

May 30, 2007
Regular Meeting
7:30 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, May 30, 2007 at 7:30 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: Vice President Frank Bettencourt, Directors Ken Perry, John Tobias and Sonny Flores. President Robert Swanson was absent. Also present were District Manager/Engineer John S. Gregg, District Counsel David E. Pipal, Administration and Finance Manager Shelley Giancola, Operations and Maintenance Manager Dave Meraz, Irrigation Engineer Mica Nitschke and Office Specialist II Barbara L. Mauro.

CALL TO ORDER

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

- a. Pledge of Allegiance to the Flag**
Vice President Bettencourt led the Pledge of Allegiance to the Flag.
- b. Approval of Agenda**
Upon a motion made by Director Flores and seconded by Director Tobias, 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 input.

CONSENT AGENDA:

- 1. Approval of Minutes for: April 25, 2007 – Regular Meeting
May 23, 2007 – Special Meeting**
Upon a motion made by Director Flores and seconded by Director Tobias, the minutes of the April 25, 2007 and May 23, 2007 meetings were unanimously approved.
- 2. Allowance of Claims**
Upon a motion made by Director Perry and seconded by Director Flores, the allowance of claims was unanimously approved.

REGULAR AGENDA:

- 3. Request of Joe Zanger to Address the Board Regarding San Felipe Water Service to Zanger Agricultural Lands**
Mr. Zanger gave a brief background regarding his previous requests for San Felipe Water Service to the Expansion Committee. Mr. Zanger received a response from the Expansion Committee last week, but felt he also wanted to address the full board on this issue. Mr. Zanger stated they have paid approximately \$115,000 in property taxes over the years to the District and would appreciate the Board's consideration. Mr. Zanger stated that nine years ago, Director Perry stated those in the District and pay taxes, should be considered. Also, Mr. Zanger stated the District has a large well on their property and the groundwater is high, and the District wished to pump this water out, they would be

willing to cooperate. Mr. Zanger asked the Board to keep them in mind for future expansion and thanked the District for the fire protection they have provided.

4. Consider Resolution Adopting the Pajaro River Watershed Integrated Regional Water Management Plan (IRWMP)

Mr. Gregg stated this item has been overseen by the Grants Committee and introduced Ms. Gutierrez to give the Board an update. Ms. Gutierrez stated the release of the public draft and a public workshop regarding this plan both occurred in March 2007. Ms. Gutierrez also stated this plan was adopted by Santa Clara Valley Water District on May 22, 2007 and will be considered for adoption by Pajaro Water District on June 6, 2007. This item is before the SBCWD Board for adoption this evening, as per Ms. Gutierrez. Vice President Bettencourt made a motion and it was seconded by Director Perry to approve Resolution #2007-10, *A Resolution of the San Benito County Water District Board of Directors Adopting the Pajaro River Watershed Integrated Regional Water Management Plan (IRWMP)* was unanimously approved.

5. Consider Approval of Bookman-Edmondson/GEI Scope, Budget and Schedule for the North Hollister High Groundwater Monitoring Program and Authorize the District Manager to Execute a Task Order in Accordance with the Master Agreement between San Benito County Water District and Bookman-Edmondson/GEI (\$308,000)

Mr. Gregg introduced Mr. Bateni of Bookman-Edmonson/GEI to offer an overview. Mr. Bateni reviewed with the Board the information they were given in the board packet. Mr. Bateni stated there are four steps for this kind of program: 1. Groundwater Investigation 2. Draft Recommendations 3. Develop tools for monitoring and assessments 4. Refine recommendations-implementation. Mr. Bateni stated we are talking about step number 3. Mr. Bateni stated there are four separate basins and he feels there are two challenges: Physical Challenges and Institutional Challenges. Examples of physical challenges are the separations by area faults, the levels of boron and TDS and not enough scientific data. Mr. Bateni cited examples of institutional challenges: water resources allocation, CVP water availability and environmental issues. Mr. Bateni stated data is needed to define the inner relationships between the aquifers. Mr. Bateni reported there will be eight monitoring wells in five locations, and the locations have yet to be determined based on obtaining permits. Mr. Bateni stated the estimated locations are: 1 at the mouth of Pacheco Creek, 2 at the south side of Pacheco Creek, 3 in the Lovers Lane area, 1 along the airport and 1 to show the movement of water containing boron. Reviewing the budget, Mr. Bateni reported the drilling is more than half of the cost.

