

**January 31, 2007  
Regular Meeting  
7:30 p.m.**

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, January 31, 2007 at 7:30 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: President Robert Swanson, Vice President Frank Bettencourt, and Directors Ken Perry and John Tobias. Director Flores was absent at the beginning of the meeting and planned to arrive late. Also present were District Manager/Engineer John S. Gregg, Deputy District Engineer Jeff Cattaneo, District Counsel David E. Pipal, Accountant Natalie Sullivan, Irrigation Engineer Mica Nitschke, and Office Specialist II Barbara L. Mauro.

**CALL TO ORDER**

President Swanson called the meeting to order at 7:30 p.m.

- a Pledge of Allegiance to the Flag**  
President Swanson led the Pledge of Allegiance to the Flag.
- b Approval of Agenda**  
Upon a motion made by Director Tobias and seconded by Director Perry, the Agenda 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 comment.

**CONSENT AGENDA**

- 1. Approval of Minutes for:**                   **December 20, 2006 – Regular Meeting  
January 8, 2007 – Special Meeting  
January 24, 2007 – Special Meeting**
- 2. Allowance of Claims**
- 3. Acceptance of Quarterly Investment Report for Period Ending December 31, 2006**

Upon a motion made by Director Perry and seconded by Vice President Bettencourt, the Consent Agenda was unanimously approved.

**REGULAR AGENDA**

- 4. Consider Resolution Recognizing Robert Smith for 19 Years of Service**  
Mr. Gregg introduced the Resolution by stating today was Mr. Smith's last day and he is retiring to Washington state. Mr. Gregg stated Mr. Smith was a long time employee of the District. Mr. Gregg continued that Mr. Smith was a good worker and commended him for his service to the District and recommended adoption of the Resolution. Upon a motion made by Director Tobias and seconded by Director Perry, Resolution #2007-02, *A Resolution of the San Benito County Water District Board of Directors Recognizing Robert Smith for 19 Years of Service* was unanimously approved.

5. **Consider Resolution Recognizing Raymond Reynoso for 9 Years of Service**  
 Mr. Gregg introduced the Resolution and stated today was also Mr. Reynoso's last day of work. Mr. Gregg stated Mr. Reynoso brought strong mechanical expertise to the District and commended him for his service. Mr. Gregg recommended adoption of this resolution. Upon a motion made by Vice President Bettencourt and seconded by Director Tobias, Resolution #2007-03, *A Resolution of the San Benito County Water District Board of Directors Recognizing Raymond Reynoso for 9 Years of Service was unanimously approved.*
  
6. **Second Amendment of Contract 8-07-20-W0130A between the United States and San Benito County Water District for Water Service and Operation and Maintenance of Certain Works of the San Felipe Division – Central Valley Project**  
 Mr. Gregg began by stating the Board Memo from Jan Goldsmith gave the background on all three contracts; two with the USBR and one with Santa Clara Valley Water District. Mr. Gregg stated the Second Amendment gives the District a retreat position in case approval of the Renewal Contract is challenged so this contract may be the District's contract for sometime. Mr. Pipal gave the Board an overview of what is being asked of the Board this evening. Mr. Pipal reinforced what Mr. Gregg stated about the importance of having the second amendatory contract in place should the renewal contract be challenged. The Resolution, according to Mr. Pipal, approves the Second Amendatory Contract and is also seeking a judgment from the court for validation of the contract. Mr. Pipal stated this contract is important to the District. It is not required to have the contract validated but, Mr. Pipal recommends the Board seek this action.
  - a) **Consideration Adoption of a Resolution**
    1. **Finding that the Second Amendment does not constitute a project under the provision of the California Environmental Quality Act (CEQA) or is exempt therefrom and authorize the filing of a Notice of Exemption, and**
    2. **Approving the Second Amendment to the Contract and authorizing the President to sign**

