

April 1, 2015
Special Meeting
6:03 p.m.

The Board of Directors of the San Benito County Water District convened in special session on Wednesday, April 1, 2015 at 6:03 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: President Joe Tonascia, Vice President Sonny Flores and Directors John Tobias, Frank Bettencourt and Bob Huenemann. 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 and Office Specialist III Barbara Mauro.

CALL TO ORDER

President Tonascia called the meeting to order at 6:03 p.m.

- a. Pledge of Allegiance**
President Tonascia led the Pledge of Allegiance.
- b. Speakers will be limited to 5 minutes to address the Board**

AGENDA ITEMS:

- 1. Public Hearing declaring an emergency water shortage condition for the 2015-2016 Water Year**
 - a. Proof of Publication submitted for Notice of Public Hearing**
Mrs. Mauro verified proof of publication.
 - b. Presentation of conditions that caused the water shortage**
Mr. Cattaneo stated this is the worst drought in California's recorded history. In March, the District received a -0- allocation for Ag and a 25% of contract for M & I. At this point Mr. Cattaneo doesn't think there will be any additional water. Today, the Governor declared a mandatory 25% urban water reduction; our resolution is calling for a voluntary 20% reduction. Mr. Cattaneo stated if you look at our actual reduction, from the Bureau's allocation, it is either a 75% reduction (M & I) or a 100% reduction (Ag). The District is working with the City of Hollister (COH) and Sunnyslope County Water District (SSCWD) to assist them in meeting the state requirements. Mr. Cattaneo added that we are not an urban water deliverer.

Two provisions in the resolution before the Board Mr. Cattaneo pointed out are: the requirement of an overuse fee and not allowing customers to change their type of accounts. The over use fee is \$2000, which matches the approximate cost of water on the spot market. If water is overused by our customers, the District would have to replace that water with spot market water.

Regarding the change of account types, Director Huenemann asked if this is primarily for small parcel customers. Mr. Cattaneo stated yes, you don't see many changes in contract accounts, but this provision does cover both contract

and small parcel. Mr. Cattaneo added that Ag contract customers can transfer water to small parcel Ag with specific conditions such as no access to a well for permanent crops such as vines or trees

Director Huenemann asked what if customers had access to a well but it had high boron content. Mr. Cattaneo stated it is covered in the resolution.

- c. Open Public Hearing**
President Tonascia opened the Public Hearing.
 - d. Close Public Hearing or continue to a later date**
There were no public comments; President Tonascia closed the Public Hearing.
 - e. Consider Resolution Declaring an Emergency Water Shortage Condition for the 2015-2016 Water Year and Establishing Interim Policies and Procedures during the period of such shortage**
With a motion by Vice President Flores and a second by Director Bettencourt, Resolution #2015-04, *A Resolution of the Board of Directors of the San Benito County Water District Declaring a Water Shortage Emergency and Implementing the District's Water Shortage Contingency Plans* was unanimously approved.
- 2. Confirm the California Environmental Quality Act (CEQA) Determination for the San Benito County Water District Recycled Water Project**
As per Mr. Pipal, this item should be part of agenda item #3, becoming #3, (e) and changing #3 (e) to #3 (f).
- 3. Public Hearing regarding San Benito County Water District's Intention to undertake a Project**
- a. Proof of Publication submitted for Notice of Public Hearing**
Mrs. Mauro verified the proof of publication.
 - b. Presentation of the Recycled Water Project**
Mr. Pipal stated he contacted the California Fair Political Practices (FPCC) to get an opinion if there was a conflict of interest for either Director Tobias or Director Tonascia in regards to the recycled water project. The FPCC's opinion is that there is no conflict. The two directors would be the same as the public and can be allowed to participate.

Mr. Cattaneo stated the District has been working on a recycled water project for about 10 years. In 2008, the District paid to upsize the Wright Road pipeline, with the hope of recycled water in the future. Previously, the District has done studies and had demonstration projects and now, per Mr. Cattaneo, is proposing to undertake the project.
 - c. Open Public Hearing**
President Tonascia opened the Public Hearing.
 - d. Close Public Hearing or continue to later date**
There were no public comments; President Tonascia closed the Public Hearing.

e. **Confirm the California Environmental Quality Act (CEQA) Determination for the San Benito County Water District Recycled Water Project**

As per Mr. Pipal, the Board just needed to confirm the CEQA action on the record. No board action is required.

f. **Consider Approval of Resolution--Intention to undertake a Project**

With a motion by Director Bettencourt and a second by Vice President Flores, Resolution #2015-05, *A Resolution of the Board of Directors of the San Benito County Water District Intention to Undertake a Project* was unanimously approved.

4. **Discuss and Consider Establishing the Service Area for the Recycled Water Project**

Mr. Cattaneo stated the map made available at tonight's meeting, outlines in the green area, the delivery area for recycled water. The area shown is consistent with the area the District plans to use recycled water. The Board's action, per Mr. Cattaneo, is to adopt the service area.

With a motion by Vice President Flores and seconded by Director Tobias, the Board of Directors unanimously adopted the Service Area for the Recycled Water Project.

5. **Public Hearing regarding San Benito County Water District's Rules and Regulations for the Recycled Water Project**

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

Mrs. Mauro verified the proof of publication.

b. **Presentation of the Rules and Regulations for the Recycled Water Project**

Mr. Cattaneo stated the rules and regulations for the Recycled Water Project contain all of the appropriate information for the customers to follow. In addition to the rules and regulations will be the permit application, their proposed usage, instructions for on-site plans and the terms of service.

President Tonascia asked if the backflow prevention would be similar to what is used in town. Mr. Cattaneo stated it will depend on individual usage to determine what kind of backflow prevention is required once site plans are submitted.

