

**August 30, 2006
Regular Meeting
7:30 p.m.**

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, August 30, 2006 at 7:30 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: President John Tobias, Vice-President Bob Swanson and Directors Ken Perry, Sonny Flores and Frank Bettencourt. Also present were Deputy District Engineer Jeff Cattaneo, 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

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, President Tobias stated that Item #11, Executive Session, will be removed from tonight's agenda. Also, Vice President Swanson asked, regarding the Consent Agenda, that the items be voted on separately. With those notations, a motion was made by Director Flores and seconded by Director Bettencourt, the Agenda was unanimously passed.
- c. Public Input**
No public comments were made.

Prior to the Consent Agenda, Mr. Cattaneo introduced Shelley Giancola as the new Administration and Finance Manager.

CONSENT AGENDA

- 1. Approval of Minutes for July 26, 2006**
Upon a motion made by Director Flores and seconded by Director Bettencourt, the minutes of July 26, 2006 were unanimously approved.
- 2. Allowance of Claims**
Director Swanson asked for clarification of the HUAWWMP payment to consultant, Harry Blohm. Mrs. Sullivan stated it is funded through Zone 6 but it is a shared cost among the participating agencies as per the MOU. Director Swanson will abstain from the vote on claims, as he has two items on the claims. Upon a motion made by Director Perry and seconded by Director Bettencourt, the allowances of claims passed unanimously with Director Swanson abstaining from the vote

REGULAR AGENDA

3. Hernandez Dam Access Road Emergency Repair

Mr. Cattaneo stated we are moving ahead with the right of entry agreement with the major landowner, the Lewis Family Trust and subsequently will gain a permanent easement. Mr. Cattaneo the design has been completed and we are ready to proceed with construction. Construction to last five to seven days and one to two weeks to contract with the local contractors. Mr. Cattaneo stated that the District will oversee this project, with Mr. Cattaneo monitoring it.

4. Consider Approval for the Nested Monitoring Well, San Benito County Water District and Authorize District Manager to Execute Contract

Mr. Cattaneo stated we had gone to bid for this project. Mr. Cattaneo reminded the Board the Grant portion for this project is \$250,000.00 with the District's portion being \$39,810.00. Mr. Cattaneo introduced Phyllis Stanin of Todd Engineers to go over the bid process and then the Board would be asked to go forward with the contract process. Ms. Stanin outlined the objectives, the background for the grant, accomplishments to date, driller selection process, recommendation from the four bid packages received and a request for additional funds. Ms. Stanin stated the main objective is to install a deep monitoring well for monitoring water quality as and aquifer characterization. Ms. Stanin also stated another objective is having maximum data collection. Ms. Stanin gave background on Grant AB 303. Todd Engineers prepared the grant application in December of 2004 and the grant was award in June 2005. The DWR signed the contract and the project was introduced to the Grants Committee in December 2005, with approval in March 2006. In July 2006, Todd Engineers was awarded a NPDES Permit should there be a need to discharge water. A pre-proposal site meeting was held on August 9, 2006 for the interested drillers, with a project manual provided, including project specifications. Ms. Stanin discussed the well design, its ability to monitor up to four separate aquifers, depth specific hydraulic head and water quality and the depth of the well will be 1000 feet. Ms. Stanin stated the driller selection process began with a public notice from which four bids were received:

1. Maggiora Brothers	\$161,885.00
2. Zim Industries	\$256,170.00
3. Best Drilling	\$335,220.00
4. Norcal Pump	\$346,210.00

Ms. Stanin reviewed the differences in the bids. Ms. Stanin stated the local bidder had a better location to the site, as well as lower costs for drilling, fuel and steel. Ms. Stanin stated Todd Engineers has recommended the bid go to Maggiora Brothers. Maggiora was not only the lowest bid but they are a reputable firm and Todd Engineers has had previous experience with them. Ms. Stanin stated Todd Engineers had discussed the bid with Maggiora Brothers directly and their bid was realistic and closest to the pre-project budget. However, Ms. Stanin stated there is an error in the bid from Maggiora Brothers; they bid on a single seal when there are seven seals. The adjustment in Maggiora's bid was \$10,790.00, which would increase their bid total to \$165,260.00. Ms. Stanin stated that if approval was given by the Board this