Upon a motion made by Vice President Bettencourt and seconded by Director Perry, Resolution #2007-04, *A Resolution of the San Benito County Water District Board of Directors Approving the Second Amendment to Contract between the United States and the San Benito County Water District for Water Service and For Operation and Maintenance of Certain Works of the San Felipe Division and Authorizing the President to Sign, Authorizing the Filing of a Notice of Exemption under the California Environmental Quality Act and Directing the Filing of a Validation Action was unanimously approved.*
  - b) **Consider filing a court action seeking a judgment confirming the validity of the Second Amendment to Contract and give direction to Legal Counsel**  
 Upon a motion made by Director Tobias and seconded by Director Perry, the Board of Directors of the San Benito County Water District unanimously approved filing a court action seeking a judgment

confirming the validity of the Second Amendment to Contract and give direction to Legal Counsel.

7. **Consider Resolution Establishing a Policy For Inter-Subsystem Water Transfers for the 2007-2008 Water Contract Year** Mr. Gregg reported the memo that accompanied this resolution restated the purpose of inter-subsystem water transfers. Mr. Gregg recommends referring this item to committee. As per President Swanson, this will be referred to the Groundwater Committee and return as an item on the Special Board Meeting scheduled for February 20, 2007.
8. **Low Interest Loan-Irrigation Equipment Improvement Plan** Mr. Gregg stated this item is outlined in the memo to the Board and has been overseen by the Investment Committee. The Investment Committee recommends this program to the Board for approval and Mr. Gregg turned it over Mr. Pipal for discussion of security and collateral options. Mr. Pipal stated the current lease does not include security, which he feels is needed and will give this language to Mrs. Nitschke for inclusion. Mr. Pipal also feels an option for a security deposit, equal to at least two months of rent as well as a deed of trust on the property is important. Mrs. Nitschke offered the Board a refresher of the program. Mrs. Nitschke stated this has been before the Committee and the Committee recommended approval with a memo to the Board. President Swanson asked if this contract is in its final form and Mr. Pipal stated yes, with the provisions for security/collateral options.
  - a) **Consider Approval of Menu of Security/Collateral Options provided by Legal Counsel** Upon a motion made by Vice President Bettencourt and seconded by Director Tobias, the Board of Directors of the San Benito County Water District unanimously gave Approval of Menu of Security/Collateral Options provided by Legal Counsel.
  - b) **Consider Approval of Final Contract documents between the State of California and the San Benito County Water District (\$3,000,000 Loan)** Prior to voting on this item, Director Tobias asked Mrs. Nitschke to explain to the Board about including tailwater in this document. Mrs. Nitschke stated tailwater was not originally included when staff approached the state; however; when the state was contacted, the state responded that the entire process would be back to square one to modify the contract. Mrs. Nitschke also reported that there is Proposition 50 funds available for tailwater, should the District not be able to add it to this contract. Mr. Gregg added that changing it now would modify the contract, however; changing it later would be an administrative change and would be easier. Mr. Gregg stated staff recommends going forward. Director Tobias stated that the District would try to obtain funds for tailwater either way, so he recommended going forward as well. Upon a motion made by Director Tobias and seconded by Director Perry, the Board of Directors of the San Benito County Water District unanimously Approved of Final Contract Documents between the State of California and the San Benito County Water District (\$3,000,000 Loan).
9. **Presentation by RMC Water and Environment for the Pajaro River**

**Watershed Integrated Regional Water Management Plan—Project Update**

Lyndel Melton and Lidia Gutierrez attended the meeting and offered the Board a PowerPoint presentation as a project update. Mr. Melton stated the plan provides the District with two purposes: vehicle to operate and access to state funding. Mr. Melton discussed what the District had previously been presented to both the Board and the Grants Committee. Mr. Melton stated there will be a Stakeholder Meeting on February 15, 2007. Stakeholders' feedback has included the adding of projects as well as reviewing how future projects will be scored. Mr. Melton stated the current program areas are: Ag Water Quality Program, Conjunctive Water Supply Management Program, Water Supply/Salt Management Program, and Pajaro River Flood Protection Program.

