

5. **San Felipe Distribution System and Zone 6 Groundwater Rates and Charges**

Mr. Gregg stated the Board Memo for item #5, provides the background and detail regarding Proposition 218 and the water rates. Mr. Gregg stated that Zone 6, San Felipe Rates, falls under the Proposition 218 ruling and would require notification to property owners, whether rates are increased or not. Mr. Gregg stated the District needs to schedule a hearing on about February 20, 2007, to meet this deadline. Mr. Gregg stated that the rates and charges were reviewed by the Rates and Charges Committee, and the Committee has recommended continuing with the current rates for the 2007-2008 year. The notice for the property owners has been reviewed both by the Committee as well as Legal Counsel.

a) **Consider Authorizing the District Manager to Proceed with Landowner Notification of Proposed 2007-2008 San Felipe Distribution System and Zone 6 Groundwater Rates and Charges.**

Upon a motion made by Director Flores and seconded by Director Perry, the San Benito County Water District Board of Directors unanimously Authorized the District Manager to Proceed with Landowner Notification of Proposed 2007-2008 San Felipe Distribution System and Zone 6 Groundwater Rates and Charges.

b) **Consider Resolution Setting a Public Hearing Date for the Purposes of Fixing the 2007-2008 San Felipe Distribution System Rates and Charges and Zone 6 Groundwater Charges.**

Upon a motion made by Director Perry and seconded Director Flores, Resolution #2006-17, A *Resolution of the San Benito County Water District Board of Directors Setting a Public Hearing Date for the Purposes of Fixing the 2007-2008 San Felipe Distribution System Rates and Charges and Zone 6 Groundwater Charges* was unanimously approved.

c) **Consider Resolution Setting a Public Hearing Date for the Purpose of Fixing the Standby and Availability Charge for the 2007-2008 Water Year.** Upon a motion made by Director Flores and seconded by Director Perry, Resolution #2006-18, A *Resolution of the San Benito County Water District Board of Directors Setting a Public Hearing Date for the Purpose of Fixing the Standby or Availability Charge for the 2007-2008 Water Year* was unanimously approved.

6. **Proposition 50, Water Code Chapter 7, 2005 Water Use Efficiency, Water Softener Rebate Program** Mr. Gregg stated the Board Memo summarized the program between the District and SCVWD. The intent is to provide an incentive to customers to replace old water softeners with the goal of reducing salt in the water. Mr. Gregg stated a recent study found there are approximately 3500 old units in our area. This program proposes to replace 1000 of these units. Mr. Gregg stated the two matters before the Board are the MOU between the District and SCVWD and the Agreement between the State of California Department of Water Resources and the District for this program. The only item requiring action would be Board approval of the MOU.

a) **Consider Approval of Memorandum of Understanding Between the Santa Clara Valley Water District and the San Benito County Water**

District for the Water Softener Rebate Program and Authorize District Manager to Execute the M.O.U. Upon a motion made by Director Bettencourt and seconded by Director Flores, the Board of Directors of the San Benito County Water District unanimously approved the Memorandum of Understanding Between the Santa Clara Valley Water District and the San Benito County Water District for the Water Softener Rebate Program and Authorize District Manager to Execute the M.O.U.

- b) **Review of the Agreement Between the State of California Department of Water Resources and San Benito County Water District for a Water Use Efficiency Grant Under the Proposition 50, Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002.** As per Mr. Gregg, no Board action was required.
7. **Proposition 50, 2007 Water Use Efficiency Grant**
- a) **Consider Authorizing the District Manager to complete and make a first step application for a Proposition 50, 2007 Water Use Efficiency Grant.** Mr. Gregg stated at staff level, with little notice, there were funds dedicated to AG water that were unclaimed. If these funds are not taken, the funds will then go to urban uses. Mrs. Nitschke gave a brief description of the handouts she provided to the Board. Mrs. Nitschke stated the state reported there is \$20.3 million dollars available. Mrs. Nitschke stated the first step, turning in the two page description, is meeting the deadline of January 5, 2007, and so time is short. This project, per Mrs. Nitschke, will be \$1.4 million with the District share being 25%, so the District will be requesting approximately \$1 million from the state. This is specific to tailwater return water systems. If the District goes forward, an interest form will be sent out to all blue valve and meter customers. President Tobias asked how the District will score the customers, if more apply for this than can be accommodated and Mrs. Nitschke stated it will probably be on a first come, first serve basis. Also, if this grant goes forward, it will be reviewed by the Grants Committee. Upon a motion made by Director Perry and seconded by Director Bettencourt, the San Benito County Board of Directors unanimously authorized the District Manager to complete and make a first step application for a Proposition 50, 2007 Water Use Efficiency Grant.
8. **Status Report on the City of Hollister Domestic Wastewater System Improvements and Cooperative Agreement for the Designation of Lead Agency and Responsible Agencies for the Preparation of the EIR for the City of Hollister Wastewater Treatment Plant Improvements and San Benito County Water District Recycled Water Facility EIR and Board direction to the Wastewater Treatment Committee and District Representatives on the Hollister Urban Area Water and Wastewater Master Plan-Governance Committee.** Mr. Gregg gave background information regarding this item. The MOU was executed in December 2004, the EIR and terms of the Cooperative Agreement and was approved by the City of Hollister, the lead agency, in June 2005. Mr. Gregg stated an important component of the EIR was the link between