Director Tobias asked about the cone of depression at the airport and Mr. Bateni stated it is at the south end. Director Tobias also asked if the City of Hollister uses the airport for a sprayfield, will that affect the location of this monitoring well. Mr. Bateni stated a well can be added if the board desires, in addition to the current location. Director Tobias expressed concern regarding the information gained from these locations and Mr. Bateni stated he would be happy to discuss the exact locations with the District prior to determining them. Director Tobias stated if the City of Hollister chooses one or two sites

at the airport, and if the City doesn't monitor the area, then he felt the District would have the ability to monitor the area for them. Director Perry stated this is something to keep in mind before chooses the site. Vice President Bettencourt asked if there is any financial help for this project and Mr. Gregg stated not at this time and to obtain grant money would delay this for 1-2 years, but there is nothing for the short term. Mr. Bateni stated the state legislature took all the funding out of the AB 303 and it would be approximately 3 years for future funding. Director Tobias stated, moving forward, perhaps we could create a partnership with the City of Hollister, regarding monitoring wells at the airport. 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 the Bookman-Edmondson/GEI Scope, Budget and Schedule for the North Hollister High Groundwater Monitoring Program and Authorized the District Manager to Execute a Task Order in Accordance with the Master Agreement between San Benito County Water District and Bookman-Edmondson/GEI (\$308,000).

6. Consider District Vote on the San Benito County Mosquito Abatement Program Proposed Assessment for Mosquito and Disease Control Services and Direct District Manager

Mr. Paul Matulich, from the SBC Ag Commission, attended the meeting to answer questions regarding this assessment. Director Perry asked why the District needed to take a position on this and Mr. Matulich stated all government agencies are assessed. Mr. Gregg stated the Board action would be to direct the District Manager to vote for or against this assessment. Director Perry asked if a resolution was needed and Mr. Gregg stated it was not. Upon a motion by Director Perry and seconded by Director Tobias, the Board of Directors of the San Benito County Water District unanimously directed the District Manager to vote in favor of the San Benito County Mosquito Abatement Program Proposed Assessment for Mosquito and Disease Control Services.

7. Authorize District Manager to Execute an Agreement with Brown, Kaufman and Associates for the Annual Audit of the District's 2006-2007 Fiscal Year

Mr. Gregg stated this matter was reviewed with the Audit and Budget committee. It was concluded that the current firm has familiarity with the bureau contracts and that both staff and the committee recommended extending the current auditor. Director Flores stated the committee agreed to recommend continuing with the current auditor and pursue bidding next year. Upon a motion made by Director Tobias and seconded by Director Flores, the Board of Directors of the San Benito County Water District unanimously authorized the District Manager to Execute an Agreement with Brown, Kaufman and Associates for the Annual Audit of the District's 2006-2007 Fiscal Year.

8. Report on Hernandez Dam Outlet Valves and San Benito River Operations

Mr. Gregg stated is has been 10 years since we have had problems with these valves. During an inspection this year, one valve at Hernandez would not close properly. At this point, several tries have been unsuccessful in correcting this problem and the District cannot get it below 35 acre feet a day. Mr. Gregg stated the San Benito River Committee will continue to meet to discuss an operating plan for two items: distribution of water during the summer and repair of Hernandez. Mr. Gregg reported to repair Hernandez; the

District will need to empty the reservoir which will need coordination with the Fish and Game as well as the Bureau. Mr. Gregg stated the District hopes to have minimum pool by early September with inspection and repairs completed by mid October. Vice President Bettencourt asked if we can expect to find rust or corrosion at minimum pool and Mr. Gregg stated he would be surprised if there is problem with the valve or the shaft as there didn't appear to be signs of deterioration ten years ago.

