

January 29, 2025  
Regular Meeting  
5:00 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, January 29, 2025 at 5:00 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: President Doug Williams, Vice President Mark Wright and Directors Sonny Flores and John Freeman. Also present were General Manager Dana Jacobson, District Counsel Jeremy T. Liem, Operations and Maintenance Manager Michael Craig, Supervising Accountant Cindy Paine, Senior Engineer David Macdonald, Office Specialist I Shannon Darnall and Executive Assistant/Board Clerk Barbara Mauro. Due to the Mid Pacific Water User Conference in Reno, Nevada, Director Joe Tonascia and Assistant General Manager participated via zoom. Jeff Cattaneo also participated via Zoom.

**CALL TO ORDER**

President Williams called the meeting to order at 5:00 p.m.

- a. **Pledge of Allegiance to the Flag**  
President Williams led the Pledge of Allegiance.
- b. **Roll Call**  
Mrs. Mauro called roll. Members present were: President Williams, Vice President Wright and Directors Flores and Freeman; Director Tonascia participated on Zoom from the conference in Reno, Nevada. Mrs. Mauro further noted, because Director Tonascia was participating remotely, all voting would need to be conducted by roll call.
- c. **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 8:00 p.m.**
- d. **Approval of Agenda**  
With a motion by Director Flores and a second by Vice President Wright, the Agenda was approved by 5 affirmative votes, Williams, Wright, Flores, Freeman (all at the District) and Tonascia (Zoom).
- e. **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. | <b>Approval of Minutes for:</b>  | <b>December 18, 2024</b> | <b>Regular Meeting</b> |
|    |  | <b>January 13, 2025</b>  | <b>Special Meeting</b> |
| 2. | <b>Allowance of Claims</b>   |                          |                        |
| 3. | <b>Acknowledgement of Paid Claims prior to the January Board Meeting</b> |                          |                        |
| 4. | <b>Acceptance of Quarterly Investment Report, December 31, 2024</b>      |                          |                        |
| 5. | <b>On Call Contracts – Status Updates</b>                                |                          |                        |

With no questions from the Board, a motion was made by Director Tonascia (Zoom) and seconded by Director Freeman, the Consent Agenda was approved by 5 affirmative votes, Williams, Wright, Flores, Freeman (all at the District) and Tonascia (Zoom).

## **REGULAR AGENDA**

### **6. FYE 2024 Annual Comprehensive Financial Report and Audit**

Mrs. Mauro introduced Collin Linder, who was the auditor manager for the District's Audit and will be making the presentation on behalf of McGilloway, Ray, Brown & Kaufman. She also stated on the board's desktops were items related to the audit which were: the Finance Committee recommendation, the corrected GFOA award page and the revised page regarding the date and the funding.

#### **a. Presentation by McGilloway, Ray, Brown & Kaufman**

Mr. Linder began by stating he had presented the Governance letter to the Board in person. He also gave background information on how the partner rotation worked on his firm's end. He further thanked Mr. Miller, Mrs. Paine, Cindy Tyler, Kelley Urbina and Leilani Vidal for their assistance with the audit.

Using a PowerPoint, Mr. Linder began by stating the District received a clean and unmodified opinion, which is the best the auditor is able to issue. The District again received the Government Finance Officers Association's (GFOA) Award of Excellence for the Audit FYE 2023. Mr. Linder then reviewed the basic financial statements. One of the changes he pointed out, was in the billing for the treatment plants. Previously they were billed by budget and then a true-up was done at the end of the year. This was the first year the billing was based on actuals. Mr. Linder also noted revenue was up because water sales were up because of the increase to the water allocations and both water treatment plants operated all year.

Mr. Linder stated communication between the auditors and the District was good. Internal controls were found to be in order and there weren't any transactions that had a lack of consensus or guidance. Mr. Linder stated accounting estimates were evaluated and were found to be appropriate. He added timing was on schedule.

Mr. Linder added on Tuesday morning, he encountered an issue with the Federal government cancelling funding, which would have affected the District's grant funding, however; they have since rescinded it, which affected a page in the audit. Director Flores asked about the additional language and Mr. Linder stated he had reviewed it.

