

**March 29, 2006
Regular Meeting
7:30 p.m.**

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, April 29, 2006, at 7:30 p.m. at the San Benito County Water District offices, 30 Mansfield Road, Hollister, CA. Present board members were President John Tobias, Vice President Bob Swanson, and Directors Ken Perry, Sonny Flores and Frank Bettencourt. Also present were District Manager/Engineer, John S. Gregg, Deputy District Engineer Jeff Cattaneo, District Counsel David E. Pipal and Administrative Services Officer, Maria E. Alfaro, Accountant Natalie Sullivan and Water Conservation Program Manager Shawn Novack and Operations and Maintenance Supervisor Cliff Thatcher.

CALL TO ORDER

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

a. Pledge of Allegiance to the Flag.

President Tobias led the Pledge of Allegiance to the Flag.

b. Approval of the Agenda.

President Tobias noted that item no. 10. Report on New Legislation Regarding Director Compensation, Benefits and Ethics Training (David E. Pipal), would be continued to a future meeting.

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

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

Dan Reed, Mayor for the City of San Juan Bautista and Janice McClintock, City Manager came before the board. Mayor Reed thanked Jeff Cattaneo for attending the presentation yesterday afternoon and in the evening and Dave Pipal for the City Council and Town Hall meeting last night. Janice McClintock noted that last night the City Council put together a proposal which will be included to their response to the Grand Jury. Copies of a Financing Proposal to SBCWD which was distributed by Ms. McClintock to the board. Ms. McClintock asked if it was possible to be included in a future agenda item for discussion of the proposal. Ms. McClintock also offers to make the same presentation that Jeff Cattaneo attended on the status of this project. President Tobias thanked Mr. Reed and Ms. McClintock for coming in tonight.

CONSENT AGENDA

1. Approval of Minutes for: February 15, 2006, Special Meeting, February 22, 2006, Regular Meeting and March 8, 2006, Special Meeting.

2. **Allowance of Claims**
3. **Consideration of Resolution Proclaiming May as Water Awareness Month**
4. **Consideration of Resolution of the Board of Directors of the San Benito County Water District Setting Forth its Intentions Regarding Percolation of San Felipe Water for the Water Contract year 2006-2007**
5. **Consideration of Amendments to Agreements for Deferred Compensation Plans and Authorize District Manager to Execute on behalf of District**
 - a. **Hartford Life**
 - b. **AIG Variable Annuity Life Insurance Company (VALIC)**

Director Bettencourt asked about a claim regarding a repair. He asked if that was 9H. District Manager/Engineer John S. Gregg noted that he would have to look to make sure if it was for excavating for the last repair on Sub 9. Mr. Gregg noted that for those repairs the District's backhoe is inadequate.

Upon a motion duly made by Director Sonny Flores and seconded by Director Frank Bettencourt the Consent Agenda was unanimously approved. Resolution No. 2006-05, *RESOLUTION PROCLAIMING MAY AS WATER AWARENESS MONTH* was adopted, Resolution No. 2006-06, *RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BENITO COUNTY WATER DISTRICT SETTING FORTH ITS INTENTIONS REGARDING PERCOLATION OF SAN FELIPE WATER FOR THE WATER CONTRACT YEAR 2006-2007* was adopted and authorization for the District Manager to Execute Amendments to Agreements for the Hartford Life and AIG Valic.

6. Acknowledge Receipt of Letter from San Benito County, Civil Grand Jury and Direct General Counsel and District Manager.

Mr. Pipal noted that the District has 90 days to respond to the Judge of the Superior Court. President Tobias noted that this would be referred to the appropriate Committee for response.

Director Flores noted that the District should work as quickly as we can to resolve problems.

