

June 25, 2014
Regular Meeting
6:00 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, June 25, 2014 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 Director Frank Bettencourt. Directors Sonny Flores and 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 Rosskamp, Supervising Accountant Natalie Sullivan, Information/Controls System Supervisor Jeff Ray, Office Specialist II Carolyn Garcia 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 Bettencourt and a second by Vice President Tonascia, 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: May 28, 2014 Regular Meeting**
- 2. Allowance of Claims**

With no questions from the Board, a motion was made by Director Bettencourt and seconded by Vice President Tonascia; the Consent Agenda was unanimously approved.

REGULAR AGENDA:

- 3. 2014-2015 District Budget**

- a. Presentation of 2014-2015 District Budget**

Mr. Cattaneo stated the budget has been reviewed by the Finance Committee. Mr. Cattaneo began by stating the process. Mr. Cattaneo reviews and approves each budget prior to them going to the committee or the Board. Using a Power Point Presentation, Mr. Cattaneo began by reviewing the Operating Budget. Due to the zero ag water allocation, this is the first time the District will not have a balanced budget. Mr. Cattaneo reviewed revenue by zone. Revenue sources are property taxes, interest, water rates and water sales. The District had 5400 AF in storage and asked for 5000 AF back from Santa Clara Valley Water District, in order to give the ag allocation this year. Mr. Cattaneo also reviewed the amount in the budget attributed to grant funds (\$3.9 million)

Regarding expenses, Mr. Cattaneo reported it is similar to previous years, except for Contract Services. The increase there is due to the cost of operation for the Lessalt WTP. Wages are similar but the cost of water is lower due to the reduced water allocation. Regarding general contract services, the budget is lower in general engineering, because more work is being done in-house. Contract services operations, is up, due to the cost of operating Lessalt. Also under contract services programs, every 5 years the District must participate in an Urban Water Management Plan (UWMP) and the District's portion is \$32,350. Water Resources Association's budget of \$140,000, includes the UWMP. In conclusion, Mr. Cattaneo stated the Operating Budget is at (\$285,271) deficit.

Mr. Cattaneo then reviewed the projects in the capital budget, totaling \$1.8 million. Construction costs include work at Lessalt, the West Hills WTP and the Fairview Road Water System improvements. Also reviewed for the Board were Property, Plant and Equipment, Reach 1 Capital Projects and the CVP Contract annual payment of \$1.4 million. Mr. Cattaneo summarized the Capital Budget and also included a review of the Hollister Urban Area Projects. Board action, per Mr. Cattaneo, would be to approve the proposed budget.

A member of the audience stated he is opposing the budget because he feels the urban water users are paying a lot more than the agribusiness customers.

b. Consider Board Approval of 2014-2015 District Budget

With a motion by Vice President Tonascia and a second by Director Bettencourt, the Board of Directors unanimously approved of the 2014-2015 District Budget.

4. Consider Amending Resolution 2013-13 Regarding the District Policy on Restriction and Designation of District Net Assets/Cash

Mrs. Singleton stated the Board calls for an annual review by the Finance Committee and the Board of the Restriction and Designation of District Net Assets/Cash. Mrs. Singleton explained the difference between restrictions and designations. Three changes she called out were: Added restricted reserves for the water treatments plants for asset replacement, which the District is obligated to do, for approximately \$190,000; The District will be liable for the \$30 million for the water treatment facilities and adding \$11.3 million to the HUAWMP reserve, it will fully fund the \$30 million project. Changing this to a restricted reserve acknowledges the District's obligation under the WSTA; and Added \$1 million to the capital reserves.

With a motion by Vice President Tonascia and a second by Director Bettencourt, Resolution #2014-08, *A Resolution of the Board of Directors of the San Benito County Water District Amending Resolution #2013-13 Regarding the District Policy on Restriction and Designation of District Net Assets/Cash* was unanimously approved.

5. Consider Resolution Restating the District's Investment Policy

Mrs. Singleton stated this item is also reviewed annually by the Board. District Counsel, Mr. Cattaneo and she have all reviewed the Investment Policy and agree no changes are needed. By the Board approving the resolution, they are simply confirming the existing policy.

