

**January 25, 2006
Regular Meeting
7:30 p.m.**

The Board of Directors of the San Benito County Water District convened in regular session at 7:30 p.m. at 30 Mansfield Road, Hollister, CA. Members present were President John Tobias, Vice-President Bob Swanson, Director Flores and Director Bettencourt, Director Perry was absent. Staff present, Deputy District Engineer Jeff Cattaneo, District Counsel David E. Pipal and Administrative Services Officer Maria Alfaro, Accountant Natalie Sullivan, and Water Office Supervisor Barbara Mirrione.

CALL TO ORDER

The meeting was called to order at 7: 30 p.m.

a. Pledge of Allegiance to the Flag.

President Tobias led the Pledge of Allegiance to the Flag.

b. Approval of Agenda.

President Tobias noted a correction to the Agenda, the Minutes of December 29, 2006, would be considered for approval.

President Tobias noted that item No. 6 of tonight's agenda would be moved to the next meeting.

Upon motion duly made and seconded, the Agenda for the meeting was unanimously approved.

c. Public Input: Members of the Public are Invited to Speak on any Matter not on the Agenda.

There was no public input given.

CONSENT AGENDA:

- 1. Approval of Minutes: December 29, 2005- Regular Meeting, January 9, 2006, Special Meeting and January 11, 2006, Special Meeting**
- 2. Allowance of Claims**
- 3. Acceptance of Quarterly Investment Report for Period Ending December 31, 2005.**
- 4. Acceptance/Approval of Professional Services Fee Increases and Agreements for the Provision of Legal Services**
 - a. Kronick, Moskovitz, Tiedemann & Girard**
 - b. Liebert, Cassidy, Whitmore**

Deputy District Engineer noted to the board that a memorandum was provided from the Investment Committee and a memorandum of the District Manager for the professional services

agreements. President Tobias asked the Board if they had any questions regarding the Consent Agenda.

Director Bettencourt asked about item no. 4, if they, the law firms, had all asked for increases and when was the last time they had asked for increases.

Jeff Cattaneo, Deputy District Engineer noted that the last time the firms had asked for increases was in February of 2004.

President Tobias asked if there were any questions on claims or on the Investment Report. President Tobias noted that interest rates were climbing.

Upon a motion duly made by Director Sonny Flores and seconded by Director Swanson, the Consent Agenda was unanimously approved.

REGULAR AGENDA:

5. Consider Resolution Approving District Participation in the CalPERS Pre-tax Service Credit Purchases Plan

Deputy District Engineer Jeff Cattaneo noted that a memorandum from the District Manager was provided. This item involves an opportunity for eligible employees to purchase service credit. There is a procedure by which you could buy years of service, which allows you to increase your retirement. This has no fiscal impact on the District. The cost is entirely borne by the employee.

Director Bettencourt asked if this impact their eligibility when they retire. Mr. Cattaneo noted that it did not. Mr. Cattaneo noted that this would allow employees that came from the outside a CalPERS program to purchase service credit through payroll deductions. Mr. Cattaneo noted that District Counsel had reviewed this item.

District Counsel Pipal noted this was for contributions to be made on a pre-tax basis.

Upon a motion duly made by Director Bettencourt and seconded by Director Flores, Resolution No. 2006-03, *EMPLOYER PICKUP RESOLUTION PRE-TAX PAYROLL DEDUCTION PLAN FOR SERVICE CREDIT PURCHASES (CONTRIBUTION Code 14)*, was unanimously approved.

6. Consider Resolution Establishing a Policy for Inter-Subsystem Water Transfers for the 2006-2007 Contract Water Year

This item was continued to the next meeting.

7. Report on Hollister Domestic Wastewater Improvements Project

Mr. Cattaneo noted that there was a Governance Committee last Monday afternoon, there were a number of items on the agenda. A summary schedule has been provided. Mr. Cattaneo noted that according to the schedule the project will be completed by an early date of March 2008 and late date of March 2009. The District and the City have looked at other similar projects and the shortest time frame for completion is 18 months and the longest at 36 months. The average somewhere between 22 months.

Director Tobias noted that more than likely, we are looking at the middle time frame of 22 months.

At the meeting on Monday a project cost schedule was also provided. A summary was provided to the Board. Mr. Cattaneo noted that for the Phase I project it would bring the City to 2013, the cost is between 100 and 120 million. The Phase I project would include treatment and disposal of all the waste which is generated and include the cost of spray fields for disposal. It does not include the Phase II Recycled Water Project. Phase II includes the ability to dispose of 4 and a half millions of waste through 2023. The cost range is through 128 through 148 million dollars for the total cost.