Director Freeman asked what OPEB means. Mr. Linder stated it means Other Post Employment Benefits.

Mr. Miller thank Mr. Linder and his firm as well as Mrs. Paine and the accounting staff for all the work on the audit.

Elia Salinas, a member of the public, had a question and a comment. How does the freeze on funding affect the District's budget? Also, she attends a lot of local meetings and her personal opinion is this is the best run agency in the county. Mr. Miller stated the Federal freeze is scheduled until March 3<sup>rd</sup>, but that may change. Ms. Salinas further asked about the

uncollectible receivables of \$62,000; how was that calculated. Mr. Linder stated that is based on a calculation on doubtful accounts at end of year on historical lost experience.

**b. Consider Acceptance and Authorize Distribution**

With no further questions, a motion was made by Director Tonascia (Zoom) and seconded by Director Flores; the Board of Directors Accepted the FYE 2024 Annual Comprehensive Financial Report and Audit and Authorized Distribution by 5 affirmative votes, Williams, Wright, Flores, Freeman (all at the District) and Tonascia (Zoom).

**7. Public Hearing regarding 2025-2026 Groundwater Charges**

**a. Proof of Publication submitted for Notice of Public Hearing**

Mrs. Mauro verified the proof of publication.

**b. Presentation of 2025-2026 Groundwater Charges**

Mrs. Mauro made the presentation on the groundwater charges. She stated while the District is currently in the 3<sup>rd</sup> year of a 3-year approved groundwater charge, the charge actually sunsets as per the District Act, so the Board must confirm the rate. The groundwater rate, for both AG and M & I, will be going up to \$14.31 per acre foot.

**c. Open Public Hearing**

President Williams opened the Public Hearing; there were no questions or comments from the public.

**d. Close Public Hearing or continue to later date**

President Williams closed the Public Hearing.

**e. Consider Confirming the 2025-2026 Groundwater Charges**

With a motion by Director Freeman and a second by Director Flores, the Board of Directors Confirmed the 2025-2026 Groundwater Charges by 5 affirmative votes, Williams, Wright, Flores, Freeman (all at the District) and Tonascia (Zoom).

**8. B.F. Sisk Dam Raise and Reservoir Expansion Project**

Mr. Jacobson, using a PowerPoint presentation reviewed both of the agreements before the Board. He stated this is a big step forward, if the District chooses to take it, but there are several off ramps along the way if the Board changes its mind. He reviewed the storage percentage between the Federal participation which would be approximately 30% or 39,000 acre feet and the participants (including the District) which would be approximately 70% or 91,000 acre feet. The District's share is about 5.5% or roughly 5,000 acre feet. He further reviewed the costs for both the raising of the crest of the dam as well as the Highway 152 alteration. Mr. Jacobson stated the District's participation will be to address future growth and intends to pay for it from the capacity fee that will be charged on new development. He added Valley Water has the largest share of the storage, and they are currently at 66.4% or 60,398 acre feet. The Cost Share Agreement is between San Luis and Delta Mendota Water Authority (SLDMWA) and the USBR. The USBR will be doing the Dam Raise and the State Route 152 will either be the

SLDMWA or CalTRANS and has yet to be determined. Mr. Jacobson further reviewed the operations framework and the storage rights. He reviewed the benefits for the District which not only included storage but a place to store surplus water and the option to lease capacity in order to offset some of the costs. He also reviewed some of the risks, which could include losing CVP water in drought years.

Mr. Jacobson reviewed the Activity Agreement and how it would work. The District outlay of funds at this time, would be \$145,616. Discussion ensued on the project schedule and when the Board would have additional decisions to be made. The seismic portion of the dam raise is already underway.

Ms. Salinas asked about the capacity fee. Director Tonascia replied in the short term the District will put up the funding and then there will be grant funds. Once the capacity fee is in place, the District can be reimbursed. Ms. Salinas further asked if there is zero development coming, is the District willing to take on the risk? She expressed concern about the water going to Southern California or would the District simply sell off the excess water? Mr. Jacobson replied, the District cannot control development, but it can front the funds as necessary. He added the stored water will be earmarked for new development. Director Flores added the District has brought up all of the concerns she had raised such as cost, how much water would be available, will the District be able to get out if we want to and can we keep the water here in San Benito County. Vice President Wright further added, this project appears to be the best bang for your buck, so to speak, in regard to water storage, but it does come with risks.