7. Report /Discussion on Forensic Evaluation of Fiberglass Pipeline Failures (Bob Ellis, HDR)

Bob Ellis of HDR noted that he wanted to make a briefing on the report that was prepared and provided to the District and to make PowerPoint presentation to the Board on the investigation of the pipeline failure. Mr. Ellis noted that they were asked to work with the District to determine the reasons for the pipeline failure. Mr. Ellis noted that information from other utilities using the same type of pipe was obtained and that laboratory testing was done and the recommendations for additional studies. Mr. Ellis discussed some history of the pipe. Mr. Ellis noted that this pipe has been used for many years in the industrial application. It was marketed under various brand names. Not long after it was brought to market there were a number of failures in the 70s and 80s, for which a class action lawsuit settled in 1980. Mr. Ellis discussed how the pipe is

manufactured. Mr. Ellis noted that the District has 68 miles of fiberglass pipe, mainly in sub-9. Mr. Ellis indicated that the District had experienced 6 failures to date with the first occurring in 1992 and the most recent in December 2005. Mr. Ellis discussed the probable reasons for the failures. Mr. Ellis noted that he was able to do a physical inspection of the December 2005 failure with the District's O&M staff. Mr. Ellis reviewed other agencies that have experienced failures. Mr. Ellis noted that failures were experienced about 20 years and that failure location is random. Mr. Ellis reviewed the methods of repair of the pipeline. Mr. Ellis noted that frequent pressure variations may be contributing to the failure; however, Mr. Ellis did not think this was a reason for the District's failures. Mr. Ellis concluded by noting that this pipe was marketed to have an expected life of 50 years. When manufactured properly that can be expected, however when it is not manufactured properly the life is about 20 years. Mr. Ellis's recommendation is for the District to continue to do what they already doing. Mr. Ellis also noted that it was advisable to look at some way to modify the operation of that pipe to reduce the pressure. This will not solve the problem but may give some more useful life to the pipeline. Mr. Ellis noted that a cost analysis was not completed as to what it would take to rehabilitate the pipeline. President Tobias asked if El Dorado was also experiencing the failures on 27" pipe. Mr. Ellis noted that the problems were in the 27' and 30" pipe. Mr. Ellis discussed the different situations of failures in other agencies. President Tobias asked about the class action lawsuit. Mr. Ellis noted that some agencies received money. Director Swanson asked questions regarding the differential of pressure. District Manager John S. Gregg noted that some analysis would need to be done and that it may be possible to downsize the pumps. Mr. Gregg discussed the pressure variations during different demand periods and that some engineering would need to be completed to reduce the hydromatic flow. Mr. Swanson asked how much the repairs cost the District. Mr. Gregg noted that they cost about 10 to 15 thousand dollars. Discussion was had regarding the Stonegate system. Director Tobias asked what the appropriate approach would be to send this to Committee. Mr. Gregg noted that this project should be discussed during the budget process; there are no inexpensive solutions to this problem.

8. Consideration of Professional Consulting Services Agreement with RMC Water and Environment for the Prop. 50, Integrated Regional Water Management Plan (IRWMP) and Authorize District Manager to Execute Agreement on Behalf of District.

District Manager John S. Gregg noted that this matter had been before the Board before, including a Memorandum of Understanding between the Santa Clara Valley Water District and the Pajaro Valley Water Management Agency. Before the Board tonight is a consultant services agreement. This matter comes with oversight of the Grants Committee and a copy of their recommendation is provided in the packet to approve the contract.

A motion to Authorize District Manager to Execute Agreement with RMC was made by Director Bettencourt and seconded by Director Flores was unanimously approved.

9. Report/Discussion on Operations Plan for Hernandez and Paicines Reservoirs for 2005/2006 Water Year.

John S. Gregg noted that a memorandum was placed on the Director's desk this evening. Mr. Gregg noted that the plan, consistent with the purpose of the San Benito River system, the objective is to maintain a stable water supply for landowners in Zone 3 and to put the water to beneficial use. Mr. Gregg noted that groundwater levels are monitored along Tres Pinos Creek

in the Paicines Valley and along the San Benito River and into the San Juan Valley. Mr. Gregg noted that water levels are high and that the District may fill both reservoirs. The filling to occur in an orderly fashion from moderate flows and moderate diversions. The expectation is to begin releases from now to the first of June and continue to maintain flow in the San Benito River down to the junction of Tres Pinos Creek and maintain that flow until Paicines reservoir is empty.