Mr. Cattaneo noted that previously set milestones are being met with a few exceptions. The City expected to build this project in 16 months, that is not possible.

President Tobias noted that the creation of a sub-committee at the last meeting to see how to generate funding for this project. This sub-committee is formed by a member of the City Council, Board of Supervisors and the Water District. President Tobias noted that there was also a sub-site committee for review of disposal site.

Director Flores asked if they will request an extension. President Tobias noted that the Regional Board never had a deadline. Mr. Cattaneo noted that the Regional Board had a deadline for the City to begin construction. We are still looking at the possibility to meeting that deadline.

Harry Blohm, Program Manager, noted that the overall schedule was presented to the Regional Board. Mr. Blohm noted that the most critical date is the start of construction date of October of this year. The probability of being that date is that the City can start construction on a portion of the project, rather than the entire project. HDR has been charged with constructability review that would include studying construction sequencing and contract packaging to make sure that the start date of October is met. The City, County and District are all aware of this.

Jeff Cattaneo discussed the CEQA timetable for environmental review. The Governance Committee approved the project description. The Notice of Preparation will be available next Wednesday, February 1. A public scoping meeting will be held as part of that process. There is a 45 day comment period. Mr. Cattaneo reviewed the project phasing and referred to a handout depicting the area for the sprayfields. These areas have been determined as suitable for sprayfield operations.

Director Swanson asked about the water treatment plant itself, has the City of Hollister had determined to finance this project.

Mr. Blohm noted that when the City a less costly version, they had a plan in place. Now they have to re-visit that plan. The answer is no, however, they do have a plan to answer that. A major issue is going to affect the rate base and secondly, are the future hook ups going to take the bulk of the cost or is it going to be a combination of both. HDR is going to review the earlier work that has been done and report on their findings.

Director Swanson asked if HDR was the consultant the City had hired. Mr. Blohm noted that HSE, HydroScience Engineering, for the design of the treatment plant. Harris and Associates is a firm that Mr. Clint Quilter has called an extension of the City staff. Harris and Associates has

described themselves as the Program Manager. The City has undertaken the activity of hiring a full time project manager who will take over the management of all of the parts of the wastewater treatment facility.

Director Swanson asked about the construction management firm. Mr. Blohm noted that had not been determined yet. Mr. Blohm noted that through influence of the Governance Committee and its Management Committee staff has prevailed upon the City and Clint Quilter to hire a Program Manager for the facility that the City is responsible for, the wastewater treatment plant, the storage ponds and their portion of the spray fields, not the ultimate disposal. An option in hiring that project manager is to hire a firm who will provide a program manager and ultimately take over the construction management, which is a needed function by the City. The reluctance that the City has in making a commitment now is that construction management needs may change depending on the delivery system for all those facilities. The City is considering a BOOT approach. Which is a form of privatization where a contractor would bring money and they build it and own it at the outset, operate it and then the transfer it some future time. B, build, O, own, O, operate, T, transfer. If that is the ultimate decision that the City takes to go forward there will be an entirely different type of construction management. The BOOT contractor does not want a full-time construction manager in their business.

Director Swanson asked if the City has the option of BOOT or of financing themselves. Discussion was had regarding bond issues. Mr. Blohm noted that that was the previous approach that the City had previous financing. Director Swanson asked what would happen if the bond issue did not pass. Mr. Blohm noted that there were a couple of things the City could do. They could go to the bidding process or a privatization approach, the problem with that is that once the contractor knows that the City has no other option, the costs go up.

Mr. Cattaneo reviewed Figure 2, Initial Recycled Water Project Area with the Directors which had been provided and noted that it identifies the initial area where treated wastewater could feasibly be delivered to the disposed of by spray fields or be reused through irrigation projects.

Director Swanson noted that the District represents the entire County and if the San Juan Bautista residents were affected adversely they would complain about it.

President Tobias noted the spray fields are temporary, not permanent solution.

Mr. Cattaneo noted that 800 acres will be required to be incorporated into the spray fields and will handled the City's disposal needs to 2013.

Mr. Blohm noted that growth rate is being examined and will be tested.

Director Swanson asked if the Santa Anna Valley was being considered. Mr. Blohm noted that in order to use the facility there are cost issues.