- a) **Plan Components** Mr. Melton outlined the current components of the plan.
- b) **Program Recommendations** Mr. Melton recommended going forward with the programs by forming teams for each program. Ms. Gutierrez stated the teams will be formed based on who is most affected by the program(s) and get those people together. Examples were given of the type of program and who would participate on the teams. Ms. Gutierrez was asked how future plans would be adopted and she stated when a plan is adopted, they would seek authorization from the respected boards to give staff direction for implementation of these plans.
- c) **Implementation Plan** Mr. Melton stated implementation would lay the framework for the plan to go forward.
- d) **Schedule for Completion** Mr. Melton stated a draft document will be ready in February 2007 with a public meeting on 2-15-2007 which will outline steps to move the projects forward. Mr. Melton reviewed the current timeline with the Board. Mr. Melton stated in September or October, discussion will be regarding Proposition 84 funding. Ms. Gutierrez stated a few of the high priority projects are: Transfer of CVP Water, Groundwater Demineralization, San Juan Valley Surface Drainage Feasibility Study and the HUAWWMP. President Swanson stated a nice presentation given to the Grants Committee and Mr. Cattaneo stated a full description was given to the Grants Committee and a recap was given to the Board. President Swanson thanked Mr. Melton and Ms. Gutierrez for their presentation.

*(Director Flores arrived at 8:12 p.m.)*

- 10. **Consider Approval of Hydrogeologic Assessment of the San Juan, Hollister West and Tres Pinos Groundwater Subbasins. Scope, Schedule and Budget And Authorize District Manager to Execute Task Order for Professional Services under the Master Agreement between the District and Bookman-Edmonston/GEI (\$130,761.00)** Mr. Gregg gave a brief description of this item and introduced Mr. Naser Bateni of Bookman-Edmonston/GEI. Mr. Bateni gave a brief description of the purpose of investigating the basins, which is to divide it into subbasins, which are Hollister North, Hollister South, Hollister

West, Bolsa, San Juan and Tres Pinos. Mr. Bateni stated information will be collected to understand the aquifer characteristics, looking at the water budget as well as the salt budget in the subbasin. The report will then give recommendations based on the information collected, as per Mr. Bateni. Director Perry asked if this is the same for item #11 and Mr. Bateni stated yes, just different areas. Director Tobias asked how the District will take this forward. Mr. Gregg stated previously the Board suspended the North Hollister Area but that it can be returned to with Board direction. Mr. Bateni stated the importance of the connection between the subbasins. President Swanson stated he didn't think the District suspended the North County Hollister Area Study. President Swanson stated he has questions/concerns regarding the percolation issue in that area. Director Perry stated he has mixed feelings regarding the North County area and he feels the District has done what was needed at the time. Director Perry stated the District has spent a lot of money and that area has expressed resistance. Director Perry stated it is imperative for the District to do something in San Juan and suggested we wait a month on this project. Director Tobias stated he feels it is important not to forget about North County, but agrees with Mr. Bateni that the other basins should be looked at. President Swanson asked Mr. Bateni if he could come down and speak about the concerns raised by the Board and Mr. Bateni said he would. Mr. Gregg offered a suggestion that the issues raised can be discussed at the kick-off meetings with staff and the Board and if the Board feels comfortable, can approve this to go forward. Director Flores stated if the Board approves this tonight, the issues raised tonight could be discussed later, but he can go either way. Director Perry made a motion and Vice President Bettencourt seconded the motion and the Board of Directors of the San Benito County Water District unanimously approved to table this item until the next meeting.

