

April 26, 2006
Regular Meeting
7:31 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, April 26, 2006 at 7:31 p.m. at the San Benito County Water District office, 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 , Accountant Natalie Sullivan, Operations and Maintenance Supervisor Cliff Thatcher, Irrigation Engineer Mica Nitschke and Office Specialist II Barbara Mauro.

CALL TO ORDER

The meeting was called to order at 7:31 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**
Upon a motion by Director Flores and seconded by Director Perry, the Agenda was unanimously approved.
- c. Public Input**
There were no public comments made.

CONSENT AGENDA:

- 1. Approval of Minutes for: March 29, 2006, Regular Meeting, and Special Meeting April 12, 2006.**
- 2. Allowance of Claims**
- 3. Acceptance of Quarterly Investment Report for the Quarter Ending March 31, 2006.**

Upon a motion by Director Perry and seconded by Director Flores, the Consent Agenda was unanimously approved.

- 4. Acknowledge Receipt of San Benito County Grand Jury Letter and Discuss Response.**
District Manager John Gregg stated we received this letter on April 17, 2006 and responded, including a copy of the District's letter to the City of San Juan Bautista. Mr. Gregg stated that previously, the Board had designated a meeting with the President and Vice President, the City Council and staff to develop a response to the Grand Jury report which was dated February 28, 2006. Mr. Gregg noted that the District has until late May to respond and recommends a special meeting of the Board of Directors near the middle of May to discuss this. President Tobias stated that this matter is now referred to committee.

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

Mr. Pipal reviewed with the board the new law, AB1234 requiring public officials to complete two hours of ethics training by 1/2007 and every two years after that. Mr. Pipal noted that there will be classes at the upcoming ACWA conference as well as an ethics class offered through San Benito County, May 3rd at the Veteran's Hall. Director Flores asked if the new director classes he and Director Bettencourt attended at the Fresno Conference qualified for the ethics training and directed Mr. Gregg to look into this. Mr. Pipal stated that the ethics requirement is the responsibility of each of the directors and the District is required to keep records of the name of the program and the hours each director attended.

6. Low Interest Loan – Irrigation Equipment Improvement Program (LIL-IEIP)

Mr. Gregg explained that sources of funds are through a State program to provide farmers with equipment and hoping for approval by late July. Mr. Gregg states the program itself can be described as a line of credit and the District would work with farmers/landowners to deem what is appropriate equipment, with the District purchasing the equipment. It would be a lease/purchase, and becoming the farmer/landowner's at the end. Mr. Gregg stated the program and documents are recommended to the board for approval and that there are two resolutions tonight, one for district wide implementation and the other is the minimum required by the state. President Tobias asked about item #3 on Resolution # 2006-07. Mr. Gregg stated passing this resolution would allow for the program to go forward and that the basis of the customers involved in this program are the District's water customers. Mr. Gregg stated that district wide implementation could begin in Zone 6 and define the security issues of offering this program elsewhere. President Tobias asked Mr. Pipal if it would take six months and he stated no, that it was a relatively simple to apply it district wide, with some provisions to the equipment leasing outside of the zone for security purposes. President Tobias stated that if the board wanted to pass this tonight, could they come back and revisit the issue of security at the Regular Meeting in July and Mr. Gregg said we would know if we have approval by then. Director Perry also wanted to know what our security would be if the landowner was outside of Zone 6 to which Mr. Pipal stated the District could require the landowner put down a security deposit down or a deed of trust on the property. Director Perry went through a sale of property that couldn't clear title until the Deed of Trust was in place. Director Swanson asked about the security with Zone 6 to which Mr. Pipal replied it would be stoppage of water service and this was confirmed by Ms. Nitschke. Director Swanson wanted to know if a customer utilized this program, was outside of Zone 6 and did not pay the District, what is the District's security? Mr. Pipal would recommend a customer outside of Zone 6 have some form of additional security. Director Swanson would like clarity regarding the security issues at a later date and also will the District really shut off water to a customer in Zone 6? Mr. Pipal stated that the Board could consider asking customers within Zone 6 for additional security as well. Ms. Nitschke brought it to Director Swanson attention that page two of the lease

agreement states the terms for security for the District. If changes are made to the terms and conditions of the lease agreement, Ms. Nitschke stated that the State will have to be notified in writing of these changes. Mr. Gregg urged the Board to approve both Resolutions. Director Swanson with President Tobias asked that the date of Resolution 2006-07 be changed to read initial implementation by on or before July 26, 2006.

