

September 24, 2014  
Regular Meeting  
6:00 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, September 24, 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 Bettencourt. Directors Sonny Flores and Joe Torquato arrived late. Also present were District Manager/Engineer Jeff Cattaneo, Assistant Manager Sara Singleton, Deputy District Engineer Dale Rosskamp, Supervising Accountant Natalie Sullivan, Assistant Engineer Christopher Kinney and Office Specialist III Barbara Mauro. District Counsel David E. Pipal arrived late.

### **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 Torquato and a second by Director Bettencourt, 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: August 27, 2014 Regular Meeting**
2. **Allowance of Claims**
3. **Acknowledgement of Paid Claims prior to the September Board Meeting**

Director Bettencourt asked to abstain from the vote on the Consent Agenda, as he was not in attendance at the last meeting, so it was tabled until a quorum was reached.

Following item #4, we now had a quorum without Director Bettencourt. With a motion by Director Flores and a second by Vice President Tonascia, the Consent Agenda was passed by three affirmative votes (Tobias, Tonascia and Flores), one abstention, Bettencourt and one absent, Torquato.

### **REGULAR AGENDA:**

4. **Consider Resolution Establishing an Interim Policy for Rescheduling Unused/Conserved 2014-2015 Water by Individual Agricultural and Municipal & Industrial Contract Water Users**  
Mr. Cattaneo stated the District has considered the rescheduling of unused/conserved water for the last seven years. Due to limitations in storage in San Luis and San Justo Reservoirs, the targeted carry-over amount is about 3000 AF. The Committee met and is recommending increasing the rescheduling percentage to 50% of the amount of the contracts, which would be up from the 35% from the current year. If the water allocation

goes up, Mr. Cattaneo stated the rescheduling percentage will need to go down accordingly in future years.

*(Director Flores arrived at 6:06 p.m.)*

With a motion by Director Bettencourt and a second by Director Flores, Resolution #2014-17, *A Resolution of the Board of Directors of the San Benito County Water District Establishing an Interim Policy for Rescheduling Unused/Conserved 2014-2015 Water by Individual Agricultural and Municipal & Industrial Contract Water Users* was unanimously approved.

**5. Consider Approval of Proposition 84 Project Sponsor Grant Agreements**

Mr. Cattaneo stated the Board has already approved the Grant Agreement the District has with the Department of Water Resources (DWR). The agreements on the agenda between the District and the other agencies are the same agreements as the agreement we have with the DWR.

*(Director Torquato arrived at 6:08 p.m.)*

Mr. Cattaneo stated each contract should be voted on one at a time.

**a. Pajaro Sunny Mesa Community Services District**

With a motion by Vice President Tonascia and a second by Director Torquato, the Board of Directors unanimously approved the Proposition 84 Project Sponsor Grant Agreement between the District and Pajaro Sunny Mesa Community Services District.

**b. Pajaro Valley Water Management Agency**

With a motion by Director Bettencourt and a second by Director Flores, the Board of Directors unanimously approved the Proposition 84 Project Sponsor Grant Agreement between the District and Pajaro Valley Water Management Agency.

**c. Resource Conservation District of Santa Cruz County**

With a motion by Director Torquato and a second by Vice President Tonascia, the Board of Directors unanimously approved the Proposition 84 Project Sponsor Grant Agreement between the District and the Resource Conservation District of Santa Cruz County.

**6. Consider Approval and Execution of the Hollister Urban Area Water and Wastewater Master Plan Update MOU**

Mr. Cattaneo stated this MOU is for the update to the Master Plan. The original intent was to include San Benito County but there is still some issue for the County so the other three agencies have elected to move forward and allow the county to come aboard at a later date.

*(Dave Pipal arrived at 6:10 p.m.)*

Director Torquato asked how it has been received by the other two agencies. Mr. Cattaneo stated Sunnyslope County Water District (SSCWD) and the City of Hollister (COH) will approve it sometime in October. He added it is similar to the previous MOU.

With a motion by Director Torquato and a second by Director Flores, the Board of Directors unanimously approved the execution of the Hollister Urban Area Water and Wastewater Master Plan Update MOU.

**7. Consider Accepting a Position of Parity on the Sunnyslope County Water District Redemption of 2002 California Statewide Communities Development Authority Bonds in the Amount of \$3,935,000 and Reissuance of Said Debt to Municipal Finance Corporation**

Mr. Cattaneo stated the District has an agreement with SSCWD and the COH for the HUAWP in the form of a Water Services Agreement. There is a provision in the agreement requiring the District be given a position of parity going forward whenever either party is refinancing their current debt. SSCWD is only changing lenders and it will not change our position but there is a minor issue in the contract.

Mr. Pipal stated on page 4, regarding the capital component, it refers to the amount as \$395,215, which is incorrect. Mr. Pipal contacted SSCWD's counsel and they could not answer where that number can come from. Taking that wording out of the contract, Mr. Pipal stated the District remains in first position and recommends approval.

With a motion by Director Torquato, which included making the change to page 4 as stated by Mr. Pipal, the motion was seconded by Vice President Tonascia, the Board of Directors unanimously accept a Position of Parity on the Sunnyslope County Water District Redemption of 2002 California Statewide Communities Development Authority Bonds in the Amount of \$3,935,000 and Reissuance of Said Debt to Municipal Finance Corporation.

