

**July 26, 2006
Regular Meeting
7:30 p.m.**

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, July 26, 2006 at 7:30 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. 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, District Counsel David E. Pipal, Deputy District Engineer Jeff Cattaneo, Irrigation Engineer Mica Nitschke, Iris Priestaf of Todd Engineers and Office Specialist II Barbara L. Mauro.

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 Agenda**
Prior to entertaining a motion for approval, President Tobias stated that Item Number 4, Hernandez Dam Access Road Emergency Repair, would be moved behind Item #9. With that notation, there was a motion made by Director Flores and seconded by Director Bettencourt, the Agenda was unanimously approved.
- c. Public Input**
There no public comments made.

CONSENT AGENDA

- 1. Approval of Minutes for: June 28, 2006 Regular Meeting.**
- 2. Allowance of Claims**
- 3. Investment Report**

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

REGULAR AGENDA

- 5. Consider Approval of Agreement with Todd Engineers and Authorize District Manager to Execute Professional Service Agreement for the Annual Groundwater Report for Water Years 2006, 2007 and 2008.**

Mr. Gregg reported that the Groundwater Committee earlier this year addressed some issues in respect to the Annual Groundwater Report. The committee looked at whether it was time to get a fresh look at this report by not only fulfilling our statutory requirements but also our need for information to manage the water basin. Mr. Gregg also reported that on consultation with Counsel it was stated that it was not mandatory that we have a new report each year, but it would affect our groundwater rates. Mr. Gregg stated we have proceeded with a review of a draft RFP for the Groundwater Report by the committee and then a final draft of the RFP was sent out. Mr. Gregg reported that while we only received one proposal, we are pleased with this proposal from Todd Engineers. Mr. Gregg stated that their proposal has been reviewed and modified and tonight we have the Professional Services Contract for Board's review and approval. Mr. Gregg introduced Iris Priestaf, of Todd Engineers and asked her to offer an overview and answer questions from the Board.

Ms. Priestaf stated that it is important to establish the status of the current Groundwater basin for the Board of Directors, the District staff, organizations and consultants, groundwater pumpers and the citizens of San Benito County. Ms. Priestaf outlined the following objectives: fulfill District requirements, maintain data acquisition and analysis, give an overview of detailed information, enhance accessibility of report and manage the level of effort. Ms. Priestaf stated Todd Engineers will have a streamlined approach. Ms. Priestaf stated the following recommendations: that Water Year 2006 would include a rate study; Water Year 2007 would be more streamlined and 2008 would include a full water budget analysis. Ms. Priestaf stated it would be an accessible report with an illustrated executive summary; she would reformat the report as needed, include data and analysis in the appendices. Ms. Priestaf also stated that at the end of each year, Todd Engineers will offer a brief, illustrated presentation that gives the high points of the year. Ms. Priestaf stated that she will serve as the project manager for the Groundwater Report with support from staff at Todd Engineers as well as Gus Yates for continuity. Ms. Priestaf also stated that they will be utilizing Bartle Wells Associates who are Certified Public Finance Analysts. Ms. Priestaf stated the work schedule will be: begin work at the end of July/beginning of August, have a draft submitted by the 1st of December, have a final draft to the District staff by December 18th with a final draft being presented in January 2007. Vice President Swanson stated that in the past, the District has accepted the Groundwater Report rather than approve it. Vice President Swanson also asked that Ms. Priestaf make any suggestions or observations she sees. Director Perry stated that the Board is looking for a fresh look at this report. Vice President Swanson asked if all the extra consultants, i.e. Gus Yates and Bartle Wells Associates were included in their proposal and Ms. Priestaf said they were.

Upon a motion made by Vice President Swanson and seconded by Director Perry the Board of Directors unanimously voted to authorize the District Manager to Execute a Professional Services Agreement for the Annual Groundwater Report for Water Years 2006, 2007, and 2008 to Todd Engineers.

6. **Consider Approval of Bid Documents for the North Area Depth Specific Monitoring Well and Authorize for Bids.**

Mr. Gregg stated that the Grants Committee met earlier this afternoon regarding this matter and the committee and staff recommend approval of the bid documents and authorize the bid process to begin. Vice President Swanson, as a member of the Grants Committee, recommends this to the Board.

Upon a motion made by Director Flores and seconded by Director Bettencourt, the Board of Directors unanimously voted to Approve the Bid Documents for the North Area Depth Specific Monitoring Well and Authorize Advertising for Bids.

7. **Report on Low Interest Loan-Irrigation Equipment Improvement Program**

Mr. Gregg stated that the Board had previously approved this program. The Draft agreement with the State of California stated that the program is to provide participation on a District wide basis. Mr. Gregg stated that at the Investment Committee meeting today, with counsel, security issues regarding this program were discussed. Mr. Pipal stated the main concern of this program is security for the District as the District will lease equipment on behalf of the farmer. Mr. Pipal gave options for security to the committee today. Mr. Pipal stated the options are: Deed of Trust, Security Deposit with the District, and a Letter of Credit from the bank on behalf of the User/Lessee. Mr. Pipal stated he prefers the Deed of Trust on the larger contracts and the Security Deposit option would be alright for the smaller contracts. Director Bettencourt asked if this is a lease/purchase and Mr. Pipal stated at the end of the lease, the farmer would own the equipment. Ms. Nitschke stated their last payment makes it a purchase at the end of the lease. Director Perry asked if the District could just take a lien and Mr. Pipal stated it would be a Deed of Trust as we do not have the authority to take a lien under our District act. Mr. Pipal also stated that we could obtain a lien if the loan was in default, by obtaining a judgment. Director Flores reported that the Deed of Trust will be asked for if the lease is over a certain amount, which has yet to be determined. Mr. Gregg stated that most water districts have a provision that their Board of directors has the authority to put a lien on property, but we do not have that power.

