

December 16, 2015
Regular Meeting
6:00 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, December 16, 2015 at 6:00 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: President Joe Tonascia, Vice President Sonny Flores and Directors John Tobias, Frank Bettencourt and Bob Huenemann. Also present were District Manager/Engineer Jeff Cattaneo, District Counsel David E. Pipal, Assistant Manager Sara Singleton, Information and Controls System Supervisor Jeff Ray, Supervising Accountant Natalie Sullivan, Consultant Harry Blohm and Office Specialist III Barbara Mauro.

CALL TO ORDER

President Tonascia called the meeting to order at 6:00 p.m.

- a. **Pledge of Allegiance to the Flag**
President Tonascia 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**
With a motion by Vice President Flores and a second by Director Tobias, the Agenda was unanimously approved.
- 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: November 18, 2015 Regular Meeting**
2. **Allowance of Claims**
3. **Acknowledgement of Paid Claims prior to the December Board Meeting**
4. **JPIA Award for a Loss Ratio of less than 20% in Liability, Property and Workers Compensation Programs**

Director Bettencourt asked about the bill for SV Media. Mrs. Sullivan stated it is newspaper advertising.

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

REGULAR AGENDA:

5. **Consider Resolution Recognizing Jeffrey Ray for 29 Years of Service**
Mrs. Singleton read the resolution into the record.

Mr. Cattaneo thanked Mr. Ray for his service and stated it will be a significant loss to the District. President Tonascia also thanked Mr. Ray for his service and stated he treated the District as if it was his own business. Mr. Cattaneo presented Mr. Ray with a plaque.

With a motion by Director Tobias and a second by Director Huenemann, Resolution #2015-20, *A Resolution of the Board of Directors of the San Benito County Water District Recognizing Jeffrey Ray for 29 Years of Service* was unanimously approved.

6. Discuss and Consider Authorizing the District Manager to mail Prop 218 Notices for:

- a. 2016-2017, 2017-2018, and 2018-2019 Zone 6 Water Rates**
- b. 2016-2017 Groundwater Rates**

Mr. Cattaneo stated it has been 3 years since the last rate analysis for Zone 6 water rates and 2 years since the last groundwater rate analysis. Mr. Cattaneo reviewed the process and stated the Board's action would be to authorize the District Manager to mail the Prop 218 notices and then consider approval of said rates at a hearing on February 1, 2016.

There is a proposed 3 year schedule for the San Felipe Water Rates for the 2016-17, 2017-18 and 2018-19 water years. Having a 3 year rate schedule in place is good planning for the growers. Mr. Cattaneo explained the rate development and stated estimates were used in the Ag and M & I water allocations. Due to El Nino, it is uncertain how that will affect the allocations. Also, if there is a significant change in the water supply, a rate could be reduced.

The M & I cost will be \$363 and the largest customer for that category would be the water treatment plant. Mr. Cattaneo has reviewed this with both the City of Hollister (COH) and Sunnyslope County Water District (SSCWD). A change staff is proposing is to no longer have a small parcel Ag customer; all Ag customers will be contract customers. This change will be easier for the water office and District customers, as it will mean fewer exceptions such as the ability to transfer water, which small parcel ag accounts were unable to do.

Mr. Cattaneo reviewed the methodology and breakdown of costs that make up the rates. He also reviewed the increase in power charges from the Bureau; some are up 300% and some are up 600%.

One other change staff is proposing is the billing process for small parcel M & I. There has been some confusion about taking the full annual amount and dividing it into 12 payments. The proposed change would be to still allocate their water, but to bill it as they use it and close the meter when the water is gone.

Regarding Groundwater Charges, Mr. Cattaneo reviewed the methodology and stated the proposed change would be raising both Ag and M & I by \$1 per acre foot.

Standby/Availability Charges went through the same analysis as the other rates, but staff is recommending no change to the rate. A maximum of \$10 per acre foot

can be charged but currently the District has a \$6 per acre foot in place. To change this rate, Mr. Pipal has stated it would be subject to a Prop 218 Assessment and would need a 2/3 affirmative vote to pass.

Director Huenemann asked if this proposal would mean the small parcel ag category would be no longer and all ag account would be treated the same. Mr. Cattaneo stated yes.

With no further questions, a motion was made by Director Bettencourt and seconded by Vice President Flores; the Board of Directors unanimously Authorized the District Manager to mail the Prop 218 Notices for the 2016-2017, 2017-2018, and 2018-2019 Zone 6 Water Rates and the 2016-2017 Groundwater Rates.