evening, the next steps would be: complete contract documents with Maggiora Brothers, drilling to begin in 30 days, project would be on location for three to four weeks, five to six days to drill, and this project must be completed by April 2007. Vice President Swanson would have liked the increase in the bid to come before the Grants Committee before coming to the Board, but Ms. Stanin stated time was not available.. Mr. Cattaneo also stated that timing is an issue, to be able to drill before the weather changes. Also, Vice President Swanson asked why the size of the hole is 8” not 12”. Ms. Stanin stated 8” is adequate, most cost effective, geophysical tools are suited for 8” hole and the drillers can maintain more control. President Tobias asked about location choice and Ms. Stanin stated access was part of the criteria as well as information from Bookman Edmondson at a nearby site. Director Bettencourt asked if we could obtain additional grant money and Mr. Cattaneo stated that we have received the maximum amount.. Ms. Stanin stated if water needed to be removed from this site, the cost could be \$6,000.00, which Vice President Swanson stated could happen anywhere. President Tobias asked for a motion to approve the bid for Maggiora Brothers, with the additional cost of \$10,790.00, bringing their bid to \$165,260.00. Upon a motion made by Vice President Swanson and seconded by Director Bettencourt, the Board unanimously approved the Nested Monitoring Well and Authorized the District Manager to Execute the Contract with Maggiora Brothers.

5. Consider Approval of the Scope, Schedule and Budget for the San Juan Valley Drainage Study and Authorize District Manager to Execute Professional Services Agreement, with Advanced Hydro Engineering (\$75,000.00)

Mr. Cattaneo stated this was not a new project. Mr. Cattaneo reported this project was designed to alleviate localized flooding in the San Juan Valley and bring in the Cal Trans 156 Project. This is a joint project between San Benito County and the San Benito County Water District. Director Perry stated the history on this project was to have a better solution to flooding in the San Juan Valley and convince Cal Trans to participate, making this a three way project. Director Perry stated that a previous Board of Supervisors has voted to allocate \$1,000,000.00 for this project, but he is not sure that the money is still available. President Tobias wanted clarification for the money allocated, which he thought was for the Highway 156 project. Director Perry stated the money was supposed to go just for drainage. Vice President Swanson asked what we are committing to tonight and Director Perry stated we are only talking about the study for \$75,000.00. Vice President Swanson stated he will support this only if it is assigned to a committee and Director Perry stated it is currently assigned to the Groundwater Committee. President Tobias asked for a motion to Consider Approval of the Scope, Schedule and Budget for the San Juan Valley Drainage Study and Authorize District Manager to Execute a Professional Services Agreement with Advanced Hydro Engineering for \$75,000.00 and to be overseen by the Groundwater Committee. Prior to the vote, Vice President Swanson wanted to know if this amount had been budgeted and Mr. Cattaneo reported this amount had been carried forward. A motion was made by Vice President Swanson, seconded by Director Perry and the Board unanimously approved the Approval of the Scope, Schedule and Budget for the San Juan Valley Drainage Study and Authorize District Manager to Execute a Professional Services Agreement with Advanced Hydro Engineering for \$75,000.00.

6. Report on Hollister Urban Area Water and Wastewater Master Plan

Mr. Cattaneo asked Mr. Blohm, the project manager, to introduce this item. Mr. Blohm stated that a brief overview of the ongoing project would be given by Mr. Ellis from HDR and the Board could ask questions of Mr. Ellis or himself. Mr. Ellis stated a summary of the schedule with a public workshop in mid October, the Draft Master Plan to be finished in December 2006 and the Final Master Plan to be completed by February 2007. Mr. Ellis presented a Powerpoint Presentation on five alternatives which were: 1. Increase use of imported surface water; 2. Utilize local surface water supplies; 3. Demineralization of urban wells; 4. Utilize water from high groundwater basins; 5. Combination solution. Director Bettencourt asked about the status of the current wells and Mr. Ellis stated only a few of the wells within the City of Hollister were on “stand-by” as they aren’t pumping very much, but otherwise all of the other wells are fine.

7. Consider Resolution Amending The Standard Model Conflict of Interest Code For The San Benito County Water District

Mr. Pipal stated the law requires that every two years, the District review its Conflict of Interest Code to determine if it is accurate. Mr. Pipal stated that the District is changing its Conflict of Interest Code by removing the Administrative Services Officer and adding the Administration and Finance Manager. Mr. Pipal stated with the adoption of this resolution, we would forward our Resolution to the Board of Supervisors to approve the change to our Conflict of Interest Code as they do for all public agencies. Upon a motion made by Vice President Swanson and seconded by Director Perry, Resolution #2006-13, *A Resolution of the San Benito County Board of Directors Amending the Standard Conflict of Interest Code for the San Benito County Water District* was unanimously approved.