8. **Agency/Committee Representative Reports:**

a. **San Luis Delta Mendota Water Authority (Perry/Flores)**

As per Director Perry, he had nothing to report.

b. **Hollister Urban Area Water and Wastewater Master Plan-Governance Committee (Tobias/Perry)**

As per Director Perry, he did not have anything to report at this time, but hopes to have more by the next Board Meeting. Mr. Gregg stated that we should have something no later than the next Board Meeting, if not a workshop or a special meeting prior to the next Board Meeting.

- c. Groundwater Committee (Perry/Flores)**
As per Director Flores there was nothing further to report.
- d. Grants Committee (Swanson/Bettencourt)**
As per Director Bettencourt, there was nothing further to report.
- e. Investment Committee (Tobias/Flores)**
As per President Tobias, information received in today's meeting was regarding investments being made in other water districts and how we compare to them.
- f. Personnel Committee (Swanson/Perry)**
Mr. Gregg stated we are recruiting for an Administration and Finance Manager, the closing date was 7/14/06, and screening interviews are set-up for 7/31/06. Mr. Gregg will forward information to the committee members in regards to the applicants that will be interviewed. Mr. Gregg continued that from there, applicants will be interviewed by the Personnel Committee. Vice President Swanson stated that if Mr. Gregg is able to get down to 1-2 candidates that are not that strong, he wants to get together and discuss it before we go further. Mr. Gregg stated that this is an important position and we need to fill it with a competent and capable individual. Mr. Gregg stated that if such a candidate is not in this screening, we will have to have an additional recruitment and take the necessary steps to manage in the interim to which Vice President Swanson agreed on behalf of the Personnel Committee.
- g. Expansion Committee (Tobias/Swanson)**
Vice President Swanson stated that we are making progress in a couple of areas and President Tobias stated that they had resolved the Burkhart/Donati situation.
- h. USBR Contract Renewal (Perry/Bettencourt)**
Director Perry stated that there are two meetings set-up, one with the committee tomorrow and one with SCVWD on Monday, July 31st.

9. **District Manager/Engineer's Report**

a. San Justo Reservoir Operations

Mr. Gregg stated that the Bureau of Reclamation put an operating limit in place. Mr. Gregg stated that it would be no impact on water supply but we will be putting in additional operating efforts to handle demand. Mr. Gregg stated we had anticipated problems during peak demands, but have not had any problems to date. Mr. Gregg also reported that we operated the Hollister Conduit at record levels during the recent heat wave. Mr. Gregg stated that we had some equipment problems during this time, however; our personnel responded appropriately. Mr. Gregg reported that we had some power outages due to the heat, which gave us power interrupts which were handled by staff. Director Perry experienced a problem and Jeff Ray was able to solve it. Director Perry also explained

that a lot of the water issues we have discussed are being dealt with in the negotiations with SCVWD in respect to the USBR Contract. Vice President Swanson asked about the pipe problem near Tres Pinos and Mr. Gregg reported that we have had no activity, but we will restart that issue once some high priority items have been taken care of. Director Bettencourt asked if there was a slide issue at San Justo Reservoir and Mr. Gregg stated that there is a problem with the access road but it is not slide related. Mr. Gregg stated that it is essential to operate above our strict limit and is essential to provide normal service to our customers. Mr. Gregg stated without additional capacity, we would be in a very serious situation.

b. Hollister Conduit

Mr. Gregg reported an inspection was done on 1/22/06 and he anticipates the results of this by the end of July 2006 with a summary of this report will be made available to the Board members. Mr. Gregg stated that the verbal feedback was that we have some rust and coding issues but we are operating at Bureau standards.

c. San Juan Valley Drainage

Mr. Gregg stated that they are defining the local drainage and coordinating this with the Highway 156 modifications. Mr. Gregg stated that staff was directed to get a scope of work and we have a meeting scheduled for tomorrow with a consulting team. Mr. Gregg reported that this information would be presented to the committee during the first two weeks in August.

d. Agency Shop Implementation

Mr. Gregg stated he has executed an implementation agreement and we are proceeding with this implementation. Mr. Gregg continued that it will now be a condition of employment for Field and Office Workers, who now must either be union members, pay an agency fee or seek a religious exemption and make a charitable contribution.

e. Well Permitting and Groundwater and Aquifer Protection Ordinances

Mr. Gregg stated that this committee will need to meet during the first two weeks of August to go over a series of issues.

f. SBCWD Budget

Mr. Gregg stated we anticipate completion of the budget for Board presentation by the end of next month.

g. USBR Contract Renewal

Mr. Gregg stated there is a committee meeting tomorrow and a meeting on Monday with SCVWD. Mr. Gregg stated it is a package of three agreements, a contract renewal agreement, a mandatory contract and a SCVWD/SBCWD agreement. Mr. Gregg reported that we are getting close to completion and suggested perhaps a workshop for the full board to review the contract early next month. Director Perry stated we need to understand all the numbers. Mr. Gregg stated that time is an issue but not to rush. Director Bettencourt stated that the committee is trying hard to