Upon a motion duly made by Director Perry and seconded by Director Flores, Resolution No. 2006-07, *A Resolution of the San Benito County Board of Directors For The Implementation Of The District Low-Interest Loan – Irrigation Equipment Improvement Program* and Resolution No. 2006-08, *A Resolution of the San Benito County Water District Board of Directors For Implementation Of The District Low-Interest Loan – Irrigation Equipment Improvement Program* were unanimously approved.

7. Consideration Giving Formal Consent to the Water Resources Association of San Benito County Water Softener Rebate Program

Mr. Gregg stated this had been discussed by the Grants Committee and it is a Water Resources Association Program funded by the member agencies; the District has applied for a grant on behalf of the Water Resources Association and received that grant. Mr. Gregg also stated in the Water Resources By-Laws, the member agencies must vote on approval of this item. President Tobias asked for questions or comments. Director Swanson states he and Director Bettencourt, representing the Grant's Committee, recommends this program, but does state that part of this program is being done incorrectly. Director Swanson states that once the customer receives a water softener that's where it ends, there is no maintenance or upkeep, which could mean a large use of salt for the softener over the life of it. Mr. Gregg stated that time is of the essence and there are two issues for discussion, one being maintenance and also off-site regeneration; education being the key. Mr. Gregg also recommends to the Board to pass this measure. Director Bettencourt stated, in respect to the maintenance, having private industry handle that aspect, rather than the public agencies. Director Perry asked Mr. Gregg if this program is just for water softeners and he stated that it is either for upgrading to new technology on-site or to receive an equivalent incentive to go to off-site regeneration cartridges. Director Perry feels the money would be better spent on off-site regeneration recycling rather than on softeners with this \$300,000 grant. Upon a motion duly made by Director Flores and seconded by Director Bettencourt, the consent was passed by a 4-1 vote, the no vote by Director Perry.

8. Agency/Committee Representative Reports:

- a. **San Luis Delta Mendota Water Authority** (Perry/Tobias) Director Perry stated he had nothing to report.
- b. **Hollister Urban Area Water and Wastewater Master Plan-Governance Committee** (Tobias/Perry) Director Perry had nothing to report at this time. Mr. Gregg had a two items to add, the City of Hollister has retained CH2M Hill as a program manager for their project and set forth to the Governance Committee a program for financing the program by fees from users and connection fees. President Tobias also stated that

Sunnyslope Water District is also in discussion with the City of Hollister regarding the wastewater treatment plant.

- c. **USBR Contract Renewal Committee** (Bettencourt/Perry) Mr. Gregg stated there will be more information when he gives his reports later in the meeting.
- d. **Investment Committee** (Tobias/Flores) Director Flores stated the only item he had was the Low Interest Loan information which had already been discussed.
- e. **Grants Committee** (Swanson/Bettencourt) Director Bettencourt stated the programs are going forward with only a few additions to the drafts. Mr. Cattaneo added all three programs are all going forward.
- f. **Personnel Committee** (Perry/Swanson) Director Perry stated that Barbara Mauro was hired.
- g. **Audit & Budget Committee** (Swanson/Bettencourt) Director Bettencourt stated there is nothing to report.
- h. **San Juan Water System Committee** (Swanson/Perry) Director Perry states there is nothing to report. Director Swanson asked about the response to the City of San Juan Bautista's proposal from the previous Board meeting. Director Swanson would like it noted that we have responded and the response was hand delivered.
- i. **San Benito County/District Committee** (Perry/Tobias) Director Perry reported that there was a meeting, discussed Highway 156, as well as some miscellaneous issues.

9. District Manger/Engineer's Report

- a. **2006 CVP Water Supply** Mr. Gregg states Central Valley is enjoying a generous water supply year, Bureau of Reclamation advanced the intended deliveries to 85% for agricultural use.
- b. **USBR Water Supply/Repayment Contract** Mr. Gregg stated that negotiations were held earlier this month and resolved a number of issues; one is that the green sturgeon was listed as an endangered species which means there will be a biological assessment prior to approving the contract, estimated time for this assessment would be 5-6 months. Mr. Gregg also stated that the other item is that the Bureau of Reclamation has discovered that they have not been properly accounting for certain actions of districts such as ours. If a District increases the value of their facilities, the federal government must increase their books and Mr. Gregg cited some examples of these increases. Santa Clara Water District has encountered the same issues and may not execute a new agreement. There are three agreements pertaining to our district per Mr. Gregg. 1. Water Supply/Repayment Agreement 2. An agreement between San Benito County and Santa Clara Water District 3. Changing and improving the business relationship between San Benito and Santa Clara Water District regarding operation, maintenance, repair and replacement of shared facilities. Mr. Gregg states that the final agreement would be after the environmental and biological studies are complete, but there are no vigorous time limits in place. Mr. Gregg continued that if there are any problems along the way, the contract could become invalid and that would leave the District with no long term water contract. Mr. Gregg recommends signing and executing an amended contract and simultaneously signing and executing a new contract as insurance that the