8. Report on the California Supreme Court Case titled: Bighorn-Desert View Water Agency vs. Verjil Discussion point: Water Rate Increases are Subject To Proposition 218

Mr. Pipal reported that we have been waiting for a decision from the Supreme Court if increase water rates are subject to Proposition 218. Proposition 218 was passed sometime ago, requiring voter approval in some cases and in other cases, the right of voters to protest increases in water rates. Mr. Pipal stated the previous ruling by a court of appeals stated increases in water rates that are based on consumption charges (meter charges) were not subject to Proposition 218 because they were not considered increases. Mr. Pipal continued that under this new ruling, consumption charges will now be subject to Proposition 218 which means we have to send notices to landowners/customers prior to adopting an increase in rates, advising them of their right to protest. Mr. Pipal continued that if a majority of those landowners/customers protest, then we will not be able to increase the rates, but is a heavy burden to get more than 50%. Mr. Pipal stated, regarding the blue valves, in a specialized district that has a voter approved debt obligation, that question has not been answered. Mr. Pipal feels it may also apply here but we may require some clarification. Mr. Pipal does not know if this ruling will apply retroactively or prospectively and he will have further information at a late date. Director Perry asked Mr. Pipal if he had discussed this with the District Manager and he stated no. Director Perry is concerned how this matter will affect our USBR Contract. Director Swanson asked how this will affect

the wastewater rates and Mr. Pipal stated he did not know how this would affect those. Regarding our water rates, Mrs. Sullivan stated that we approve water rates in January and are effective in March.

9. Agency/Committee Representative Reports

- a. San Luis Delta Mendota Water Authority (Perry/Tobias)**
Nothing to report as per Director Perry.
- b. Hollister Urban Area Water and Wastewater Master Plan-Governance Committee (Tobias/Perry)**
Nothing further to report as per President Tobias and Director Perry.
- c. Groundwater Committee (Perry/Flores)**
Nothing further to report as per Directors Perry and Flores.
- d. Grants Committee (Swanson/Bettencourt)**
Nothing further to report as per Vice President Swanson
- e. Personnel Committee (Swanson/Perry)**
Vice President Swanson stated that we have a vacancy for the Operations and Maintenance Supervisor.

10. District Manager/Engineer's Report:

a. San Justo Operations

Mr. Cattaneo stated that the District has been working well under the restricted operations as the Bureau has limited the reservoir elevation to 485 feet. Mr. Cattaneo stated we have made some minor changes in our distribution system, the computer handles Flow #2 in the evening, when the demand is low it maintains the higher flow into San Justo. Mr. Cattaneo stated that prior to this adjustment; we had to leave the position of the valve at a lower flow until the upstream flow dropped. Mr. Cattaneo stated that we are still working on the hydraulic model and URS reported a problem at the turnout that will need to be solved... Vice President Swanson asked Mr. Cattaneo if the valve can be monitored and Mr. Cattaneo stated the computer can handle 99% of the flow, limiting the amount going through bifurcation. Mr. Cattaneo stated we plan to have a special meeting with a presentation from URS with a scope of work review, including the landslide issues and seepage.

b. USBR Contract

Mr. Cattaneo stated the driver behind the new contract is the decision of the CVPIA requiring contractors to enter into new contract or pay the hammer clause charge. Mr. Cattaneo stated in 1997 the District and USBR entered into negotiations for those new contracts. Mr. Cattaneo reported the new agreement will be made up of three contracts: 1. Amended Contract for the existing contract 2. Renewal Contract 3. Contract between the District and SCVWD, which will be a bilateral agreement. Mr. Cattaneo reported that work has been through

the USBR Contract Committee, which is Directors Perry and Bettencourt. We are recommending a workshop to be held in September to provide the full Board with the background and contents of the agreements.

c. SBCWD Budget

Mr. Cattaneo reported that we are continuing to move forward with the budget and the Board can expect a budget for approval at the Regular Board Meeting in September.

d. Draft Environmental Impact Report, City of Hollister Domestic Wastewater System Improvements and San Benito County Water Recycled Water Facility Project.

Mr. Cattaneo stated that we would like to have a Special Meeting, perhaps the first week of September, to review the District's Comments to the Draft EIR.. President Tobias asked for a Wastewater Committee Meeting prior to the Special Meeting and perhaps to postpone this Special Board Meeting. Vice President Swanson would like recommendations from our Board Members who are on the Governance Committee (Tobias/Swanson). Mr. Cattaneo noted that a Wastewater Committee Meeting needs to take place prior to a Special Board Meeting for the review of the Comments for the Draft EIR, however; Mr. Cattaneo reminded the Board that this issue is time sensitive.

11. Adjournment

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

Minutes were approved at the September 27, 2006, Regular Board meeting and signed by the presiding board member.

/s/ Kenneth Perry
Robert Swanson, Vice President

/s/ Barbara L. Mauro
Barbara L. Mauro, Secretary