Director Bettencourt stated backflows are tested annually. Director Tobias asked if the District does this testing. Mr. Cattaneo stated we do not have an employee with the license to do this; we will have to hire someone. Director Tobias asked if we would need in-house training and Mr. Cattaneo stated it is not required. Vice President Flores asked how individual users would get someone for the testing. Mr. Cattaneo stated it is up to the customer but the District can offer a list of operators in our area.

c. **Open Public Hearing**

President Tonascia opened the Public Hearing.

- d. **Closed Public Hearing or continue to later date**
With no public comments, President Tonascia closed the Public Hearing.
- e. **Consider Approval of Ordinance for the Rules and Regulations for the Recycled Water Project**
With a motion by Director Tobias and a second by Vice President Flores, Ordinance 56, *An Ordinance of the Board of Directors of the San Benito County Water District Establishing Rules and Regulations for the Recycled Water Project* was unanimously approved.

6. Public Hearing regarding the 2015-16, 2016-17 and 2017-18 Rates and Charges for the Recycled Water Project

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

Mrs. Mauro verified both the proof of publication and the notice of the Public Hearing.

b. Presentation of the 2015-16, 2016-17 and 2017-18 Rates and Charges for the Recycled Water Project

Mr. Cattaneo, utilizing a PowerPoint, presented the rates and charges for the Recycled Water Project. He reviewed the Prop 218 process and stated no protests have been received. The proposed rates are for 3 years and as this is a new project, there is no historical data to provide. With the proposed rates, the intent is that the project will pay for itself. The anticipated volume, per Mr. Cattaneo, is 1400AF of water annually, served between May and October.

Mr. Cattaneo reviewed how the District came up with the proposed rates, with construction, operation and maintenance costs, customer service costs, regulatory and monitoring costs, a small administrative fee and the power charge. Mr. Cattaneo stated the minimum annual purchase will be \$700 and it will be applied to the water charges. The state is looking for a minimum payment on the low interest loan that is being applied for to ensure repayment capacity. .

Mr. Cattaneo reviewed the 3 years of rates, including the power charge for each year.

Director Huenemann asked if the drought can affect this project. Mr. Cattaneo stated yes, but growth could offset the amount coming out of the wastewater plant. Mr. Cattaneo added the District only went out 3 years on rates so as we move forward with this project, the District will have historical data to review. Director Huenemann asked if the rates are too high. Mr. Cattaneo stated it is always a possibility, but there is a need for water and that area has poor quality well water.

c. Open Public Hearing

President Tonascia opened the Public Hearing.

A member of the audience asked where the recycled water would go if the District doesn't use it. Mr. Cattaneo stated it would go to the percolation ponds. The

audience member further asked if the recycled water is made to Title 22 quality, does it affect the salt level. Mr. Cattaneo replied that the water has to be disinfected to become acceptable as Title 22; it does not change the salt level. The audience member asked if the District is paying for the recycled water. Mr. Cattaneo stated not for the water, only for the treatment costs. Discussion ensued about where the excess water goes and why a line was put in to the airport.

d. Close Public Hearing or continue to later date

There were no other questions, so President Tonascia closed the Public Hearing.

e. Consider Approval of Ordinance for the 2015-16, 2016-17 and 2017-18 Rates and Charges for the Recycled Water Project

With a motion by Vice President Flores and a second by Director Bettencourt, Ordinance 57, *An Ordinance of the Board of Directors of the San Benito County Water District Establishing Charges for the Recycled Water Rates* was unanimously approved.

7. Discuss and Consider Approval of a Resolution for Pledged Revenues to Payment of any and all Clean Water State Revolving Fund and/or Water Recycling Funding Program

Mr. Cattaneo stated items #7 and #8 are related to the \$1.1 million Prop 84 Grant and the Prop 13 Grant/Loan, for \$500,000 and \$700,000. These resolutions are required by the State. Item #7 is required to show the District is pledging revenue to pay the low interest loan.

With a motion by Director Tobias and a second by Director Bettencourt, Resolution #2015-06, *A Resolution of the Board of Directors of the San Benito County Water District Pledged Revenues to Payment of any and all Clean Water State Revolving Fund and/or Water Recycling Funding Program* was unanimously approved.

8. Discuss and Consider Approval of a Reimbursement Resolution

With a motion by Director Bettencourt and a second by Vice President Flores, Resolution #2015-07, *A Resolution of the Board of Directors of the San Benito County Water District Reimbursement Resolution* was unanimously approved.

9. CLOSED SESSION: Conference with Labor Negotiator Pursuant to Government Code Section 54957.6

Agency Negotiator: District Manager
Title: Office and Field Employees

10. CLOSED SESSION: Conference with Labor Negotiator Pursuant to Government Code Section 54957.6

Agency Negotiator: District Manager
Unrepresented Employees:
Management/Confidential/Professional Employees

**11. CLOSED SESSION: Conference with Real Property Negotiator
Parcel Number 021-070-010-000, Unincorporated area of San
Benito County**

Agency Negotiator: Jeff Cattaneo

**Negotiating Parties: San Benito County Water District, A and R
Property Management, A General Partnership**

Under Negotiation: Purchase Price

The Board went into Closed Session at 6:55 p.m.

12. OPEN SESSION: Report any action if any

The Board returned from Closed Session at 7:15 p.m. and President Tonascia stated there was no action to report.

13. ADJOURNMENT

With no further business to discuss, the meeting was adjourned at 7:16 p.m.

Minutes were approved at the April 29, 2015 Board Meeting and signed by the presiding board member.

/s/ Joseph A. Tonascia
Joseph A. Tonascia, President

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