

September 25, 2013
Regular Meeting
6:00 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, September 25, 2013 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 and Directors Sonny Flores and Joe Torquato. Vice President Joe Tonascia and Director Frank Bettencourt were absent. 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, Consultant Harry Blohm 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 Flores and a second by Director Torquato, 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 28, 2013 Regular Meeting**
2. **Allowance of Claims**
3. **Acknowledgement of Paid Claims prior to the September Board Meeting**
4. **Recognizing Dale Rosskamp for 5 Years of Service, Certificate Issued**
Mr. Cattaneo thanked Mr. Rosskamp for his 5 years of service to the District and presented him with a plaque.

With a motion by Director Torquato and a second by Director Flores, the Consent Agenda was unanimously approved.

REGULAR AGENDA:

5. **Presentation by a representative from San Luis & Delta Mendota Water Authority on proposed Public Information Program**
Mr. Cattaneo stated Mike Wade and Dan Nelson will be offering the board a presentation on the proposed Public Information Program by SLDMWA. This program's cost is \$800,000, which 2 ¼% would be the District's portion.

Mr. Nelson stated the Central Valley Project (CVP) has been hit hard over the last 15-20 years with regulatory issues. The legal processes have been dealing with regulatory statutes dealing with biology, hydrology and legal issues. Members of the SLDMWA and farmers formed an advisory committee to work on public relations, that all involved felt

was lacking for the CVP. As part of this new program, Mr. Nelson stated ads have been running on a trial basis, with good response. Mr. Cattaneo added that Westlands Water District has committed nearly \$3 million to this project (they have spent \$1.2 and committed to an equal amount in the future).

Mike Wade stated, in conjunction with the California Farm Alliance, SLDMWA has reached out to the Hispanic community and asked how best to get the message out about water issues. Ten weeks into the program, when polling was done, 90% of those polled gave a good response regarding water. Mr. Wade stated Univision has been a good connection and Martha Rosas is volunteering her time and is featured in many of the advertisements.

Mr. Nelson added that the polling was random and the response has been favorable. Some, including himself, were skeptical at first, viewing the cost versus the end product. Westlands put up the funding but allowed those with the message to get it out. Mr. Nelson stated the ads will target specific markets and customize the message. He added economic times are difficult, so spending \$800,000, is not being taken lightly.

Mr. Cattaneo asked if Metropolitan Water plans to participate and Mr. Nelson replied yes, among other agencies. President Tobias added it is important to reach Southern California so it is a statewide buy-in.

Director Torquato asked if the Hispanic audience is the only target. Mr. Nelson stated this approach is a good place to start.

Mr. Cattaneo stated the previous program brought to the SLDMWA members had a much higher amount and was for a longer period of time. This proposal is for \$800,000 for one year and he feels it is a good start.

Mr. Nelson thanked the District for its continuing support.

Mr. Cattaneo stated the direction for the board, going forward, is contributing approximately \$16,000 to participate in this program.

Mr. Pipal stated, as it is not an action item on the agenda, the Board would have to declare this an urgency item that came up after the agenda was posted and that it could not wait until the next regular board meeting. Mr. Pipal added the Board needs to make a motion to add it to the agenda and then take a vote on it.

With a motion by Director Torquato and a second by Director Flores, the Board unanimously agreed to add the agenda item, Consider San Benito County Water District's participation in the Public Outreach Program through San Luis and Delta Mendota Water District for an approximate cost of \$16,000; this was unanimously added.

With a motion by Director Torquato and a second by Director Flores, the Board of Directors unanimously agreed to participate in the Public Outreach Program through San Luis and Delta Mendota Water District for the approximate amount of \$16,000.

6. Discuss and Consider Accepting the Transfer of the City of Hollister's Lessalt Water Treatment Facility Real Property and Facilities to the San Benito County Water District

Mr. Cattaneo stated, as part of the Water Supply and Treatment Agreement approved by all three agencies (District, City of Hollister (COH) and Sunnyslope County Water District (SSCWD)), the Lessalt Water Treatment Facility was to be transferred to the District. Because the COH had never transferred 50% to SSCWD, this agreement of transfer is only from the COH to the District. This transfer needs to take place prior to awarding the contract for the Lessalt Upgrade Project to Specialty Construction, Inc. and once escrow is completed, the District can give Specialty a Notice to Proceed. Mr. Pipal stated, as part of the motion, it should include authorizing the Board President to sign the transfer agreement.

With a motion by Director Torquato, which included authorization for the Board President to sign the agreement, and a second by Director Flores, the Board of Directors unanimously accepted the transfer of the City of Hollister's Lessalt Water Treatment Facility Real Property and Facilities to the San Benito County Water District.