8. Report on Hollister Urban Area Water and Wastewater Master Plan

Jeff Cattaneo noted reviewed the scope of the project which is to provide a water supply that is reliable and to integrate the water treatment improvements and include smaller systems, like Cielo Vista and San Juan Bautista. Mr. Cattaneo reviewed the project schedule which was provided to the Directors. Mr. Blohm noted that the schedule had been compressed; however the quality of the product will remain the same. A Planning approach workshop is being scheduled

that will be held at the end of March. Mr. Cattaneo noted that it is noted on the schedule. This schedule is being revised based on the new starting date of January. Mr. Blohm noted that people have asked if this process will adversely negatively the schedule of the Hollister wastewater treatment plant, the answer is no. Mr. Blohm noted that progress is being made. HDR has meet with representatives of the County and City and will be meeting with District representatives Tobias and Perry confirming the approach that the District would like to see.

9. Committee/Agency Representative Reports:

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

Jeff Cattaneo noted that there will be a meeting tomorrow, January 26, to address the 2006/2007 water supply. They will be looking at storage South of the Delta and CVP alloactions. Mr. Cattaneo noted that early allocations were provided to the board as a handout. He noted an expectation of getting 100% of allocation.

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

There was nothing to report on this item.

c) Water Resources Association (Flores/Bettencourt)

Director Flores noted that there was nothing to report due to no meetings. There was no quorum.

d) Investment Committee (Flores/Tobias)

President Tobias noted that the Investment Committee had met and asked staff to review of other agencies such as the Contra Costa Water District, Westlands and Santa Clara Valley Water District to see what they are doing in comparison. Discussion was also had regarding a professional review of the District's policy. Mr. Tobias noted that the District is currently in LAIF.

e) Groundwater Committee (Perry/Flores)

Director Flores noted that a presentation had been given to the Committee by Bookman-Edmonston.

Director Swanson asked if the full Board will have the material to review. Mr. Cattaneo noted that they will all receive a copy of the final draft report. The executive summary was provided to the Director's tonight. Mr. Cattaneo noted that there were recommendations to help lower groundwater levels in that area. A presentation to the full board will be in 4 to 5 weeks.

f) Hollister Urban Area Water and Wastewater Master Plan- Governance Committee (Tobias/Perry)

President Tobias noted that this had been previously discussed under a previous item.

10. District Manager/Engineer's Report:

a) San Benito County Civil Grand Jury

Mr. Cattaneo noted that a copy of the response to the Grand Jury's letter was included in the District Manager's letter.

b) Water Resources Association Activities

Mr. Cattaneo noted that there had not been of meeting since September for a lack of a quorum. Mr. Cattaneo noted that District representative have been present but others were lacking. Mr. Cattaneo noted that a meeting the week of February 13th was being scheduled. He noted that a number of items require approval like the 2003-2005, 2004-1005 Audit and the Budget

c) 2006/2007 CVP Water Supply

Mr. Cattaneo noted that this item had been covered previously.

d) North Area Hydrogeologic Report

It was noted that this item had been discussed under a previous item on the agenda.

e) Fairview Road Water System

Mr. Cattaneo noted that the District had been operating the system for about six months now. The District had received a citation for total coliform, similar to the citations received for the Harmony Hills Water System. A test for bacteria showed total coliform and a following test 24 hours later also tested positive. Mr. Cattaneo noted that test sampling is done as DHS requires. There is some type of contamination coming from the well itself. The District has chlorinated twice a week and there has not been a problem since.

Director Swanson asked if there had been a fine imposed. Mr. Cattaneo noted that there had not. Fines are only imposed when you are severely negligent. Director Swanson asked if this is regulatory. Mr. Cattaneo noted that it was a DHS requirement.

Director Bettencourt asked if the testing was done in-house. Mr. Cattaneo noted that it was done by Bolsa Analytical and that the costs are borne by the water system.

Director Bettencourt asked if this had an agricultural seal. Mr. Cattaneo noted that the records indicate it has a sanitary seal. Mr. Cattaneo noted the previous to the District operating and maintaining the system, the homeowners would put in chlorine tablets into the system, similar to those put into a pond.

f) District Policy Regarding Central Valley Project Water Transfers and Certain Related Matters.

Mr. Cattaneo noted that this item will be going to the Expansion Committee. He noted that the current policy sunsets at the end of February.

There being no further business, the meeting adjourned at 8:50 p.m.

John Tobias
President

Maria E. Alfaro
Administrative Services Officer