

**March 28, 2007
Regular Meeting
7:30 p.m.**

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, March 28, 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, Directors Ken Perry, John Tobias and Sonny Flores. Also present were District Manager/Engineer John S. Gregg, District Counsel David E. Pipal, Administration and Finance Manager Shelley Giancola, Accountant Natalie Sullivan, Consultant Harry Blohm, 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 Directors Flores 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: February 28, 2007 – Regular Meeting**
2. **Allowance of Claims**

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

REGULAR AGENDA:

3. **City of Hollister’s Notice of Preparation of EIR re Recycled Water Project**
 - a. **Review “Notice of Preparation of Draft EIR for the City of Hollister Sprayfield Project and the San Benito County Regional Recycled Water Project”** Director Tobias stated the Wastewater Treatment and Reuse Committee had met and asked Mr. Gregg to make a presentation to the Board. Mr. Gregg stated the NOP is for supplemental CEQA work and the primary work had been completed on the EIR, which was certified in October 2006 by the City of Hollister. The EIR was the basis that approved the new treatment plant and seasonal storage facilities, per Mr. Gregg and this plan was necessary to have the moratorium lifted. Mr. Gregg stated the long term wastewater management plan is necessary as well as how the plan addresses recycled water. Regarding the NOP, Mr. Gregg stated it contained supplemental work essential to treat, store and dispose of wastewater and secure the necessary discharge permits to lift

the moratorium. Upon review by staff and committee, some issues arose which is the basis for the draft letter in response to the City of Hollister's NOP. Mr. Gregg stated the committee recommended the removal of the programmatic level EIR of recycled water. The committee directed Mr. Gregg to discuss this with the City of Hollister and he recently met with Mr. Quilter. Mr. Quilter stated his two concerns in removing the recycled water are: 1) To be careful not to damage the city's ability to remove the moratorium and 2) Perhaps the amending of the Cooperative Agreement. Mr. Gregg stated the City of Hollister is prepared to remove the recycled water but asked that we move forward with caution. In our written response to the NOP, the District requests a meeting with the City of Hollister and San Benito County to discuss this issue and Mr. Gregg stated it is appropriate under CEQA. President Swanson asked for public comments regarding this issue and Mr. Pipal stated he felt the Board should review their response to the City of Hollister's NOP, prior to hearing from the public.

- b. Discuss Content of District's Written Response to the City, and, in particular, the Project Description for the Recycled Water Project on Page 6 of the NOP** Mr. Gregg reviewed the contents of this letter which was drafted by staff and Directors Tobias and Perry, members of the Wastewater Treatment and Reuse Committee. Regarding Interim Sprayfield Acreage, if there is failure or underperformance, will there be additional sprayfield acreage provided? Additionally, Mr. Gregg stated, regarding potential sites that consent from landowners is necessary for a site to go forward. Mr. Gregg stated the letter discusses the issue of wastewater percolation and how it is determined. Mr. Gregg stated recycled water quality is limited to TDS and the District felt it appropriate to make a comment and suggest it include chloride, boron and e-coli and this include ground water quality. Mr. Gregg stated, regarding the recycled water project, the MOU states the wastewater treatment plant must include the reduction of salinity as well as having buyers and the building of infrastructures for recycled water.

Mr. Blohm stated the points raised by the District are pertinent and these issues are either in the process of being resolved or will be discussed and resolved.

Director Tobias asked Mr. Blohm why the number for Interim Sprayfields fluctuates. Mr. Blohm stated the numbers were based on preliminary and incomplete information. Mr. Blohm stated CH2MHill has contracted with Dr. Joel Kimmelshue who is an expert in this area and he plans to make a presentation to both the Site Selection Sub-Committee as well as the Governance Committee. Mr. Jones also stated this information will narrow the numbers to what is needed. Director Tobias also asked about the amount of water percolated into the ground and how that might impact

high ground water areas. Mr. Blohm stated the team studying this issue will include Dr. Kimmelshue as well as others, including Gus Yates. Director Perry asked for a solid number regarding the San Juan Valley and also if we have willing buyers or customers for the recycled water.

