

June 29, 2016
Regular Meeting
6:03 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, June 29, 2016 at 6:03 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 Assistant Manager Sara Singleton, District Counsel David E. Pipal, Supervising Accountant Natalie Sullivan, Consultant Harry Blohm and Board Clerk/Office Specialist III Barbara Mauro. District Manager/Engineer Jeff Cattaneo was absent.

CALL TO ORDER

President Flores called the meeting to order at 6:03 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; rebuttal will be limited to 3 minutes; no new business agenda items will be heard after 9:00 p.m.**
- c. **Approval of Agenda**
President Flores stated Agenda Item #9 will be removed from the agenda and item #8's correct amount should be \$229,673.83. Noting these corrections, Vice President Tobias made a motion and Director Bettencourt seconded it; the Board of Directors unanimously approved of the Agenda.
- d. **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 25, 2016 Regular Meeting**
2. **Allowance of Claims**
3. **Acknowledgement of Paid Claims prior to the June Board Meeting**

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

REGULAR AGENDA:

4. **Consider Amending Resolution 2015-16 Regarding the District Policy on Restriction and Designation of District Net Assets/Cash**
Mrs. Singleton stated the Finance Committee and Board annually review the District's Policy on Restriction and Designation of District Net Assets/Cash. She noted there are 3 changes this year. First, the deletion of the Recycled Water Restricted Reserve, which is not required as the District did not proceed with the loan, only the grant funds. Second, the Water Treatment Plant Asset Replacement has been modified for annual review by the District Engineer and the Board. Third, is the addition of a contribution of \$500,000,

effective June 30, 2016, for the Pacheco Conduit inspection for Reach 1, which is scheduled for early in 2017.

With no questions from the Board, a motion was made by Director Tonascia and seconded by Director Huenemann, Resolution #2016-12, *A Resolution of the Board of Directors of the San Benito County Water District Amending Resolution 2015-16 Regarding the District Policy on Restriction and Designation of Net Assets/Cash* was unanimously approved by the Board of Directors.

5. 2016-2017 District Budget

a. Presentation of 2016-2017 District Budget

Mrs. Singleton, using a PowerPoint presentation, reviewed the budget for the Board and stated their action would be to approve the proposed 2016-2017 Budget.

She began with the District's sources of funds and their uses. Mrs. Singleton then proceeded with the Operating Budget with a summary by each of the 4 zones, showing a positive balance of \$186,028. She reviewed the revenue key assumptions and then each of the District's revenue sources. Also reviewed was a comparison of revenue from FY 2015-16 and FY 2016-17. The next area discussed was the Expenses by Source, for which Cost of Water was the highest and Wages were the second highest. Mrs. Singleton reviewed a comparison of Expenses between FY 2015-16 and FY 2016-17, which showed an increase in the Cost of Water.

Vice President Tobias asked what the cost of water was based on. Mrs. Singleton stated staff looked at this year's Ag allocation of 5% and assumed 15% of the WY 2017-18 allocation would be used in the March-June 2017 time period. Mrs. Sullivan added the District is assuming a 30% Ag Allocation next year.

Mrs. Singleton then reviewed the General and Administration portion of the budget which includes Wages, Employee related benefits, Materials and Supplies, Contract Services-General and Operations, Contract Services-Programs and WRA participation. Mrs. Singleton concluded the Operating Budget portion of the presentation with a summary of net operating income after transfers and contributions.

Moving on to the Capital Budget, Mrs. Singleton reviewed all the current projects.

Vice President Tobias asked where the repairs of the hydraulics at Hernandez Reservoir are in the proposed budget. Mrs. Singleton stated that would not be in the Capital Budget but in the Operating Budget. Mrs. Sullivan stated it should be in Maintenance, in the Operating Budget.

Mrs. Singleton reviewed the construction in progress projects which include: the West Hills Water Treatment Plant, the Recycled Water Storage Ponds and the Fairview Road Water System Improvements. Also reviewed were the

Property/Plant/Equipment which would include pump repairs and a new roof for the rental (10 Mansfield) as well as Reach 1 Capital Projects, which include the Pacheco Conduit Inspection, the largest in that portion of the budget and the CVP Amendatory Contract payments. Mrs. Singleton concluded with a summary of the Capital Budget.

b. Consider Board Approval of 2016-2017 District Budget

With no further questions from the Board, a motion was made by Director Tonascia and seconded by Director Bettencourt; the Board of Directors unanimously approved of the 2016-2017 District Budget.

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

Mrs. Singleton stated this is the District's standard resolution, in an election year, ordering elections and asking for election services through the County.

With no questions from the Board, a motion was made by Vice President Tobias and seconded by Director Bettencourt, Resolution #2016-13, *A Resolution of the Board of Directors of the San Benito County Water District Ordering District Election, and Authorizing Payment Therefore* was unanimously approved by the Board of Directors.

7. Discuss and Consider Authorizing District Manager to Amend the Consulting Agreement with Harry Blohm for Services Relating to; West Hills Water Treatment Plant Project Management, Hollister Urban Area Water and Wastewater Master Plan Update Program Management, Recycled Water Storage Pond Project and the City of Hollister's Crosstown Pipeline and Hexavalent Chrome program (\$ 75,300)

Mrs. Singleton stated this would be Amendment #3 to Mr. Blohm's contract. She reviewed the budget and scope for FY 2016-2017, stating the total contract was \$75,300 but \$7,200 is District only. With no questions from the Board, a motion was made by Director Tonascia and seconded by Vice President Tobias; the Board of Directors unanimously Authorized the District Manager to Amend the Consulting Agreement with Harry Blohm for Services Relating to; West Hills Water Treatment Plant Project Management, Hollister Urban Area Water and Wastewater Master Plan Update Program Management, Recycled Water Storage Pond Project and the City of Hollister's Crosstown Pipeline and Hexavalent Chrome program (\$ 75,300).