With a motion by Director Bettencourt and a second by Vice President Tonascia, Resolution #2014-09, *A Resolution of the Board of Directors of the San Benito County Water District Restating the District's Investment Policy* was unanimously approved.

6. Consider Approval of Statement of Intent, City of Hollister, San Benito County, Sunnyslope County Water District and San Benito County Water District for Long Term Water Supply Plan and Master Plan Update

Mr. Cattaneo stated at the last board meeting, a presentation was given on the purpose of the Statement of Intent (SOI) and the need to update the Master Plan. The City of Hollister has already approved the SOI and Sunnyslope County Water District has it on their agenda for July 9, 2014. Mr. Cattaneo gave an overview of the SOI, including water supply options, drinking water and recycled water goals, the needs for the new treatment plant at West Hills and the facility additions needed. The SOI will be used to develop the next Memorandum of Understanding (MOU). President Tobias added it has already been presented to the Governance Committee. Mr. Cattaneo added, the Governance Committee accepted it and recommended it be taken to the individual boards for approval.

With a motion by Vice President Tonascia and a second by Director Bettencourt, the Board of Directors unanimously approved the Statement of Intent, City of Hollister, San Benito County, Sunnyslope County Water District and San Benito County Water District for Long Term Water Supply Plan and Master Plan Update.

7. Consider Resolution Ordering District Election, Requesting Election Services and Authorizing Payment Therefore

Mr. Cattaneo stated this is done every two years as it a formality for the election process.

With a motion by Director Bettencourt and a second by Vice President Tonascia, Resolution #2014-10, *A Resolution of the Board of Directors of the San Benito County Water District Ordering District Election, Requesting Election Services and Authorizing Payment Therefore* was unanimously approved.

8. Consider Authorizing District Manager to Execute a Consulting Agreement with Harry Blohm for his Services

Mr. Cattaneo stated Mr. Blohm will be providing services for the West Hills WTP, the upgrades at the Lessalt WTP, the Recycled Water Program with the City of Hollister, the HUAWWMP Update and the Pacheco Pass Water District. Mr. Cattaneo reviewed the scope and stated the majority of the scope is either part of the tranches or part of the shared expense with our partners in the HUAWP. \$21, 360 is strictly SBCWD, per Mr. Cattaneo.

With a motion by Vice President Tonascia and a second by Director Bettencourt, the Board of Directors unanimously authorized the District Manager to execute a Consulting Agreement with Harry Blohm for his Services, as described by Mr. Cattaneo.

9. Consider CEQA Findings of Fact, Mitigation Measures, Mitigation Monitoring and Reporting Program, and the CEQA Addendum to 2010 Supplemental Environmental Impact Report for SBCWD's Recycled Water Facilities Phase 1 Service Area

Mr. Rosskamp stated at last month's board meeting, the Board approved several consulting service items related to the Recycled Water grant application. The addendum does not need public review and the original SEIR was approved in 2010. The original SEIR, per Mr. Rosskamp, was for a pilot study and it sunsets in 2014; the scopes are the same.

Mr. Cattaneo added, the SEIR approved in 2010 allowed us to do the demonstration project and to serve recycled water to those same areas. Mr. Pipal stated items a, b, and c, need to be voted on separately.

a. Certify the San Benito County Water District Addendum to 2010 Supplemental Environmental Impact Report for SBCWD's Recycled Water Facilities Phase 1 Service Area the San Benito County Water District Addendum to 2010 Supplemental Environmental Impact Report for SBCWD's Recycled Water Facilities Phase 1 Service Area

With a motion by Vice President Tonascia and a second by Director Bettencourt, the Board of Directors unanimously certified the San Benito County Water District Addendum to 2010 Supplemental Environmental Impact Report for SBCWD's Recycled Water Facilities Phase 1 Service Area.