7. Lessalt Water Treatment Plant Disinfection Byproducts Reduction Improvements and the Fairview Transmission Pipeline Project

Mr. Cattaneo stated the District advertised for bids for the project in July. 8 companies pulled plans but only 4 companies turned in bids on the due date of September 5, 2013. The bids were very close but Specialty Construction, Inc. was the low bid.

Todd Reynolds, of Kennedy-Jenks Consultants, reviewed the bid process. Following the bid receipt, the references of the low bidder were checked. Additionally, staff interviewed the project manager and construction manager from Specialty Construction and staff is recommending awarding the bid to them.

President Tobias added this item also has the recommendation of the Administration Committee.

Mr. Cattaneo stated he has had past experience with Specialty Construction. It was a good experience and he encountered no problems with them. The additional amount, over the bid amount, is approximately 5% of the total cost, and this would cover any necessary change orders. This additional amount is mostly a timing issue, so staff does not need to come back to the board, unless it was necessary to go above this amount. Mr. Cattaneo added the Board will be given monthly updates on the progress of the project as well as the expenditures.

a. Consider Awarding a Contract to Specialty Construction Inc. for the Lessalt Treatment Plant Upgrades and Fairview Road Transmission Pipeline Construction and Authorizing the District Manager to Execute all Documents Necessary (\$7,190,439)

With a motion by Director Torquato and a second by Director Flores, the Board of Directors unanimously agreed to award a contract to Specialty Construction, Inc. for the Lessalt Treatment Plant Upgrades and Fairview Road Transmission Pipeline and Authorized the District Manager to Execute all Documents Necessary.

b. Consider Approval of Contractor Payment Process

Mr. Cattaneo reviewed our normal claims process and stated this process could create timing issues for the construction contract. Staff is proposing a change to the process for this project only. Dahl Consultants will review and approve invoices and then turn them over to Mr. Cattaneo for review and to authorize payment. Also, 5% will be retained until the completion of the project.

Director Torquato asked who will release the retention. Mr. Cattaneo stated at the completion of the project, the Board approves completion and the retention can be released at that time.

President Tobias asked how the phases and payments will work. Mr. Cattaneo stated Specialty will produce a payment schedule which the District will need to approve. During the project, Dahl Consultants will approve each phase and then the District will approve that phase for payment.

Regarding the release of the retention, Mr. Pipal added the District will wait to file the Notice of Completion, until they are satisfied with the project and then the retention can be released. Mr. Cattaneo added there is also going to be payment bonds for the project. Discussion ensued about preliminary liens being in the Government Code for public projects and Mr. Pipal stated he will review this.

With no further questions, a motion was made by Director Flores and seconded by Director Torquato; the Board unanimously approved of the Contractor Payment Process for the Lessalt Project.

8. Discuss and Consider Changing the Regular Board Meeting Dates for the Months of October, November and December 2013, currently scheduled for:

- **October 30, 2013**
- **November 27, 2013**
- **December 25, 2013**

Mr. Cattaneo stated there were conflicts with the next three regular board meetings and staff has suggested moving each meeting to one week earlier, on October 23, 2013, November 20, 2013 and December 18, 2013.

With a motion by Director Torquato and a second by Director Flores, the Board of Directors unanimously agreed to Change the Regular Board Meeting Dates for the Months of October, November and December 2013 to October 23, 2013, November 20, 2013 and December 18, 2013.

9. Discuss and Consider Ethics Training for Board of Directors and Staff

Mr. Cattaneo stated the board is due for required Ethics Training. Discussion ensued about the options available, either on-line through the Fair Political Practices Commission or through an Ethics Training at the City of Salinas (two sessions on October 14, 2013). The Board of Directors agreed to either do the training on-line or call the office if interested in the training offered in Salinas.

10. Staff Report on 4th Quarter Financial Reporting

Mr. Cattaneo, using a Power Point Presentation, reviewed the 4th quarter/end of the fiscal year with the Board.

Regarding revenue, it is up due to water sales, unexpected RDA funds and an increase in well permits. Interest revenue is down, due to the low interest rates.

District wide, wages are close to budget but the allocation to Zone 3 is higher, due to the repair work the District had to do in the Paicines Canal. Also, utilities were higher because there is more pumping involved when the District uses water from San Justo Reservoir.

Contract services are at 63% of budget because some work budgeted was done in-house and other budgeted projects either didn't need work done in this fiscal year or not all the funds were used. Mr. Cattaneo reviewed operations by zone. Mr. Cattaneo added revenue was also up due to the fact the District sold stored water.

Regarding the capital budget, Reach 1 is under budget. Mr. Cattaneo reviewed the budget based on category as well as reviewing all the current projects.