Mr. Cattaneo stated all that has been said is accurate. He reported if the District does not participate this will be an opportunity missed. The next alternate would be the Pacheco Reservoir Expansion Project which is estimated to be possibly 3 times the cost, currently at 2.5 billion to 2.7 billion. Also, the funding for this project will be done through bonds which will have repayment over 30-40 years, which would address the question on development, which has peaks and valleys.

Mr. Craig asked, the first 10-foot raise of the dam is simply for seismic reasons and does not have storage; Mr. Jacobson confirmed this. President Williams added, the capacity fee is still being negotiated and is not in place.

**a. Consider Approval and Authorize San Luis & Delta-Mendota Water Authority to Execute the Agreement between the United States and the San Luis & Delta-Mendota Water Authority for the Management of the Expanded San Luis Reservoir and Cost Share of Charges Associated with Raising of the B.F. Sisk Dam and Increased Storage Capacity of the Federally Administered San Luis Reservoir**

With a motion by Director Freeman and a second by Director Tonascia (Zoom), the Board of Directors Approved and Authorized San Luis & Delta-Mendota Water Authority to Execute the Agreement between the United States and the San Luis & Delta-Mendota Water Authority for the Management of the Expanded San Luis Reservoir and Cost Share of Charges Associated with Raising of the B.F. Sisk Dam and Increased Storage Capacity of the Federally Administered San Luis

Reservoir by 5 affirmative votes, Williams, Wright, Flores, Freeman (all at the District) and Tonascia (Zoom).

**b. Consider Approval and Authorize the Board President to Execute the First Amended and Restated B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement and Make a Financial Commitment of (NTE) \$145,000**

With a motion by Director Flores and a second by Vice President Wright, the Board of Directors Approved and Authorized the Board President to Execute the First Amended and Restated B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement and Make a Financial Commitment of (NTE) \$145,000 by 5 affirmative votes, Williams, Wright, Flores, Freeman (all at the District) and Tonascia (Zoom).

**c. Consider Resolution and Authorize Board President to sign said resolution, Approving of both B.F. Sisk Dam Raise and Reservoir Expansion Project Agreements**

With a motion by Director Tonascia (Zoom) and a second by Director Flores, the Board of Directors Approved Resolution #2025-02 *A Resolution of the Board of Directors of the San Benito County Water District Authorizing the Board President to Execute the First Amended and Restated B.F. Sisk Dam Raise and Reservoir Expansion Project Activity Agreement and Approve the Agreement between the United States and the San Luis & Delta-Mendota Water Authority for the Management of the Expanded San Luis Reservoir and Cost Share of Charges Associated with Raising of the B.F. Sisk Dam and Increased Storage Capacity of the Federally Administered San Luis Reservoir* by 5 affirmative votes, Williams, Wright, Flores, Freeman (all at the District) and Tonascia (Zoom).

**9. Consider Authorizing the Board President to Execute the Agreement between the San Benito County Water District and Sunnyslope Water District for the Export of Water from Zones 3 & 6**

Mr. Jacobson stated this is a simple agreement between our District and Sunnyslope County Water District (SSCWD) to help Best Road, Tres Pinos and Stonegate water districts, serving water outside of Zones 3 and 6. Mr. Jacobson stated it would be approximately 70-acre feet annually and it will be reimbursed on a one-to-one basis with spot market water at an established price. He further stated this agreement has already been approved by SSCWD's Board.

Director Freeman asked if this water is blended; Mr. Cattaneo stated no, it is groundwater. Ms. Salinas added she encourages the Board to approve this agreement as the citizens in that area are running out of time for the grant funds. She further added they have waited a long time, and it could help grow tourism in the Tres Pinos area if there is better quality water.

Mr. Liem asked about the water percolated into Tres Pinos Creek; is it not available for extraction? Mr. Cattaneo stated no because of the location of the well, it will not allow for extraction.