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

With a motion by Director Bettencourt and a second by Vice President Tonascia , Resolution #2014-11, *A Resolution of the Board of Directors of the San Benito County Water District Certifying the San Benito County Water District Addendum to 2010 Supplemental Environmental Impact Report for the Recycled Water Facilities Phase I Service Area Project; Adopting California Environmental Quality Act Findings of Fact, Mitigation Measures, and Mitigation Monitoring and Reporting Program; and Approving the Recycled Water Facilities Phase 1 Service Area Project* was unanimously approved.

c. Approve the Addendum to 2010 Supplemental Environmental Impact Report for SBCWD's Recycled Water Facilities Phase 1 Service Area & 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 Vice President Tonascia and a second by Director Bettencourt, the Board of Directors unanimously approved of the Addendum to 2010 Supplemental Environmental Impact Report for SBCWD's Recycled Water Facilities Phase 1 Service Area & Directed District Manager/Engineer to Sign the

Notice of Determination and File the Notice of Determination with San Benito County Recorder's Office.

10. Consider CEQA Findings of Fact, and the CEQA Notice of Exemption for SBCWD's Fairview Road Water System Well Replacement Project

Mr. Rosskamp stated this item is for the Fairview Road Water System, Zone 104, well replacement project. In April 2014, the Board voted to increase the rates at Zone 104. The reason for this project is because the well is failing and needs to be replaced. The District will need to abandon the old well, drill a new one and update the system. For this project, Mr. Rosskamp stated the District will need to amend the operating permit, through the CEQA process.

A member of the audience asked the age of the well. Mr. Cattaneo stated it over 60 years old.

Mr. Pipal stated a, b, & c will each need a vote.

a. Certify the San Benito County Water District Notice of Exemption for SBCWD's Fairview Road Water System Well Replacement Project

With a motion by Vice President Tonascia and a second by Director Bettencourt, the Board of Directors unanimously certified the San Benito County Water District Notice of Exemption for SBCWD's Fairview Road Water System Well Replacement Project.

b. Adopt by Resolution California Environmental Quality Act Findings of Fact and approve said project

With a motion by Director Bettencourt and a second by Vice President Tonascia, Resolution #2014-12, *A Resolution of the Board of Directors of the San Benito County Water District Certifying the San Benito County Water District Notice of Exemption for the Fairview Road Water System Well Replacement Project; Adopting California Environmental Quality Act Findings of Fact; and Approving the Fairview Road Water System Well Replacement Project* was unanimously approved.

c. Approve the Notice of Exemption for SBCWD's Fairview Road Water System Well Replacement Project & Direct District Manager/Engineer to Sign Notice of Exemption and File Notice of Exemption with San Benito County Recorder's Office

With a motion by Vice President Tonascia and a second by Director Bettencourt, the Board of Directors unanimously approved the Notice of Exemption for SBCWD's Fairview Road Water System Well Replacement Project & directed District Manager/Engineer to Sign Notice of Exemption and File Notice of Exemption with San Benito County Recorder's Office.

11. Consider Payment of United States Bureau of Reclamation Contract #8-07-20-W0130A payment due date, July 1, 2014

Mr. Cattaneo stated staff wanted the Board to have a discussion on whether or not the District should forego making the semi-annual payment to the Bureau, due July 1, 2014. Mr. Cattaneo's recommendation is to refer the item to committee. The Board action

would be to either approve the payment or refer it to committee. After July 10, 2014, Mr. Cattaneo stated the payment would be considered delinquent and a 1% penalty would be assessed. After 90 days of non-payment, interest of 6% per year, would begin. If the Board chooses to refer this item to committee, the committee could meet next week and then it could be considered at a Special Board Meeting, to be held on July 7, 2014.

The Board agreed to refer this to the Administration Committee.

12. Staff Report on Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting

Mrs. Singleton stated the District received the GFOA Certificate of Excellence, for the second year, for submitting the District's Comprehensive Annual Financial Report. Mrs. Singleton read the award into the record and stated it was received this week. President Tobias congratulated staff on this achievement.

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

Mr. Blohm stated he had 3 items to report on.

First, regarding Lessalt WTP, the construction is over 50% complete. A report was given to the Governance Committee this month. The Lessalt project is on budget and on schedule. Mr. Blohm reviewed some the activities at the plant since the last board meeting.

Mr. Roskamp added the required PG&E work has been completed. Mr. Cattaneo stated Specialty Construction is doing a good job.