9. Consider Authorizing District Manager to Sign Activity Agreement Indicating San Benito County Water District's Participation in Merced Irrigation District (MID) Vernalis Adaptive Management Program (VAMP) Period Water Transfer through the San Luis Delta-Mendota Water Authority

Mr. Gregg stated this has been before the Board previously and described by Mrs. Nitschke as an "insurance policy" of additional water. Vice President Bettencourt asked if any water will be available this year and Mrs. Nitschke stated no. Upon a motion made by Director Flores and seconded by Director Tobias, the San Benito County Water District Board of Directors unanimously authorized the District Manager to Sign Activity Agreement Indicating San Benito County Water District's Participation in Merced Irrigation District (MID) Vernalis Adaptive Management Program (VAMP) Period Water Transfer through the San Luis Delta-Mendota Water Authority.

10. Report on Pajaro River Watershed Groundwater Desalination Feasibility Study

Mr. Gregg introduced Mr. Lyndel Melton of RMC to report on this item. Mr. Melton stated he has met with the Grants Committee regarding this item. Mr. Melton stated this is a joint project between the District, Santa Clara Valley Water District and the Department of Water Resources. The DWR Grant is for \$245,000 with the total cost being \$490,000. Mr. Melton gave a Power Point presentation giving an overview of the project. Mr. Melton stated the timeline is: June 2007 to present the draft report, July 2007 for comments, August 2007 to submit final report, and September 2007 to complete program, with proposed implementation by 2015.

Mr. Melton stated the opportunities are the three parties involved in this project are linked by the San Felipe Water System. Mr. Melton reviewed the plan going forward and what this would mean for the District. Mr. Melton stated there would be water available, through this program, to be moved around. Director Tobias asked how much water and Mr. Melton reported it would be 5,000 to 6,000 acre feet per year. Mr. Melton stated the District would need to obtain its full CVP water supply. Mr. Melton also reported that SCVWD would be interested in long term/dry year availability. Mr. Melton stated this would mean cost versus time. The concept would be trading water with SCVWD for financial help in building this facility. Mr. Melton stated SCVWD has expressed some interest. Mr. Melton stated he is looking for direction from the Board. Director Perry stated the Grants Committee wanted this item to come before the full board for discussion. Mr. Gregg stated the way to proceed for the Board would be to consider writing up the concept, in Zone 6, within the City. Vice President Bettencourt expressed concern over losing any of our water/water rights over this. Director Tobias and Perry both stated if it would be concept only, it would be okay. Director Perry asked that a

draft document be prepared for the Board to discuss. Director Tobias stated education is the key and the District should learn from the problems with the HUAWWMP.

11. Committee/Agency Representative Reports:

- a. San Luis Delta Mendota Water Authority (Perry/Tobias)**
As per Director Perry, there was nothing to report.
- b. Pajaro River Watershed Flood Prevention Authority (Flores/Bettencourt)**
As per Director Flores, there was nothing to report.
- c. Audit/Budget Committee (Bettencourt/Flores)**
As per Vice President Bettencourt, there was nothing further to report.
- d. Expansion Committee (Swanson/Tobias)**
As per Director Tobias, there was a meeting scheduled with the Bureau today that was cancelled and it will need to be rescheduled.
- e. Grants Committee (Bettencourt/Perry)**
As per Vice President Bettencourt, there was nothing further to report.
- f. Groundwater Committee (Perry/Flores)**
As per Director Flores, the San Juan Basin Drainage report was given at the last meeting. Also, Director Perry stated Caltrans has apparently started a new alignment and asked Mr. Gregg to follow up on that issue. Mr. Gregg stated there would two issues: the potential change of configuration and the new pipeline.
- g. Wastewater Treatment and Reuse Committee (Tobias/Perry)**
As per Director Perry, the Site Selection Committee met and are making progress.
- h. Personnel Committee (Swanson/Perry)**
As per Director Perry, two candidates were interviewed for the Water Office position.