With a motion by Director Freeman and a second by Director Flores, the Board of Directors Authorized the Board President to Execute the Agreement between the San Benito County Water District and Sunnyslope Water District for the Export of Water from Zone 3 & 6 by 5 affirmative votes, Williams, Wright, Flores, Freeman (all at the District) and Tonascia (Zoom).

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

Mr. Miller (Zoom) reported this is in an informational item only. The District, again, received the GFOA for the FYE 2023 Audit. Mr. Miller thanked staff for their hard work.

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

a. **San Luis and Delta-Mendota Water Authority (Tonascia/Jacobson)**

As per Director Tonascia (Zoom), Mr. Jacobson will cover this under his manager's report.

b. **Administration Committee (Flores/Williams)**

As per Director Flores, this has already been covered.

c. **Finance Committee (Freeman/Tonascia)**

As per Director Freeman, the committee reviewed the audit.

d. **Investment Committee (Flores/Williams)**

As per Director Flores, the committee reviewed the quarterly report and a draft of the investment policy. Staff made some significant changes to the policy, so the committee would like the full Board to review all the changes at a later date.

12. **Monthly Operations and Maintenance Report**

Mr. Craig stated he has had 5 leaks recently, which is unusual. The one leak taking the most time, is in Sub 10 because it had to have a custom pipe made. He also ordered extra parts, so he would have them on-hand for future repairs. He is also replacing a fiberglass pipe with a steel pipe.

In February, his staff will be working in Zone 3 on maintenance work and also cleaning the recycled water ponds.

13. **General Manager's Report:**

a) **Reach 1 Operations**

Mr. Jacobson reported he has had a request from Valley Water for board members to have a tour of our District facilities in February or March.

b) **Zone 3 Operations**

Mr. Jacobson reported Mr. Craig covered this.

c) **Zone 6 Operations**

Mr. Jacobson reported Mr. Craig covered this.

**d) Accelerated Drought Response Project (ADRoP)**

Mr. Jacobson reported there is a lot going on with ADRoP as it is our major focus. Recently, he has been meeting with the retailers about the term sheet. SSCWD has accepted it and San Juan Bautista has asked for more education, however; they did authorize their City Manager to negotiate with the District. The City of Hollister (COH) has moved this item to their February 18<sup>th</sup> agenda; he has met with 3 councilmembers so far and is still trying to meet with the remaining 2. Also, Mr. Jacobson reported Kronick, Moscovitz, Tiedeman and Girard are working on the draft amendment to the Water Supply and Treatment Agreement in coordination with District staff and staff from SSCWD and COH. Mr. Jacobson further reported environmental approval is being worked on.

**e) San Luis and Delta-Mendota Water Authority Activities**

Mr. Jacobson reported on January 16<sup>th</sup> there was a board workshop on the Subsidence Project. No decisions were made at that time. More information was requested. Also discussed was the South San Joaquin Drainage is transitioning outside of the Authority. Also moving outside the Authority will be their SGMA.

**f) City of San Juan Bautista Water Supply Plan**

Mr. Jacobson reported he met with the new City Manager and their consultant this morning. District staff is working to get the new manager up to speed on the costs, grant funding, education, etc. over the next few months.

**g) B F Sisk Dam Raise Project**

Mr. Jacobson reported this has already been covered.

**h) Miscellaneous District items**

Mr. Jacobson reported the San Benito County Board of Supervisors are considering restoring recreation at San Justo Reservoir, so they have formed an Ad Hoc Committee of Supervisors Velasquez and Zanger to explore this. He further reported there was a planning study done years ago and further discussion will need to be done regarding eradication of the zebra mussels.

Mr. Jacobson also reported the District held their budget kick-off meeting this week. Staff is going to try something different and offer the Board input into the budget process. The thought is to have a Special Meeting in March to discuss the priorities the Board has for the budget.

**14. Adjournment**

With no further business to discuss, the meeting was adjourned at 6:37 p.m.

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Minutes were approved at the February 26, 2025 Board meeting and signed by the presiding Board member.

/s/Doug Williams  
Doug Williams, President

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