate of 4-4.7%. Mr. Cattaneo reports the District is only receiving a return of .38% on its investment in LAIF. Staff has reviewed its upcoming financial commitments for the next 4-5 years and is recommending paying the debt out of the reserves. President Tobias asked when the payment is due and Mr. Cattaneo stated December 2013, but SLDMWA is asking for an answer now on how each district wants to proceed. With a motion by Director Bettencourt and a second by Director Flores, the Board of Directors unanimously agreed to pay off the Delta Habitat Conservation and Conveyance Loan (\$1,125,923).

6. Consider Resolution Authorizing District Manager to Submit a Proposition 84 Integrated Regional Water Management Implementation Grant Application and Authorize the District Manager to Engage the Services of Gutierrez Consultants to Prepare Such Grant Application in an amount Not To Exceed \$16,000

Mr. Cattaneo stated the District is focused on the Hollister Urban Area Water Projects construction. The first project will be the upgrade to the Lessalt Water Treatment Plant (WTP). The District's portion for the grant application will be \$16,000. The District is the lead agency but each agency will pay its own fees. The District will proceed with or without the participation of the other agencies. President Tobias asked if it will be a problem if the District goes forward without the other agencies, as it is a regional grant. Mr. Cattaneo stated it would look better if all agencies apply for the grant. Regarding the preparation of the grant, the time and effort is the same no matter what amount the grant is for.

Director Flores asked if we can apply for funds if any of the other agencies back out. Mr. Cattaneo stated yes, the grant funds would be reallocated. It would be better if it were a more rounded project. Pajaro is considered a disadvantaged community and it helps elevate the status of grant application.

With a motion by Director Flores and a second by Vice President Tonascia, Resolution #2013-07, *A Resolution of the Board of Directors of the San Benito County Water District Granting San Benito County Water District Manager Authorization to Execute a Grant Agreement with California Department of Water Resources Pajaro River Watershed Integration Regional Water Management Implementation Grant* and authorized the District Manager to engage the services of Gutierrez Consultants to prepare grant application were unanimously approved.

7. Consider Draft United States Bureau of Reclamation (USBR) and San Benito County Water District West Hills Water Treatment Plant Letter of Agreement (Contract No. 13-WC-20-4395) and Direct District Manager/Engineer to sign said letter and disburse \$30,000 deposit to the USBR as indicated in said letter and Consider Resolution approving such action

Mr. Cattaneo stated, in regard to the West Hills Water Treatment Plant (WTP), we now have the California tiger salamander issue. The District is trying to streamline the process as permission from the USBR is needed to connect the WTP to the conduit. This would be a section 7 process. The amount requested, \$30,000, is to review and submit application to the Fish and Wildlife. Additional funds may be needed if the initial deposit of \$30,000 is used.

President Tobias asked what the cost would be if done without the Bureau. Mr. Blohm stated the \$30,000 is just for the Bureau's part of the work. Mr. Blohm reported we have an estimate from ESA of \$96,000, which includes the ghostwriting portion. If the work was done without the Bureau and using a section 10 process instead, it could take about two years and may double the cost per Mr. Blohm.

With a motion by Vice President Tonascia and a second by Director Flores, Resolution #2013-08, *A Resolution of the Board of Directors of the San Benito County Water District Approving for Execution an Amendment to the Water Service Contract with the United States of America* was unanimously approved.

8. Staff Report on Groundwater Extraction, Ordinance 778

Mr. Cattaneo reported staff attended the Board of Supervisors meeting and provided them with some improved language for this ordinance. One change the District proposed was to eliminate the sphere of influence and allow the transfer of water from one parcel to another parcel; the supervisors were alright with the change. Mr. Cattaneo reported the county stated there was not a permit process to allow the export of water from the county if the basin was in overdraft, which is considered mined water. Mr. Cattaneo stated the basin would be in overdraft if not for the import of the San Felipe water. Further information is needed but it is not in conflict with state laws. Additionally, the county suggested language that while the District's Board can review a denied permit the County would like to have the final say following the District's Board.

Director Torquato asked isn't the application submitted to the District? Mr. Cattaneo stated if the permit were denied by the Administrator, which is the District Manager, the District's Board could review the application and could overturn the denial. The County is asking to have the final say. Mr. Cattaneo stated if this were the case, he doesn't know what legal position that would leave the District if the Board of Supervisors has the ultimate decision. President Tobias stated it is important to have this right rather than hurry to meet the county's deadline to have it on their March agenda. President Tobias suggested staff meet with legal counsel and then refer it back to committee; the board agreed.