recycled and reclaimed water for ag use and was incorporated in the document. Certification of the EIR was approved by the City in October 2006. Mr. Gregg also noted that specialized treatment of waste water for ag use was assigned to the City of Hollister. As there has been some confusion, Mr. Gregg stated the City of Hollister did approve a project, but they did not approve a method of disposal to sufficient to remove the moratorium. Sprayfields must be approved by San Benito County and the San Benito County Water District. Mr. Gregg pointed out, from the City of Hollister's paperwork, that they intend not to percolate more water than the current amount. Currently, there is a backlog of 1300-1400 units; Mr. Gregg stated the community deserves to know how long it will be before occupancy permits will be issued. Also, Mr. Gregg stated there needs to be provisions if Sunnyslope County Water District is to be included. Mr. Gregg reported to the Board that Phase II could not begin until the Master Plan had been completed and additional CEQA work would be necessary. Vice President Swanson asked Mr. Pipal's legal opinion regarding the District's commitment to this project? Mr. Pipal stated the District is not committed to anything; the City of Hollister is the lead agency. Mr. Gregg stated that the domestic wastewater treatment plant and additional sprayfields are not listed as part of the recycled water project, which bears the District's name. The only site, in Phase I, that is listed in the recycled water, is the site at San Juan Oaks. Vice President Swanson asked if the District would have difficulty defending the landowners at the airport because of the agreement with the City and Mr. Pipal stated no and also that sprayfields will not be approved until additional environmental review is completed and all parties agree on these sites. Vice President Swanson would like to know if the Board can pass a resolution to have full board approval for an EIR or future projects and Mr. Pipal stated yes. Mr. Pipal stated that it is not completely clear regarding the legality issue, if the City of Hollister will remain the lead agency regarding the recycled water. Vice President Swanson asked that Mr. Pipal be informed of the progress of the project so if the Board has questions in the future, Mr. Pipal can answer them. Mr. Gregg stated that additional work needs to be done on the Cooperative Agreement; however the Board did approve the Cooperative Agreement through a Resolution.

9. **Status Report on Request of Sunnyslope County Water District to be included in the technical aspects of the Hollister Urban Area Water and Wastewater Master Plan, and for San Benito County, City of Hollister and San Benito County Water District support of Sunnyslope County Water District's request to the Regional Water Quality Control Board for an Extension of the Waste Discharge Requirement Compliance Schedule and Board Direction to District Representatives on the HUAWWMP, Governance Committee.** Mr. Gregg stated this item was reviewed with the Wastewater Committee and relates to a letter received from Sunnyslope County Water District in September 2006 and calls for action in two areas: 1. Sunnyslope County Water District's roles and responsibilities in respect to the Master Plan and 2. Compliance schedule support of Sunnyslope County Water District. Mr. Gregg stated at this point, the Board does not have sufficient information to make decisions regarding these items. A meeting was held this morning and technical

information was presented regarding regional projects. Mr. Yamaoka of SSCWD was in the audience was asked to comment and he stated SSCWD would go forward with the information from today's meeting. President Tobias suggested the Board wait to make a decision when more information is available.

10. **Agency/Committee Representative Reports:**
 - a) **San Luis Delta Mendota Water Authority (Perry/Tobias)** As per Director Perry, there is nothing to report.
 - b) **Water Resources Association (Flores/Bettencourt)** Director Flores noted at the December 7, 2006 Meeting, Bracewell gave a report on the study they had just completed.
 - c) **Wastewater Treatment Committee (Tobias/Perry)** As per President Tobias, there is nothing further to report.
 - d) **Grants Committee (Swanson/Bettencourt)** As per Director Bettencourt, nothing further than Mrs. Nitschke's presentation.
 - e) **Expansion Committee (Tobias/Swanson)** Vice President Swanson and President Tobias stated Bookman-Edmondson attended the last Expansion Committee Meeting and brought valuable information regarding the mapping process. Also, it was reported there was public participation at that meeting. Mr. Gregg stated the work project is going well.
 - f) **Rates, Charges and Fees Committee (Tobias/Swanson)** As per Vice President Swanson, there is nothing further to report.
11. **Consider Authorizing Director Attendance at the 40th Annual Mid Pacific Region Water Users Conference, January 17 – 19, 2007, Visalia, California.**

Upon a motion made by Vice President Swanson and seconded by Director Flores, the San Benito County Water District Board of Directors unanimously authorized director attendance at the 40th Annual Mid Pacific Region Water Users Conference January 17th through 19th, 2007 in Visalia. Directors who are interested in attending should contact Ms. Giancola.
12. **District Manager/Engineer's Report**
 - a) **Annual Groundwater Report for Water Year 2006** Mr. Gregg stated Monday was the statutory deadline for receipt of the Annual Groundwater Report and was received. The report is being distributed and there will be a hearing on the report on January 8, 2007.
 - b) **USBR Contract Amendment/Renewal** Mr. Gregg stated the public review period ends on December 23, 2006 and possibly it will be before the Board for approval in January or February 2007. The document will be available in the middle of January, with a workshop on January 24th and hoping for Board approval at the regular meeting on January 31, 2007.
 - c) **District Audit for FYE 2006** Mr. Gregg stated he anticipates a review of the audit schedule for FYE 2006 near the end of January 2007 by the Audit and Budget Committee and presentation to the Board at a Special Meeting in February or at the regular meeting on February 28, 2007.
13. **Board Organization/Election of Officers** Director Perry nominated Robert Swanson for President and Frank Bettencourt for Vice President and the nomination was seconded by Director Flores. The Board unanimously approved Robert Swanson for President and Frank Bettencourt for Vice President for

2006-2007.

a) **President:** Robert Swanson

b) **Vice President:** Frank Bettencourt

- 14. Adjournment:** There being no further business, the meeting was adjourned at 8:30 p.m.

Minutes were approved at the January 31, 2007, Regular Board meeting and signed by the presiding board member.

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

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