Director Tobias asked if the timeline for the Sprayfield Phase is 2013 to 2015 and Mr. Blohm stated yes and that it is a timed phased approach. Also, Director Tobias asked about Demineralization only on the front end at the treatment plant, if that is sufficient to bring down the levels and Mr. Blohm stated this has been reviewed by HDR and it was determined by a technical memorandum, that demineralization at the front side was the best option. Director Tobias said in the NOP, it states the water will be blended coming from the plant and going back to the issue of e-coli from August of 2006 that creates a whole new problem of co-mingling of water in relation to agriculture. Director Tobias asked if the removal of recycled water will slow down the City and Mr. Wittry stated no, as long as they can continue on site specific areas.

Mr. Gregg added, regarding the affordability of demineralization, that all parties keep an open mind on this issue.

Mr. George Bonacich, President of the San Benito County Farm Bureau, stated his concern regarding the treatment of sewage water, removing the salt, and the possible degrading of the water. Mr. Bonacich stated the Farm Bureau's concern is for useful water as well as the safety of this water. Also, Mr. Bonacich expressed concern that the City proposed an 80 acre holding field, not sealed on the bottom, and its possible affect on the groundwater. Mr. Bonacich stated agriculture needs a dependable, quality water source.

President Swanson stated in Phase 2, that the current San Juan Distribution System will use treated water and blend it with CVP water, which in not the position of the District. However, the District has every intension of working with the City, but not to take away water from District customers. Director Tobias stated co-mingling of water is a problem and there are still questions.

Mr. Joe Torquato, Facilities Engineer for Earthbound Farms, is sensitive regarding recycled water because they want the blue valve water protected and want the issue fully understood before anything is done. Mr. Torquato stated they are willing to invest time and money, but asks that we move forward with caution. Also, Mr. Torquato wanted the Board to know the Regional Water Board is currently requiring daily testing of Earthbound Farms discharge water.

Mr. Steve Moss, of Christopher Ranch, stated they do not want co-mingled water and are against this issue until they can see proof it is as good a water source as CVP water.

Mr. Richard Silva, with the Farm Bureau and also a farmer in San Juan Bautista, stated he had several crop failures last year due to the salt problem and wonders if it is his location near the current sewer ponds. Mr. Silva stated he is a proponent of recycled water, but he feels San Juan Bautista is getting the short end of the stick. Mr. Silva stated we need to remove salt from the water, not add to the problem and asks the Board to be sensitive to the needs of the farmers.

Mr. Gregg stated at the meeting between the District, the City of Hollister and San Benito County, they will achieve the removal of recycled water as a directive from the Board.

Director Tobias stated his understanding of the MOU, was the District was to create markets for recycled water. Mr. Gregg stated the intension was to continue discussion on the recycled water project. Director Perry stated San Juan Valley customers are not willing customers of recycled water and is concerned about contamination of the pipeline into San Juan. Mr. Gregg stated we need to address the NOP. Mr. Wittry stated the City of Hollister is not forcing water into the San Juan Valley. President Swanson asked District Counsel for a legal perspective and Mr. Pipal stated he may dispute the Feasibility Study being accepted by this Board and Mr. Wittry stated this has been communicated by Mr. Gregg.

Mark Wright, Filice Farms, expressed concern regarding the issue of recycled water as he is already having to explain to shippers, in light of last year's problems, about food safety. Mr. Wright stated he operates 25-35 blue valves and has been asked to test every one, even though he has relayed that the water is from a single source. Mr. Wright is concerned about co-mingling water affecting consumer confidence and his company not having a marketable product.

- c. **Direct Staff to Prepare a Written Response to the City's NOP Consistent with the Board's Direction, and to have the Committee Review and Approve the Response before Mailing** Director Tobias suggested that we go forward from here and Mr. Pipal stated if the Board was satisfied with letter as is or to make the changes Director Perry suggested and go forward from there. Director Tobias made a motion to direct staff to prepare a letter from this draft to the City of Hollister, responding to the NOP and having the District continue discussion through our committee, with John Gregg, Clint Quilter and Steve Wittry. The motion was seconded by Director Flores and was unanimously approved.