7. Discuss and Consider Resolution Setting a Public Hearing Date for the Purpose of Fixing the Standby or Availability Charge for the 2016-17, 2017-18 and 2018-19 Water Years

With no discussion on this item, a motion was made by Vice President Flores and seconded by Director Tobias, Resolution #2015-21 *A Resolution of the Board of Directors of the San Benito County Water District Setting a Public Hearing Date for the Purpose of Fixing the Standby or Availability Charge for the 2016-17, 2017-18 and 2018-19 Water Years* was unanimously approved.

8. Discuss and Consider Sale of District property, APN #020-54-031 and APN #020-54-032 to Bisceglia and Associates for \$8000 plus all closing costs and Authorizing the District Manager to sign all necessary documents

Mr. Cattaneo stated the District received a request from Mr. Bisceglia to surplus two parcels the District owns. Mr. Cattaneo stated since his employ, these two properties have never been used. They are in the middle of a development and are unusable parcels to the District. Mr. Bisceglia had them appraised and the appraisal was \$6075. He has offered the District \$8000 plus all closing costs.

Director Bettencourt asked about percolation. Mr. Cattaneo stated it is a storm water pond that the District is not using.

With no other questions, a motion was made by Director Tobias and seconded by Director Bettencourt; the Board of Directors unanimously approved the sale of District property, APN #020-54-031 and APN #020-54-032 to Bisceglia and Associates for \$8000 plus all closing costs and Authorized the District Manager to sign all necessary documents.

9. Discuss and Consider Resolution Initiating a Project “Recycled Water Storage Pond Project”

Mr. Cattaneo stated this project is to modify the existing storage ponds at the COH’s Wastewater Treatment Plant to store recycled water for the District. The District plans to construct a smaller pond, about 10 acre feet, for this purpose.

With no questions from the Board, a motion was made by Vice President Flores and seconded by Director Bettencourt, Resolution #2015-22, *A Resolution of the Board of*

Directors of the San Benito County Water District to Initiate a Project “Recycled Water Storage Pond” was unanimously approved.

10. Discuss and Consider Approval of First Amendment to the Water Supply and Treatment Agreement related to Tranche 3 and Authorize Board President to Execute

Mrs. Singleton stated this would be the first amendment to the Water Supply and Treatment Agreement (WSTA), which is between the District, the COH and SSCWD. SSCWD approved this document at their December 15, 2015 meeting and it is on the COH’s agenda for December 21, 2015. Mrs. Singleton stated this Board’s approval, contingent on the COH’s approval, would be for Tranche #3, which was always a consideration by all 3 agencies. The District has already contracted with Bartle Wells to find the financing for Tranche #3 with an approximate interest rate of 3.45%, which has already been discussed with the District’s two partners.

With no questions from the Board, a motion was made by Director Tobias, contingent on the City of Hollister’s approval, and seconded by Vice President Flores. The Board of Directors unanimously approved the First Amendment to the Water Supply and Treatment Agreement related to Tranche 3 and Authorized the Board President to Execute.

11. Discuss and Consider Approval of Documents related to \$5.5 million financing with Municipal Finance Corporation for the West Hills Water Plant (\$4,000,000) and the Recycled Water facilities (\$1,500,000)

Mrs. Singleton stated the District has received loan documents from the lender, Municipal Finance Corporation. Staff is recommending borrowing \$5.5 million; \$4 million for Tranche #3 and \$1.5 for the Recycled Water Storage Pond Project. The documents have been reviewed by District Counsel.

There were no questions from the Board.

a. Approve Resolution Authorizing Execution of Loan Documents for \$5.5 million

With a motion by Vice President Flores and seconded by Director Bettencourt, Resolution #2015-23, *A Resolution of the Board of Directors of the San Benito County Water District Approving of Documents related to \$5.5 million financing with Municipal Finance Corporation for the West Hills Water Treatment Plant (\$4,000,000) and the Recycled Water facilities (\$1,500,000)* was unanimously approved.

b. Authorize District Manager to Execute Loan Documents with Municipal Finance Corporation and sign all related documents with Municipal Finance Corporation

With a motion by Director Bettencourt and seconded by Vice President Flores, the Board of Directors unanimously Authorized the District Manager to Execute the Loan Documents with Municipal Finance Corporation and sign all related documents with Municipal Finance Corporation.

12. Discuss and Consider Authorizing the District Manager to Execute a Contract Modification #3 with Analytical Environmental Services to Prepare an Addendum to the 2014 Subsequent Environmental Impact Report for the Recycled Water Storage Pond Project (\$18,440)

Mr. Cattaneo stated when this item went to committee, the cost was \$16,440. However, there are some additional charges as the scope did not include some of the requirements. The additional \$2000 will cover the mitigation and statement of findings as the District will be doing an addendum to the SEIR for the Recycled Water Project from 2014. The consultant and the District do not anticipate any problems.