11. **Consider Approval of Hydrogeologic Assessment of the Southern Portions of the Hollister Groundwater Basin. Scope, Schedule and Budget and Authorize District Manager to Execute Task Order for Professional Services under the Master Agreement between the District and Bookman-Edmonston/GEI (\$130,761.00)** As per President Swanson this matter will be discussed at a later date, also.
12. **Consider Authorizing San Benito County Water District's participation With the San Benito County Farm Bureau in the University of California Cooperative Extension's Farm Water Quality Planning Short Courses (AG Waiver).** Mrs. Nitschke stated this is a follow-up from the November 2006 Board Meeting. Mrs. Nitschke stated the issue before the Board is authorizing \$10,000 for courses in Irrigated Ag through the San Benito County Farm Bureau. Director Tobias asked where the money goes and Mrs. Nitschke stated the first \$5000 was used as a rebate to those participants who took the class, but we can either continue the rebate or donate the money to the Farm Bureau for the classes. Director Tobias asked how the rebate was handled before and Mrs. Nitschke stated with proof of taking the class, participants could apply and receive a rebate of \$100 toward the cost of the class which was \$175. Director Tobias asked if the entire \$5000 was used and Mrs. Nitschke stated only nine

people used the rebate previously. Director Tobias stated the District needs to pursue other ways to get people to use the rebate; perhaps contacting Preservation Inc., to get their mailing list and Mrs. Nitschke stated she could call Kirk Schmidt. Mr. Gregg stated it may be a privacy issue but perhaps they would be willing to mail out postcards on the District's behalf. Mrs. Nitschke asked if the Board was in favor of putting the funds toward a rebate once participants have completed the Ag Course and Director Tobias stated yes. Upon a motion made by Vice President Bettencourt and seconded by Director Flores, the Board of Directors of the San Benito County Water District unanimously authorized participation with the San Benito County Farm Bureau in the University of California Cooperative Extension's Farm Water Quality Planning Short Courses (AG Waiver) for educational purposes to be used as a rebate for the cost of the class, including mailing costs, not to exceed \$10,000 and obtain a mailing list from Preservation Inc.

13. **Report on the Financing of the San Felipe Distribution System** Mr. Pipal asked Vice President Bettencourt if this item refers to the loan for the local distribution system, taken out about 30 years ago, and is now paid off and Vice President Bettencourt stated yes. Mr. Pipal stated this dates back to the 1977 ballot measure for Proposition B, for the \$19.9 million loan, to levee taxes. Mr. Pipal continued that the four items authorized under this ballot measure were: to pay back the government for the loan, operate and maintain our local distribution system, to pay back the government for our share of the Federal facilities and to operate and maintain the Federal facilities. Mr. Pipal stated this measure was for all of these items, not just the repayment of the loan. In 1988, the government offered to buy back the loan, at a substantial reduction, which the District took advantage of. In 2004, the balance of the loan was 2.5 million, which the District chose to pay off. Mr. Gregg stated there were no early payment penalties and the interest rate was significantly higher than the current LAIF rate. Mr. Pipal restated that the Proposition passed was for all the items, not just the loan. Vice President Bettencourt asked if the tax rate should be lower now and Mr. Pipal stated that he could do further research to answer this question. Mr. Gregg stated it may be appropriate to refer this to committee to investigate this matter further. Mr. Gregg restated Mr. Pipal's point that there is no direct link to the repayment of the loan and the levee of the tax which is a land tax. Vice President Bettencourt and Director Flores both noted they have been approached by tax payers regarding the item for the District on their tax bills. Director Flores stated it would be important to inform the public of the benefits they receive from the District.
14. **Discussion pertaining to joint projects with other entities** President Swanson stated this item came up recently in reference to the HUAWWMP and the EIR with the City of Hollister. President Swanson stated he would like an AD HOC Committee formed to include himself, Director Tobias, Mr. Pipal and John Gregg. President Swanson feels this is an awareness item.
15. **Discussion of Zone 3 water percolation** President Swanson feels this issue should be referred to the AD HOC Committee (San Benito River) for further discussion.