9. Staff Report on Water Resources Association – District sponsored Ag Workshops

Mr. Novack reported the District has sponsored various workshops over the past four years. Dr. Marcus Buchanan was the instructor this year. In January we held a workshop on irrigation efficiency which was well attended. In February, the workshop was focused on optimizing crop fertilization, which was also well attended. This past weekend, Mr. Novack held a residential gardening workshop which was at capacity and went well.

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

Mr. Blohm stated the outreach to the elected officials on February 25th with the presentation and tour went well and thanked the board for their participation. Mr. Blohm stated the website went live today and outreach will continue through theater ads, e-mail, and ads in the local newspaper. Our consultant, Data Instincts, has reported they expect to peak their outreach around April and May to coincide with the Prop 218 process.

Mr. Novack added tomorrow he will be taping a video on the HUAWP's with the three agencies' managers. The outreach is a comprehensive plan and it going well so far.

Mr. Blohm stated Data Instincts is moving forward quickly.

Mr. Blohm then reported on the status of the tiger salamander issue near the site of the West Hills Water Treatment Plant (WTP). Time is of the essence reported Mr. Blohm and alternative habitats for the salamanders are being reviewed. The cost could be affected if additional land has to be purchased. Mr. Cattaneo added the agencies are trying to streamline the process but approval time could be affected if land the county has is needed.

Director Torquato asked if the Union Heights area is a private reserve. Mr. Cattaneo said yes, but does not believe that can be removed.

President Tobias asked if it's a mitigated property based on use and Mr. Blohm stated yes.

Director Torquato asked if the issue is the plant site or location of the pipeline. Mr. Cattaneo stated it is both.

Mr. Blohm reported the upgrades to the Lessalt Plant are moving into construction management which is being led by the District.

Mr. Cattaneo reported the draft Water Supply and Treatment Agreement is currently being reviewed by the City of Hollister and Sunnyslope County Water District. After their review, Mr. Cattaneo will take the agreement to the Administration Committee and then he hopes to take it to the Board at the March meeting.

11. Committee/Agency Representative Reports:

- a) **San Luis Delta Mendota Water Authority (Tobias/Tonascia)**
Mr. Cattaneo stated he will report on this under his manager's report.
- b) **Pajaro River Watershed Flood Prevention Authority (Bettencourt/Flores)**
As per Director Bettencourt, there was nothing to report.
- c) **Hollister Urban Area Water and Wastewater Master Plan Governance Committee (Tobias/Flores)**
As per President Tobias, this has already been covered.
- d) **Administration Committee (Tobias/Flores)**
As per President Tobias and Director Flores, the committee discussed the Water Supply and Treatment Agreement.
- e) **Finance Committee (Bettencourt/Torquato)**
As per Mr. Cattaneo, the committee discussed the quarterly reporting, the DHCCP payoff and renewal of the auditor for an additional year.
- f) **Zone 3 Water Supply & Operations Committee (Tonascia/Torquato)**
Mr. Cattaneo reported the committee discussed the current conditions and that the repairs at the Paicines Canal are complete. Director Torquato added the committee discussed the condition of the water supply at Hernandez Reservoir.

- g) **City of Hollister RDA Advisory (Tobias)**
President Tobias reported it continues to be a tug of war as the state keeps changing the rules.

12. District Manager/Engineer's Report:

- a) **Reach 1 Operations**
Mr. Cattaneo reported the adjustable speed drive project is nearly complete and they are in the final testing of the last three units. The new meter is not working and a shutdown of up to one week is expected. Mr. Cattaneo reported the date for this shutdown was planned for April which is unacceptable to our District. Mr. Cattaneo and Mrs. Singleton have a meeting tomorrow with Joan Maher to discuss administrative charge issues.
- b) **Zone 3 Operations**
Mr. Cattaneo reported most of this was covered under the committee report. Currently there is about 2700 AF of water in Hernandez Reservoir. The District may need to consider releasing earlier, perhaps April or May, and divert the water to Paicines Reservoir.
- c) **Zone 6 Operations**
Mr. Cattaneo reported the re-operation plan continues at San Justo Reservoir.

The Bureau allocation to the District is 25% for Ag, but with the water the District has stored at San Justo, the District will be able to allocate 54% of the requested allocation to our users. In allocating this water, the District expects to lower San Justo Reservoir and only leave about 2400 AF. Last year, the District allocated 63% of the requests. There is also 3000 AF of rescheduled water stored.
- d) **San Luis Delta Mendota Authority Activities**
Mr. Cattaneo reported the SLDMWA adopted a budget similar to last years.

13. Adjournment

With further business, the meeting was adjourned at 6:54 p.m.

The minutes were approved at the March 27, 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