12. District Manager/Engineer's Report

- a. Central Valley Project 2007 Water Supply**
Mr. Gregg stated for May, there was no change in contract or allocations. There was an increase for those taking water from Friar Dam.
- b. Implementation of Second Amendatory Water Service Contract and Bilateral Agreement with Santa Clara Valley Water District**
Mr. Gregg reported the Second Amendatory Contract was signed the end of March and became effective at that time. The significant changes are: requirements of who has to register their land and an issue that a few landowners will have to pay the full cost rate and they did not have to pay it in the past. Mr. Gregg recommends the Rate Committee review this matter and may consider reducing the full cost rate for these landowners. Mr. Gregg hopes to meet with the Rate Committee sometime in June. Additionally, Mr. Gregg stated the first payment in the fixed repayment schedule will be due July 1, 2007.

Regarding the Bi-Lateral Agreement with Santa Clara, work is under way for an Asset Condition Evaluation and a RFP has gone out. Mr. Gregg stated in June or July, the proposals will be reviewed. Mr. Gregg reported that budget work is underway regarding reserve funds. The Investment Committee is reviewing the

repayment schedule, regarding amounts, timing and interest rates and investing in a slighter longer term to return a higher interest rate. Mr. Gregg reported the committee recognized the structure of the repayment and the government might be interested in a reduction in repayment in exchange for purchasing of facilities. Regarding the Audit and Budget Committee, Mr. Gregg reported they are working on a policy for cash reserves that are reserved for restriction/designation and have been set aside in the past for the Bureau contracts and how to move those funds in respect to the agreement with Santa Clara. Mr. Gregg anticipates meeting with the Audit and Budget Committee early in June.

Mr. Gregg reported the following observations when reviewing the contracts: 1) A fixed repayment schedule and 2) A fixed interest rate. Mr. Gregg stated a goal set by the USBR Contract Committee was to negotiate a contract with the same economic value as the existing contract and also the repayment obligations can be met without allocating any more revenue from property taxes or water charges than in the past. In doing so, Mr. Gregg stated the District may actually reduce the money required to be set aside for the Bureau contracts. Mr. Gregg expects to bring this item to the Board possibly in June.

c. Field and Office Workers Bargaining Unit/SEIU Memorandum of Understanding

Mr. Gregg stated the MOU ends on June 30, 2007. Mr. Gregg stated the SEIU continues to represent the employees and the employees would be without a contract if it is not negotiated prior to June 30, 2007. Mr. Gregg stated the first meeting with the SEIU will be on June 6, 2007.

d. Harmony Hills Water System

Mr. Gregg stated a Water Supply Emergency Ordinance (Ordinance #44) was adopted last Wednesday and we will publish the ordinance as required. Mr. Gregg stated we are developing a questionnaire for water customers to complete and we plan to have a meeting with the Harmony Hills Water System customers, the second week of July. The District has received an invitation to submit an application for Prop 50 funds for drinking water systems. Mr. Gregg stated the intent and filing requirements will be discussed with the Grants Committee in June. Mr. Gregg stated the new step would be Board approval if recommended by the Grants Committee.

e. CEQA Scoping Meeting and Public Workshop on the Development of Total Maximum Daily Loads for the Pajaro River, San Benito River, Llagas Creek and Tequisquita Slough, to Control the Discharge of Fecal Coliform

Mr. Gregg, upon discussion with the President, will recommend a committee be assigned to review the CEQA scoping and public workshop for this item. This is an important item to the District as it uses the river to transport water. Mr. Gregg stated the District consider this item carefully. The standards they propose have never been met, during Mr. Gregg tenure.

13. Adjournment

There being no further business, the meeting was adjourned at 8:55 p.m.

Minutes were approved at the June 27, 2007, Regular Board meeting and signed by the presiding board member.

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

Barbara L. Mauro
Barbara L. Mauro, Recording Secretary