District will have water and if the new agreement failed, the District would be able to fall back on the amended contract. Mr. Gregg states the process is nearly finished and will have workshops to bring the entire board up to speed on the process. Mr. Gregg states there will be meetings scheduled for sometime during May 2006 and perhaps finalizing in mid June 2006. Director Swanson asked Mr. Gregg what happens if a district signs the contract and then a problem comes up with respect to the green sturgeon; can litigation cause a district not to have any water access? Mr. Gregg stated that if your contract was complete, that issue would not inhibit a district from getting water access, but other factors can be a problem and would have to be addressed at that point. Director Bettencourt asked about changing a speed of a pump, would that change the value of a district? Mr. Gregg states that yes, that could change the value and the Bureau of Reclamation would have to be notified of the change. Director Swanson asked if our neighbors can exert enough pressure to get make reasonable changes. Mr. Gregg states that several water districts are involved and that it should work in the favor of the districts.

- c. **Geographic Information System (GIS)/County Base Map Update** Mr. Gregg states that next month information will be provided to the board in respect to this. Jeff Cattaneo, Deputy District Manager, reports that in 2003, the District entered into a project with the County and other agencies to develop a Base map. Mr. Cattaneo gave an overview of the project. Links Technologies, have taken all the APN maps and digitized the information, per Mr. Cattaneo, and they are approximately 95% complete with the portion, with the exception of completing the district's distribution system and they are about half way through with this. Mr. Cattaneo states that the next piece will be training/information on how agencies will use the data, so additional contracting with Links will be necessary. Mr. Cattaneo states there are four additional items: 1. Maintenance of data 2. Web development/maintenance 3. Training for using Base Maps 4. Sharing of information Mr. Cattaneo also mentioned that there is a MOU from San Benito County, that the District Counsel is reviewing, which addresses the additional scope of services for Links. Director Bettencourt asked what the District's cost is for this project and Mr. Cattaneo stated approximately \$40,000.00 so far and the next steps would be approximately \$15,000.00 additional. Mr. Cattaneo also answered Director Bettencourt's question about how we would get changes; we would have information updated regularly and the next step will be who/when people has access to this information. Director Swanson asked if this is a county wide project and what was the county's cost. Mr. Cattaneo stated it is county wide and the total project was approximately \$160,000.00, so our share was about 25%. Director Swanson asked Mr. Gregg if we will identify wells, etc., is that not an invasion of privacy? Mr. Gregg states that some coordinates on the map will remain private and Director Swanson wonders if that will be possible. Mr. Gregg states that the board can adopt what information you deem accessible and what will remain private, however; the one area of line maps where the District distributions are already accessible for public viewing. Director Swanson did comment about how the internet has made

a lot of information available. Mr. Gregg said what information would be made available will be discussed prior to completion with the Board.

- d. **Hernandez Dam Access Road** Mr. Gregg states that there are two actions under way in regards to this road. 1. Repair --We received bids for this repair 2. New Slide—fairly significant and may need addressing. Mr. Gregg states there will be a special board meeting early next month to address this problem.
- e. **Delta Mendota Canal/California Aqueduct Intertie Project** Mr. Gregg states the normal time period has passed and work has gone forward and several organizations have sued the federal government and received an injunction. Mr. Gregg will have a full report at a later date.
- f. **San Justo Reservoir** Mr. Gregg states we are operating at the limit and we are experiencing some inconvenience but we should be able to get through year. Mr. Gregg reports that the Bureau of Reclamation report by URS has been delivered to us for review. Mr. Gregg states that we need to discuss with District Counsel to determine, by federal rules and for security reasons, what information can be discussed and disclosed. Director Bettencourt asked Mr. Cattaneo what the study showed other than the leak and he stated that it will take a while for it to show a difference. Mr. Cattaneo states the only way to know would be to use the old method of draining the reservoir.

CLOSED SESSION

10. Conference with Legal Counsel-Existing Litigation

Authority: California Government Code Section 54956.9(a)

- a. Council of San Benito County Governments vs. Righetti Bros., et al.
- b. Council of San Benito County Governments vs. Casillas Bros., et al.

11. Conference with Legal Counsel – Anticipated Litigation

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9

12. Adjournment

There being no further business, the meeting was adjourned at 9:35 p.m.

/s/John Tobias

John Tobias, President

/s/Barbara L. Mauro

Barbara L. Mauro
Secretary