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

Mr. Blohm stated HDR will be delayed on the design for the West Hills Water Treatment Plant (WHWTP). ESA, who is doing the environmental work for this project, Mr. Blohm stated has three components for this project related to the EIR. CEQA (California Environmental Quality Act) is needed. ESA is ghostwriting the NEPA (National Environmental Policy Act) portion, which is also needed for the project. The third item is the presumed evidence of an endangered species near the site, which is the California Tiger Salamander. Fish and Wildlife, both state and federal, are working with the District on this issue. Mr. Blohm reported that funds will need to be set aside for land for mitigation. This will not only affect the schedule but also increase the cost.

Mr. Cattaneo added the District must prove we **don't** have the endangered species, not the other way around. Mr. Cattaneo stated it will be a two pronged approach; having a mitigation plan and doing a two year protocol study, which will impact the schedule.

Director Torquato asked if the District knew the cost of the study and what will be the exposure to the District. Mr. Blohm stated he didn't know the exposure and a best guess amount could be \$100,000 to \$200,000 but will continue to keep the Board informed.

Mr. Rosskamp added the protocol study could reduce the mitigation costs.

Mr. Cattaneo added the District just received word on the Prop 4 Grant; it appears that the District will receive the full \$7.5 million grant. \$4.1 million can be used for the project.

Mrs. Singleton asked when the District expects to get the final word on the grant. Mr. Cattaneo stated 4-5 weeks. President Tobias asked if it would be helpful for the COH and SSCWD to write letters of support; Mr. Cattaneo felt this was a good idea.

12. Committee/Agency Representative Reports:

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

As per Mr. Cattaneo, the main focus was the public outreach program, which has been covered.

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

Director Bettencourt attended the meeting but is absent. Staff reported Phil Williams and Associates completed the San Benito River Study and concluded the sentiment in the Pajaro River has come from the San Benito River.

c) Water Resources Association (Flores/Bettencourt)

As per Director Flores, usual business was discussed.

d) Administration Committee (Tobias/Flores)

As per Directors Tobias and Flores, this has already been covered.

e) Rural Water Systems Committee (Flores/Tonascia)

As per Mr. Cattaneo, the Department of Public Health (DPH) has asked for financial plans for the Fairview Road Water System (FRWS) including a capital improvement reserve and an operating reserve. In order to accomplish this, there would need to be a one-time assessment for the capital needs and a rate increase for the operating needs, both via a Prop 218 process. There is currently \$13,000 in reserves.

At the recent committee meeting, homeowners and tenants were invited to attend. An option offered to them was similar to what was proposed to Harmony Hills. Separate the connections into 2 parts, which would mean it, would fall under county jurisdiction rather than DPH. Another committee meeting is scheduled for October 17, 2013 at 5 p.m. Discussion ensued on how this would work and what obligations the District would have. Mr. Pipal added there is currently no basis to dissolve the zone, so that is not an option.

Regarding the Prop 218, the assessment would only be for the homeowners to vote on. The Prop 218 for the rate increase, the tenants and owners would both be able to vote, but each connection would only receive one vote.

- f) **City of Hollister RDA Advisory (Tobias)**
As per President Tobias, there is nothing to report.

13. District Manager/Engineer's Report:

a) **Reach 1 Operations**

Mr. Cattaneo reported that Santa Clara Valley Water District (SCVWD) wanted to shut-down Reach 1 for 90 days and the District only agreed to a 30 days. SCVWD wants to de-water the Pacheco Pumping Plant and Conduit. A concern SCVWD has is that the valve at bifurcation leaks and their district is worried about the zebra mussels getting into their pipeline. An option would be to put in an additional valve at bifurcation. If done within the vault, it would cost approximately \$300,000-\$400,000. If done outside of the vault, it could be approximately \$1 million.

b) **Zone 3 Operations**

Mr. Cattaneo suggested an option to repair another section of the canal. Instead of the full 1000', it has been proposed to do the worst portion (200') as a trial because a different repair method is being considered.

Director Torquato asked if the gates at the reservoir will be inspected and Mr. Cattaneo stated yes.

c) **Zone 6 Operations**

Mr. Cattaneo reported Mr. Rosskamp spoke to Charlie Martin from Pacific Scientific. Mr. Martin is concerned about the slide near the San Justo Reservoir and it will soon impact some of their buildings. The District may need to consider some remediation.

d) **San Luis Delta Mendota Authority Activities**

As per Mr. Cattaneo, this has already been covered.

14. Adjournment

With no further business to discuss, the meeting was adjourned at 8:12 p.m.

Minutes were approved at the October 23, 2013 Board Meeting and signed by the presiding board member.

/s/John Tobias
John Tobias, President

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