With no questions from the Board, a motion was made by Director Huenemann and seconded by Director Tobias; the Board of Directors unanimously Authorized the District Manager to Execute a Contract Modification #3 with Analytical Environmental Services to Prepare an Addendum to the 2014 Subsequent Environmental Impact Report for the Recycled Water Storage Pond Project (\$18,440).

13. Mid Pacific Water Users Conference, January 20 through 22, 2016 in Reno, Nevada

a. Consider District Manager or Designee and Director Attendance

If any directors are interested, please contact Mrs. Mauro.

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

Mr. Blohm began on an update on the West Hills WTP. He reported the earthwork is essentially complete and the excavation for the clear well is going well. There was 1 minor change, for corrosion susceptibility, the contractor is now using plastic pipe. The contractor remains on schedule and anticipates tank construction in early 2016.

Regarding the Hexavalent Chromium VI, Mr. Blohm reported this is acceleration of some of the Master Plan components such as the crosstown pipeline. Also, Mr. Blohm stated the meeting with the California Drinking Water Agency went well and Jan Sweigert stated the proposed approach was acceptable. The State has issued some draft guidelines and all are reviewing them to be sure the guidelines will be met. The COH and SSCWD will provide their status twice a year and the State's deadline is 2020. Mr. Blohm stated our schedule is approximately 2017.

Regarding the Master Plan update, Mr. Blohm reported work is underway and is hopeful to have it completed by the middle of 2016.

15. Committee/Agency Representative Reports:

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

As per Mr. Cattaneo, budgets were discussed. \$2.8 million was proposed for Public Outreach which was to counter the \$20 million anti-water ads that are being aired. The water supply remains the same at this point. The outstanding water debt is anticipated being paid off in early February.

- b) **Water Resources Association (Flores/Bettencourt)**
As per Director Flores, he was unable to attend the meeting.
 - c) **Hollister Urban Area Water and Wastewater Master Plan Governance Committee (Tobias/Flores)**
As per Director Tobias, this has already been covered.
 - d) **Association of California Water Agencies—Joint Powers Insurance Authority (Bettencourt)**
As per Director Bettencourt, he attended the fall JPIA Meeting. JPIA has changed their logo, discussion about how many Districts, including ours, received a Loss Ratio Award and also that Sara Singleton began Leadership training through JPIA.
 - e) **Administration Committee (Tobias/Flores)**
As per Mr. Cattaneo, no meeting was held.
 - f) **Finance Committee (Bettencourt/Tonascia)**
As per Directors Bettencourt and Tonascia, the quarterly reporting and the Prop 218 notices were discussed.
 - g) **Recycled Water Ad Hoc Committee (Flores/Bettencourt)**
As per Directors Flores and Bettencourt, all items have already been discussed.
 - h) **San Luis & Delta-Mendota Water Authority Public Advisory Ad Hoc (Tonascia)**
As per Director Tonascia, he did not attend the meeting.
16. **District Manager/Engineer’s Report:**
- a) **Reach 1 Operations**
Mr. Cattaneo reported there will be some planned outages in January.
 - b) **Zone 3 Operations**
Mr. Cattaneo reported the mowing continues but our tractor needs replacing
 - c) **Zone 6 Operations**
Mr. Cattaneo reported there is little activity at this time.
 - d) **San Luis Delta Mendota Authority Activities**
Mr. Cattaneo reported on this earlier under committee reports.
17. **BOARD ORGANIZATION**
- a. **Election of Officers**
Director Bettencourt made a motion for both President and Vice President. He nominated Sonny Flores as President and John Tobias as Vice President. His motion was seconded by Director Tobias. The vote for this nomination was unanimous by the Board.

18. **CLOSED SESSION:**
Conference with Labor Negotiator
Pursuant to Government Code Section 54957.6
Agency Negotiator: District Manager
Title: Office and Field Employees
The Board went into Closed Session at 7:15 p.m.

19. **OPEN SESSION: Report any action if any**
The Board returned from Closed Session at 7:26 p.m.
The Board authorized the District Manager to meet and confer with the Union.

20. **Adjournment**
With no further business to discuss, the meeting was adjourned at 7:27 p.m.

Minutes were approved at the January 27, 2016 Board Meeting and signed by the presiding Board member.

/s/Sonny Flores
Sonny Flores, President

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