8. Discuss and Consider Extension Agreement with PG&E for the West Hills Water Treatment Plant (\$229,673.83)

Mrs. Singleton stated the District has a proposal from PG&E which is time critical. The proposal appears to be 4 different proposals, but is really only 2, as the District will only be using electricity and no gas. Mrs. Singleton reviewed how the refund credit works and stated staff used the Lessalt WTP plant as a guide as well as consulting with HDR on the expected power consumption of the new plant.

Mr. Blohm added he spoke to HDR and they said most agencies take the route staff is proposing. Mrs. Singleton stated staff is recommending Option 1 and added this will need to be paid outside the claims process.

Director Huenemann asked what happens after years 3 and 4. Mrs. Singleton stated once you've used the available refund credit, you can't get any further refund but you have 10 years to deplete the refund credit.

With no further questions from the Board, a motion was made by Director Tonascia and seconded by Director Huenemann; the Board of Directors unanimously approved the Extension Agreement with PG&E for the West Hills Water Treatment Plant (\$229,673.83).

9. Discuss and Consider 3 Year Lease Renewal for 10 Mansfield Road

(Removed from the Agenda)

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

Mrs. Singleton stated the District, for the 4th year in a row, received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA. She stated there is a certain criteria you must meet to receive this. Mrs. Singleton thanked Mrs. Sullivan and her team for all of the hard work and also the 10 years leading up to this, which Mrs. Sullivan was the driving force behind. The Board expressed their appreciation.

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

Mr. Blohm began his report with the Master Plan Update. Staff of all the partner agencies continue to work together on both the Hexavalent Chromium VI issue and the Master Plan Update, so all data is consistent. HDR is working on the demand forecast and that should be complete in a few weeks. Also, Mr. Blohm stated the common data for both the Master Plan Update and the Urban Water Management Plan Update is being coordinated so everyone is on the same page. Also, the demand forecast is expected to be lower than anticipated in the original Master Plan.

Regarding the Retention Ponds for Recycled Water, Mr. Blohm reported staff is working with Auburn Construction on a change order from their contract for West Hills WTP.

Today, Mr. Blohm reported Auburn was asked to provide a cost and they stated it would be after the 4th of July holiday. Mr. Blohm reported it would go to staff first and then to the Board. This information will also be shared with our partners (COH, SSCWD).

12. Committee/Agency Representative Reports:

a) San Luis Delta Mendota Water Authority (Tobias/Tonascia)

As per Director Tonascia, the Authority reported there will not be any additional water allocated, they are hopeful more pumping will be allowed after July 1st and they anticipate San Luis Reservoir may be close to filling sometime in February 2017.

b) Pajaro River Watershed Flood Prevention Authority (Bettencourt/Flores)

As per Director Bettencourt, PRWFPA is considering purchasing property near Bloomfield and Frazier Lake to designate for wildlife. There was also discussion about scheduling a legislative meeting with Congressman Sam Farr.

- c) **Water Resources Association (Flores/Bettencourt)**
Director Flores was unable to attend; Mrs. Mauro reported the new state regulations were discussed.
 - d) **Administration Committee (Tobias/Flores)**
As per Directors Tobias and Flores, the committee discussed the lease for 10 Mansfield Road and Mr. Blohm's contract.
 - e) **Finance Committee (Bettencourt/Tonascia)**
As per Directors Bettencourt and Tonascia, the committee discussed the Budget and the Restrictions and Designations.
13. **District Manager/Engineer's Report:**
- a) **Reach 1 Operations**
As per Mrs. Singleton, discussion continues on the expected 12 week shutdown of Bifurcation in early 2017 for the Pacheco Conduit inspection.
 - b) **Zone 3 Operations**
As per Mrs. Singleton, there was nothing to report.
 - c) **Zone 6 Operations**
As per Mrs. Singleton, it is now being discussed that San Luis Reservoir may not fill.
 - d) **San Luis Delta Mendota Authority Activities**
As per Mrs. Singleton, this was covered under the committee reports.
14. **CLOSED SESSION:**
Conference with legal counsel—Existing litigation
Government Code 54956.9(a)
San Benito County Water District v. Randy McAlpine (CL-13-00437)
15. **CLOSED SESSION:**
Conference with Labor Negotiator
Pursuant to Government Code Section 54957.6
Agency Negotiator: District Manager
Title: Office and Field Employees
16. **CLOSED SESSION:**
Conference with Labor Negotiator
Pursuant to Government Code Section 54957.6
Agency Negotiator: District Manager
Unrepresented Employees: Management/Confidential/Professional Employees
(The Board went into Closed Session at 7:08 p.m.)

17. OPEN SESSION:

Report any action from Closed Sessions, if any

(The Board returned from Closed Session at 7:32 p.m.)

As per Mr. Pipal, there was no action on agenda item #14.

Regarding agenda items #15 and #16, Mr. Pipal reported that the District Manager will meet and confer with the Unrepresented Employees/ Management/ Confidential/ Professional employees and the District Manager will meet and confer with the representative of the Office and Field Employees.

18. Adjournment

With no further business to report, the meeting was adjourned at 7:33 p.m.

The minutes were approved at the July 27, 2016 Board meeting and signed by the presiding board member.

/s/Sonny Flores
Sonny Flores, President

/s/Barbara L. Mauro
Barbara L. Mauro, Board Clerk