Regarding the West Hills WTP, HDR is on schedule to be at the 90% level of design by the end of June. Following that, HDR will conduct an internal review, using senior staff members who are not currently working on the project. Following this review, the agencies' staffs will then review it, with the District taking the lead. Discussion ensued about how the administration building and shop were modified from the original plan for a better layout and cost savings.

Mr. Blohm then reviewed the current approach on CEQA, NEPA and the Incidental Take Permit (ITP). Mr. Blohm stated the intent is to have the ITP completed by the end of 2014. Mr. Blohm stated the planned approach, in regards to the endangered species issues, is to use a mitigation bank. Mr. Blohm stated the schedule states the ITP was to be complete by October, 2014, but the schedule could tolerate some slippage into early 2015, if necessary.

President Tobias asked if the slippage could be up to 6 months. Mr. Blohm stated staff is anticipating about 3 months.

Mr. Cattaneo reviewed the tranche report with the Board. So far, change orders have been about \$147,000, which is well under 2% of the total contract.

- 14. Committee/Agency Representative Reports:**
- a) San Luis Delta Mendota Water Authority (Tobias/Tonascia)**
Vice President Tonascia stated, regarding the public information advisory committee, ads have begun running in Fresno and Los Angeles, all in Spanish. It's being called Californians for Reliable Water Supply and it will be a 501(c). Mr. Cattaneo asked if Metropolitan Water is participating in this and Vice President Tonascia stated yes.
 - b) Pajaro River Watershed Flood Prevention Authority (Bettencourt/Flores)**
As per Director Bettencourt, one of the main topics was the Soap Lake Flood Plain.
 - c) Hollister Urban Area Water and Wastewater Master Plan Governance Committee (Tobias/Flores)**
As per President Tobias, this has already been covered.
 - d) Finance Committee (Bettencourt/Torquato)**
As per Director Bettencourt, the Budget was reviewed.
 - e) Personnel Committee (Tobias/Torquato)**
Mr. Cattaneo reported the committee discussed agency negotiations for represented and unrepresented employees in closed session.
- 15. District Manager/Engineer's Report:**
- a) Reach 1 Operations**
Mr. Cattaneo reported the District has received the final budget from Santa Clara Valley Water District (SCVWD).
 - b) Zone 3 Operations**
Mr. Cattaneo stated there is nothing to report; there is no water in the reservoirs.
 - c) Zone 6 Operations**
Mr. Cattaneo reported the District is drawing down San Justo Reservoir to about 2500-2600 AF. Also, Jeff Micko is nearly done with a water inventory model which Mr. Cattaneo reported will be a great help to the District.
 - d) San Luis Delta Mendota Authority Activities**
Mr. Cattaneo stated the DHCCP alternative conveyance project was presented. He will bring this to the Board at the July meeting.

EXECUTIVE SESSION

- 16. CLOSED SESSION: Conference with Labor Negotiator
Pursuant to Government Code Section 54957.6
Agency Negotiator: District Manager
Title: Office and Field Employees**
- 17. CLOSED SESSION: Conference with Labor Negotiator
Pursuant to Government Code Section 54957.6
Agency Negotiator: District Manager**

Unrepresented Employees: Management/Confidential/Professional Employees

- 18. CLOSED SESSION: Public Employee Performance Evaluation**
Title: District Manager/Engineer
Authority: California Government Code Section 54957

The Board went into Closed Session at 7:32 p.m.

- a. Reconvene in Open Session, Agenda items 16, 17, 18**
Take action if any (Government Code 54957.1)

The Board reconvened in Open Session at 8:05 p.m.

Regarding Agenda #16, there was no action taken.

Regarding Agenda #17, agreement has been reached. The Board has authorized the District Manager to proceed with the agreement. Also, as part of the agreement, the Water Conservation Manager will move from an M-34 to an M-40. This change will be effective at the next full pay period.

Regarding Agenda #18, this was tabled and will be considered at the July board meeting.

19. Adjournment

With no further business to discuss, the meeting was adjourned at 8:08 p.m.

Minutes were approved at the July 30, 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