4. **District Investment Policy**
 - a. **Consider Investment Committee Report on Investment Policy and Recommendation** Mr. Gregg stated that staff, the Investment Committee and Legal Counsel has reviewed the Investment Policy and find there are no changes or modifications needed at this time.
 - b. **Consider Investment Program and Investment Policy Review by Independent Investment Advisor** Mr. Gregg stated the District has been following a conservative investment plan and that staff and the Investment Committee do not feel the need for an independent investment advisor at this point. However, Mr. Gregg stated for the future, regarding the new Bureau Contract and the Bi-Lateral Agreement with Santa Clara, the District may need to review longer term investments.
5. **Consider Authorizing Board President to sign Pajaro River Watershed Flood Prevention Authority Letter to Local Senators and Representatives Urging them to Support Army Corps of Engineers Pajaro River Flood Control Project** Director Flores stated the group as a whole, felt it important to bring attention to the agency and the importance of the District's participation, recommending the President sign the letter. Upon a motion made by Vice President Bettencourt and seconded by Director Flores, the San Benito County Water District Board of Directors unanimously authorized Board President to sign Pajaro River Watershed Flood Prevention Authority Letter to Local Senators and Representatives Urging them to Support Army Corps of Engineers Pajaro River Flood Control Project.
6. **Consider Resolution of the Board of Directors Setting Forth its Intention Regarding Percolation of San Felipe Project Water for the 2007-2008 Water Contract Year** Mr. Gregg stated the District annually declares its intention to percolate water and there is a slight change from last year. The Resolution for 2007 prioritizes delivery to the San Felipe Distribution System, provides for coordination of carry over water from 2006 and Zone 3 operations and limits percolation based on the 2006 Annual Groundwater Report. Vice President Bettencourt asked how much is percolated and Mr. Gregg stated the amount percolated is set by the Board based on groundwater rates. Upon a motion made by Director Flores and seconded by Vice President Bettencourt, Resolution #2007-08, *A Resolution of the San Benito County Water District Board of Directors Setting Forth its Intention Regarding Percolation of San Felipe Project Water for the 2007-2008 Water Contract Year was unanimously approved.*
7. **Committee/Agency Representative Reports:**
 - a. **San Luis Delta Mendota Water Authority (Perry/Tobias)**
As per Director Perry, there is nothing to report.

- b. **Pajaro River Watershed Flood Prevention Authority (Flores/Bettencourt)** As per Director Flores, a presentation was given at the meeting.
 - c. **Water Resources Association (Flores/Bettencourt)** As per Director Flores, a presentation on the Annual Groundwater Report was given at the meeting.
 - d. **Investment Committee (Flores/Tobias)** Nothing further to report.
 - e. **Wastewater Treatment and Reuse Committee (Tobias/Perry)**
Nothing further to report
 - f. **Expansion Committee (Swanson/Tobias)** Mr. Gregg stated the District made a commitment to extend water to two properties on Foothill Road, belonging to Burkhart and Donati and had difficulty obtaining the easement to accomplish this. The District has been granted an easement from a different area and we are now proceeding. Mr. Gregg stated we hope to bring this matter before the Board in April. President Swanson added we have customers interested in CVP water, east of Fairview Road, and this pertains to excess water, should we have it. President Swanson stated this issue will need to be discussed with the Bureau. Director Tobias stated the District could create a policy for excess water to be used in the water rights place of use and the District should contact the CVP on how this should/could be handled. Mr. Gregg made contact today with the Bureau office and was told the Bureau will look into this issue and set-up a meeting with the District.
 - g. **Rates, Charges & Fees Committee (Swanson/Tobias)** Nothing to report.
 - h. **Personnel Committee (Swanson/Perry)** An offer was made to Monica Sanders and she has accepted the clerical position, as per Mr. Gregg. Ms. Sanders start date will be 4-9-07, as per Ms. Giancola.
 - i. **San Benito River Committee (Swanson/Perry)** Nothing to report.
8. **District Manager/Engineer's Report:**
- a. **CVP 2007-2008 Water Supply** Mr. Gregg referred to the updated CVP report given at tonight's meeting. Mr. Gregg stated the District is allocating at 85%. Currently, the water office is contacting landowners/customers reminding them to return the water contracts so the District will have a clearer picture regarding allocations.
 - b. **Operations Plan for Hernandez and Paicines Reservoirs 2006-2007 Water Year** Mr. Gregg stated the San Benito River Committee met and he expects to have a written report for the next Board meeting which will discuss establishing and maintaining flow in the San Benito River.

9. **Adjournment** There being no further business, the meeting was adjourned at 8:57 p.m.

Minutes were approved at the April 25, 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, Recording Secretary