**8. Discuss and Consider Changing the Regular Board Meeting Dates for the Months of October, November and December 2014, currently scheduled for:**

- **October 29, 2014**
- **November 26, 2014**
- **December 31, 2014**

Mr. Cattaneo stated there are conflicts with staff for the October meeting and with holidays for the November and December meetings. Staff is proposing changing the meetings to:

October 22, 2014                      November 19, 2014                      December 17, 2014

With a motion by Vice President Tonascia and a second by Director Flores, the Board of Directors unanimously agreed to change their regular Board Meeting dates for the months of October, November and December 2014 to October 22, 2014, November 19, 2014 and December 17, 2014.

**9. Discussion and Direction to Staff regarding Potential Successor Agency of the Pacheco Pass Water District and Direct Staff**

Mr. Cattaneo stated the District was contacted by LAFCO. LAFCO is looking for potential successor agencies for Pacheco Pass Water District. LAFCO contacted both our

District and Santa Clara Valley Water District (SCVWD). Several meetings have been held and staff is looking for direction from the Board whether to pursue a possible joint venture with SCVWD. Mr. Cattaneo stated there are capital issues that need addressing and liability issues that have been identified. If it is the desire of the Board to have staff continue, Mr. Cattaneo will schedule a joint Ad Hoc committee with both Districts.

Director Torquato asked if there is debt; Mr. Cattaneo stated no.

President Tobias asked if there are deferred obligations and Mr. Cattaneo stated yes. Mr. Cattaneo added the spillway is in need of repair.

Director Torquato asked if there is a tax base. Mrs. Singleton stated yes, approximately \$30,000 annually. Mr. Cattaneo added that the District could issue new taxes. Mr. Pipal stated a Prop 218 could be done just as our District does them. Their zone could be reorganized and LAFCO could assist with this, per Mr. Pipal. Mr. Cattaneo added it would be important to fully understand all of the liabilities. Mr. Cattaneo asked what the consensus of the Board was. The Board unanimously agreed to have staff pursue studying the benefits and costs associated with the Pacheco Pass Water District.

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

Mr. Cattaneo stated the Board was given a tour today of the plant. It is close to completion but is will be 3 weeks to 2 months behind schedule due to the late delivery of the pumps. The approximate date of turn over for operation will be December 15<sup>th</sup> but it will be under Specialty Construction Incorporated's control until that time.

Mr. Roskamp reported that ESA is working with the District on the on mitigation strategy for comments for the Incidental Take Permit (ITP). There are three areas for mitigation banks the District is currently pursuing: 1) Ohlone West (Alameda County); 2) Sparling Ranch (San Benito County) and 3) French Ranch (off of Comstock). The 4<sup>th</sup> strategy being pursued, per Mr. Roskamp, is a Letter of Credit, which is based on the criteria and can be used for 18 months or possibly longer, if needed. Mr. Roskamp will follow up in approximately 1 week to check the status of the ITP. Mr. Cattaneo added if we are able to use the Sparling Ranch for mitigation, it will be significantly less expensive.

Mr. Cattaneo reviewed the Tranche report for the Board. He stated the change orders were approximately \$160,000.

**11. Staff Report on 4th Quarter Financial Reporting**

Mr. Cattaneo, using a Power Point, gave the Board a recap of the 4<sup>th</sup> quarter reporting. He reviewed both the operating and capital budgets versus actual.

Mr. Cattaneo did add that he was told yesterday that the District will be awarded \$2.2 million for Reclaimed Water Project from Prop 84 Grant Funds.

Mr. Cattaneo also stated the CVP annual payment was \$1,392,151.

**12. Committee/Agency Representative Reports:**

- a) **San Luis Delta Mendota Water Authority (Tobias/Tonascia)**  
As per Mr. Cattaneo, this will be covered under the Manager's report.
- b) **Pajaro River Watershed Flood Prevention Authority (Bettencourt/Flores)**  
As per Director Bettencourt, he was out of town and did not attend.
- c) **Water Resources Association (Flores/Bettencourt)**  
As per Director Flores, general business was discussed.
- d) **Finance Committee (Bettencourt/Torquato)**  
As per Director Torquato, the 4<sup>th</sup> quarter reporting was reviewed.
- e) **Zone 6 Water Supply Committee (Tobias/Torquato)**  
As per President Tobias, the water rescheduling was discussed.
- f) **Pacheco Reservoir Exploratory Ad Hoc Committee (Tobias/Flores)**  
As per the directors, this has already been discussed.

**13. District Manager/Engineer's Report:**

- a) **Reach 1 Operations**  
Mr. Cattaneo reported the only item to report was that Joan Maher is retiring.
- b) **Zone 3 Operations**  
Mr. Cattaneo reported there isn't much to report; there isn't any water in either Paicines or Hernandez Reservoir.
- c) **Zone 6 Operations**  
Mr. Cattaneo reported that the District is currently operating off of San Justo Reservoir but should be turning the system around to Bifurcation around the end of the month. The District has received complaints about the odor but it is not a health issue. Mr. Cattaneo stated the District moved water early into San Justo Reservoir in order to reduce our exposure to possible loss in San Luis Reservoir.
- d) **San Luis Delta Mendota Authority Activities**  
Mr. Cattaneo reported the Water Transfer Agreement for Yuba has expired and a new activity agreement is needed. New this time is that there is a request for \$20 million up front, but this is a shared cost among the state and federal water users. The District's share of this cost would be approximately \$215,000, but it does go toward the cost of the water, so in essence the District would be pre-paying the water.

**14. Adjournment**

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The minutes were approved at the October 22, 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