16. **Committee/Agency Representative Reports:**
- a) **San Luis Delta Mendota Water Authority (Perry/Bettencourt)**  
Nothing to report.
  - b) **Pajaro River Watershed Flood Prevention Authority (Perry/Bettencourt)** Nothing to report.
  - c) **Water Resources Association (Flores/Bettencourt)** Nothing to report.
  - d) **Investment Committee (Flores/Bettencourt)** Nothing to report.
  - e) **Wastewater Treatment Committee (Tobias/Perry)** Director Tobias stated the committee is looking at the San Juan Valley Vegetable Processors and how they can recycle their wastewater. Also, Director Perry stated the Committee would have more information to report at next month's meeting.
  - f) **Personnel Committee (Swanson/Perry) President** Swanson stated the committee met to discuss replacement of the Operations and Maintenance Manager.
17. **District Manager/Engineer's Report:**
- a) **Water Rights Place of Use Mapping** Mr. Gregg stated the work is essentially complete; digitizing the local state and federal water rights in San Benito County. There will be some additional work done, including putting the Zone 6 boundary on the map. Vice President Bettencourt asked who was doing the mapping and Mr. Gregg stated Bookman-Edmonston/GEI.
  - b) **Depth-Specific Monitoring and Aquifer Characterization Northern Hollister Groundwater Basin** Mr. Gregg stated Jeff Cattaneo will be giving the report on this item. Mr. Cattaneo stated the drilling of the larger well is complete. The next step would be pump tests to test the aquifer, but Mr. Cattaneo stated we encountered a problem in discharging the water. The District did obtain a discharge permit with the Regional Water Board, to discharge water into Dos Picachos Creek. Mr. Cattaneo stated during the well development process, it became clear the District would be violating the permit, which required notification of the Regional Water Board. Mr. Cattaneo stated that enough useful data was acquired in the initial process. Regarding the discharge problem, water was never discharged to the Tequisquita Slough, which was the largest concern. The water was percolated back into the ground. Mr. Cattaneo reported the next step will be the installation of the nested wells inside the larger well. There is a delay due to the stainless steel screens needed for these wells, as they are a specialized item. Mr. Cattaneo hopes that additional data will be available for the next Board Meeting. One aquifer shows a high level of methane while another aquifer shows a high level of boron. Vice President Bettencourt asked if this data will be helpful for Mr. Bateni and Mr. Cattaneo reported yes it will give more detailed geologic structure. President Swanson thanked Mr. Cattaneo for his good work while at the District and appreciated the opportunity of working with him.
  - c) **Central Valley Project 2007-2008 Water Supply** Mr. Gregg stated the preliminary water requirements will be 60%, but he cannot predict what

the water supply will be, especially with the dry season thus far. Mr. Gregg stated there is a real probability that the 60 % will not be sustained. Mr. Gregg recommended working with a committee with respect to water allocation and reminded the Board that there is very little storage at San Justo. Mr. Gregg requested the President designate a committee to work with staff on this matter and President Swanson stated he will get back to Mr. Gregg on a recommendation. Mr. Gregg stated he recommends a meeting on February 15<sup>th</sup> or 16<sup>th</sup>.

- d) **San Felipe Water percolation and San Benito River Operations** Mr. Gregg stated he would like to confer with a committee regarding operations at the San Benito River as well as San Felipe Water percolation. President Swanson asked Mr. Gregg if both items could be discussed at the same meeting and Mr. Gregg stated yes.
- e) **Jeff Cattaneo's Resignation** Mr. Gregg stated this was a moment of sadness and gladness. Mr. Gregg stated he has enjoyed working with Mr. Cattaneo and commended him on his service to the District. Mr. Gregg reported Mr. Cattaneo has a high level of personal and professional commitment which has been an asset to the District. Mr. Gregg wished him well in going forward at his new position.

#### **BOARD ORGANIZATION**

- 18. **Consideration of Board Committees and Agency Representative Assignments** President Swanson made a few changes from the 2006 Committee list. A 2007 Board Committees and Agency Representative list was given to the Board members at the meeting.
- 19. **Adjournment** There being no further business, the meeting was adjourned at 9:16 p.m.

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*Minutes were approved at the February 28, 2007, Regular Board meeting and signed by the presiding board member.*

*/s/Robert M. Swanson*  
**Robert M. Swanson, President**

*/s/Barbara L. Mauro*  
**Barbara L. Mauro, Board Secretary**