Director Swanson asked who was on the Committee. It was noted that Director Swanson and Director Flores were on the Committee. Director Swanson noted that he has serious problems with the handling with this and that this matter be sent to the Committee. President Tobias noted that it would go to the Committee prior to more discussion.

10. Report on New Legislation Regarding Director Compensation, Benefits and Ethics Training (David E. Pipal)

This matter was continued to a future meeting per action taken earlier this evening.

11. Consider Extending District Auditor, Brown, Kaufman and Associates, LLP, for an Additional Year to Provide Audit Services and Authorize District Manager to execute Letter of Engagement.

12. Agency/Committee Representative Reports:

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

Director Perry noted that there was nothing to report on this matter.

b) Water Resources Association (Flores/Bettencourt)

Nothing reported.

c) Hollister Urban Area Water and Wastewater Master Plan – Governance Committee (Tobias/Perry)

It was noted that a public workshop was conducted earlier this month. HDR made a presentation. The workshop was well attended and questions and comments were made.

d) Investment Committee (Tobias/Flores)

Director Flores noted that the Committee reviewed a low interest loan program. Mr. Gregg noted that the program was for water use efficiency and that the board had previously approved the initial application. The work is nearly complete and will be going back to Committee before it comes back to the full Board.

e) Groundwater Committee (Perry/Flores)

Director Perry noted that Bookman-Edmonston had made a presentation to the Board earlier this month and that the Committee has began to look at recommendations of action plan and recommendations for initial actions of the North area.

f) Grants Committee (Swanson/Bettencourt)

Director Swanson noted the Committee will be receiving monthly updates on the various grants.

g) Personnel Committee (Perry/Swanson)

Director Swanson noted that recruitment for Office Specialist was completed. Administrative Services Officer noted that Barbara Mauro was made an offer of employment and she accepted. Ms. Mauro will begin employment on Thursday, March 30th.

h) Audit and Budget Committee (Swanson/Bettencourt)

Director Bettencourt noted that the Committee had met to discuss calendar of the Budget and Audit process.

i) San Juan Water System (Swanson/Perry)

Director Swanson asked what was going on with this matter. President Tobias noted he had met with City of San Juan Bautista representatives to discuss how to bring this matter to conclusion. It was noted that Jeff Cattaneo attended a presentation and that Jeff and Dave Pipal attended the City Council meeting. The City provided a different financial proposal.

Jeff Cattaneo discussed what the presentation was about to the City Council. Mr. Cattaneo noted that the City Council discussed details of their response to the Grand Jury report and how they were planning to go forward. Director Swanson asked if the City Council discussed the EDA Agreement. Mr. Cattaneo noted that details of the agreement were not given. Mr. Swanson noted that he wanted the record to show that the District was not white washing this matter. Discussion was had regarding the City's technical information, status of design and schedule. President Tobias noted that 90% of the drawings were completed 3 years ago. Director Flores asked if the District and City were close to reaching an agreement. Director Swanson noted that there was a management agreement that needs to be finalized before we go forward. Mr. Swanson noted that the District is continuously bashed in the paper. District Counsel Pipal noted that the agreement proposed by District is not on the table. That the City has prepared a proposal, that proposal was received by the Board earlier this evening.

13. District Manager/Engineer's Report:

- a) Operations Plan for San Justo Reservoir**
- b) Hernandez Reservoir Road Repair**
- c) Central Valley Project Water Supply Forecast**
- d) USBR Water Supply/Repayment Contract**

District Manager John S. Gregg

14. Adjournment

There being no further business, the meeting was adjourned at 8:56 p.m.

/s/John Tobias

John Tobias

/s/Maria E. Alfaro

Maria E. Alfaro, Secretary