

July 12, 2017  
Special Meeting  
5:02 p.m.

The Board of Directors of the San Benito County Water District convened in special session on July 12, 2017 at 5:02 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: Vice President Joe Tonascia and Directors Frank Bettencourt, Sonny Flores and Bob Huenemann; President John Tobias was absent. Also present were District Manager/Engineer Jeff Cattaneo, District Counsel David E. Pipal, Assistant Manager Sara Singleton, and Board Clerk/Office Specialist III Barbara Mauro.

### **CALL TO ORDER**

Vice President Tonascia called the meeting to order at 5:02 p.m.

**a. Pledge of Allegiance**

Vice President Tonascia led the Pledge of Allegiance.

**b. Speakers will be limited to 5 minutes to address the Board**

### **AGENDA ITEMS:**

**1. Consider Amending Resolution 2016-12 Regarding the District Policy on Restriction and Designation of District Net Assets/Cash**

Mrs. Singleton stated this is the Board's annual review of the Restriction and Designation of District Net Assets/Cash. This resolution is amending the resolution approved in 2016. Mrs. Singleton reported there are 2 proposed changes:

- 1) Modify the method of calculating asset replacement for the treatment plants. Once West Hills is complete, the District will have 2 treatment plants. The base percentage is calculated on 1.5% of the constructed cost. The cost of Lessalt WTP was \$10 million and the cost of West Hills WTP was \$24.2 million. That would be a reserve of \$522,000.
- 2) Create a reserve for the Sustainable Groundwater Management development, which would be \$500,000. This would fund the Groundwater Sustainability Agency process and would be split 15/35/50 between Zones 1/3/6.

With no questions from the Board, a motion was made by Director Flores and seconded by Director Bettencourt, Resolution #2017-12, *A Resolution of the Board of Directors of the San Benito County Water District Amending Resolution #2016-12 Regarding the District Policy on Restriction and Designation of District Net Assets and Cash* was unanimously approved.

## 2. 2017-2018 District Budget

### a. Presentation of 2017-2018 District Budget

Mr. Cattaneo presented the proposed 2017-2018 District Budget using a PowerPoint presentation. He stated the budget comes with a recommendation from the Finance Committee and the Board's action would be to approve the Budget.

He began with an overview of the Operating and Capital Budgets with their sources of funds and uses. Mr. Cattaneo continued with reviewing how the District develops the Operating Expense Budgets by department and the final approval of each department's budgets is by the District Manager. This occurs before being presented to the committee and then to the Board.

Mr. Cattaneo summarized the Operating Budget, by zone, of the net operating income after transfers and contributions.

The District Revenue's key assumptions were reviewed. They included: water sales and services; groundwater; power charges; recycled water; well permits; Fairview water system; property taxes; interest; rental property income and other (such as penalty charges).

Mr. Cattaneo reviewed the summary of operating expenses over a 9 year period; the significant change was the increase in the cost of water. Under General and Administration, Mr. Cattaneo noted a slight increase and attributed it partly to the increase in water rights fees, up \$70,000. Wages and employee related costs remained fairly constant. Materials and Equipment is up slightly due to the replacements of several valves. Contract Services are higher in the upcoming budget due to the estimated \$150,000 for the Hernandez Reservoir Assessment and the \$250,000 chemigation valve replacement. Contract Services—Operations has increased due to the addition of West Hills WTP. Mr. Cattaneo also reviewed the Contract Services-Programs and the Water Resources Association. Mr. Cattaneo concluded with the Net Operating Income, after Transfers and Contributions, by Zone. The net overall operating income is \$547,024.

Mr. Cattaneo then reviewed the Capital Budget. The Capital Projects for this year's budget included: North Area Groundwater/Banking Program; Delta Habitat Conservation/Conveyance Program; State/Federal Contractor Water Agency; Hollister Urban Area Water and Wastewater Plan Update; Groundwater Management Plant (SGMA); Pacheco Reservoir Expansion and West Hills WTP. These projects totaled \$865,000. Property, Plant and Equipment included \$100,000 for WHWTP, reported Mr. Cattaneo. Next, he reviewed the Reach 1 Capital

Projects which included items such as the Pacheco Conduit Inspection and Rehab; the Pacheco/Santa Clara Conduit Right of Way Acquisition and the Pacheco Power Plant Fire Suppression. The District's share of these projects is: \$2,404,200. Also reviewed was the CVP Amendatory Contract payments. Mr. Cattaneo concluded the review of the Capital Budget with a summary which is \$4,924,291.

Director Bettencourt asked if the expenses for the WHWTP included testing equipment. Mr. Cattaneo stated the equipment is included in the contract, which stated the contractor would deliver a fully completed treatment plant. The items in the budget shown at the meeting were miscellaneous items such as furniture, computers, etc., not included in the contract.

Vice President Tonascia asked how the District stood on vehicles. Mr. Cattaneo reported 2 new trucks were purchased last year and the previous year, the District purchased a forklift. The backhoe is old but still functioning.

Mrs. Singleton added the District does have a few vehicles with high mileage. Mr. Cattaneo further added all vehicles are operating at this time.

**b. Consider Board Approval of 2017-2018 District Budget**

With no further questions from the Board, a motion was made by Director Bettencourt and seconded by Director Flores; the Board of Directors unanimously approved the 2017-2018 District Budget.

**ADJOURNMENT**

With no further business to discuss, the meeting was adjourned at 5:38 p.m.

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The minutes were approved at the July 31, 2017 Board meeting and signed by the presiding board member.

/s/John Tobias  
John Tobias, President

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