

Mr. Cattaneo stated the M.O.U. before the Board tonight is slightly modified from the one reviewed by the Board at the workshop held earlier in June. Mr. Cattaneo stated both Pacheco Pass Water District (PPWD) and Santa Clara Valley Water District boards have approved the M.O.U. and both agencies approved the Option Agreement, which San Benito County Water District is not a part of.

Mr. Cattaneo reviewed the benefits this project would bring to the District such as: the location of the expanded reservoir to our District, additional storage for our CVP water contract and the ability to store water from storm water events.

Mr. Cattaneo stated all 3 agencies worked on these agreements so that it served all involved. Mr. Cattaneo reported this project would be key for the District as the history of our CVP delivery has been hit/miss for a consistent allocation for our customers. On years where our allocation is -0-, the District could backfill from storage in the new reservoir. On years where the District received 100% allocation and customers/District only had use for 50% of it, the remainder could be stored there. Mr. Cattaneo reported the District may have the possibility of have a 10% partnership in the new reservoir.

(Director Joe Tonascia arrived at 5:12)

Mr. Cattaneo added there are only 2 SLDMWA districts (SBCWD and SCVWD) that have above ground water storage. Having this additional storage would allow the District to have a place to store carryover water, would improve the water quality for urban and ag users, reduce the bacterial toxins encountered from algae, benefit the fisheries and provide significant flood benefit. Mr. Cattaneo stated if the new reservoir had been in place, it would have eliminated the flooding experienced by the Lovers Lane area last year.

The economic benefits are reduced cost for storage. When compared in today's dollars, construction cost for storage at the expanded Pacheco Reservoir is less expensive than storage at the San Justo Reservoir. If the District decided to participate at a 10% level, and the grant funds were approved, that equates to \$50 million in grant funds for the District. Also, the benefit to PPWD would be retaining their full water rights but be relieved of operations and maintenance of the reservoir.

The most significant change, per Mr. Cattaneo, was the operations/maintenance concerns by our District. Currently SBCWD and SCVWD have a 78/22 split of Reach 1 costs. For the future in regards to the split, it will be based on actual usage and be reviewed every 5 years and modified as needed.

Mr. Hall addressed the Board. He stated commitment from all 3 boards for this project is important. He and Mr. Cattaneo attended the PPWD meeting on Monday and one concern their board had was the availability of water during the construction process. Mr. Hall stated normal operations will cease during construction.

He added SCVWD will do their best have the shortest construction period as possible. Mr. Hall estimates about 1000AF will be needed during construction. Water will be diverted around the dam so there won't be any water in the North Fork Creek. SCVWD's board approved the agreements last night and are very enthusiastic about this

project. Three items brought up by his board were: 1) Consider exploration of recreation due to its close proximity to Henry Coe Park; 2) Interest in planting native plants in the area; and 3) Have opportunities for tours for the public as it is an important resource. Mr. Hall reviewed the next steps, such as PPWD reviewing the Option Agreement, SCVWD acquiring the asset and proceed with the land transfer. He estimates about \$100 million will be spent on design and CEQA work.

With no further questions from the Board, a motion was made by Director Tobias and seconded by Director Bettencourt, the Board of Directors approved the Memorandum of Understanding (“MOU”) between Pacheco Pass Water District, San Benito County Water District and Santa Clara Valley Water District to identify technical issues regarding the potential Planning, Design and Construction of a Larger Reservoir to replace the current Pacheco Reservoir on the North Fork Pacheco Creek and Authorized the Board President to sign MOU on behalf of the District with 4 affirmative votes (Tonascia, Flores, Tobias and Bettencourt) and 1 no vote (Huenemann).

President Tonascia asked Director Huenemann to explain his no vote on the project. Mr. Huenemann stated since living here close to 30 years, the San Benito County urban residents have paid 80% of the cost of water and only receive about 20% of the water. This project, per Director Huenemann, will only cause the urban rates to increase.

Director Tobias wanted to thank the SCVWD Board and staff for working with our District on this project that is beneficial to both our District and San Benito County.

Vice President Flores agreed with Director Tobias’ statement.

Director Bettencourt also agreed with Director Tobias and added this is something for our future.

President Tonascia added sometimes it’s hard to look long term and not to be short sighted. He stated this will benefit county residents for generations to come.

Mr. Hall replied he will pass along the Board’s comments to his board and staff.

5. Consider Amending Resolution 2017-12 Regarding the District Policy on Restriction and Designation of District Net Assets/Cash

Mrs. Singleton stated this is the Board’s annual review on Restriction and Designation of District Net Assets/Cash. The proposed changes have been reviewed with the Finance Committee at two Finance Meetings.

Mrs. Singleton reviewed the changes which included adding a restricted reserve for the Water Treatment Plants, increasing the USBR Reserve to equal 30% of the land tax received, clarification on the wording for the Reach 1 Reserve, creating a reserve for the Sustainable Groundwater Management Act (SGMA) with an annual review and adding a reserve for the Expanded Pacheco Reservoir Project.

With no questions from the Board, a motion was made by Director Bettencourt and seconded by Director Tobias, Resolution #2018-08, *A Resolution of the Board of Directors of the San Benito County Water District Amending Resolution 2017-12*

Regarding the District Policy on Restriction and Designation of District Net Assets/Cash was unanimously approved.

6. 2018-2019 District Budget

a. Presentation of 2018-2019 District Budget

Mr. Cattaneo began by thanking Mrs. Sullivan, Mrs. Singleton and the District staff for their hard work on this year's budget.

Utilizing a PowerPoint presentations, Mr. Cattaneo stated the District again has 2 budgets, Operating and Capital. He reviewed the process of how the managers meet with the District Manager and work through their budgets.

Beginning with Operating, reviewing by Zone, all are balanced. Mr. Cattaneo reviewed both the revenue and expenses sources. Due to the Oroville Spillway collapse, all spillways in the state are requiring evaluation, so the District has budgeted to have the Hernandez Spillway evaluated resulting in an increase in Contract Services for Zone 3. The Operating Budget is balanced and is at \$369,462.

Mr. Cattaneo then reviewed the Capital Budget, by first reviewing the projects. Mr. Cattaneo noted two transfers. The first, \$1.1 million additional for future water supply projects and the second, if the Board elects to participate in the Expanded Pacheco Reservoir, this amount would be \$1 million. Mr. Cattaneo stated the initial participation is 2.5% but the Board may elect to increase to either 5% or 10%.

b. Consider Board Approval of 2018-2019 District Budget

With a motion by Vice President Flores and a second by Director Bettencourt, the Board of Directors unanimously approved of the 2018-2019 District Budget.

President Tonascia thanked Mrs. Sullivan and Mrs. Singleton for their work on the budget.

7. Consider Resolution Ordering District Election, Requesting Election Services and Authorizing Payment Therefore

Mrs. Singleton stated this is a formality that occurs every two years and is required to participate in the election process.

With a motion by Director Tobias and a second by Vice President Flores, Resolution #2018-09 *A Resolution of the Board of Directors of the San Benito County Water District Ordering District Election, Requesting Election Services and Authorizing Payment Therefore*, was unanimously approved.

8. Committee/Agency Representative Reports:

a) San Luis Delta Mendota Water Authority (Tobias/Tonascia)

As per Directors Tobias and Tonascia, this will be discussed in the Manager's Report.

- b) **Pajaro River Watershed Flood Prevention Authority (Bettencourt/Flores)**
As per Director Bettencourt, items discussed were: installation of a new weather station to track rainfall, flood control and the next year's budget.
- c) **Association of California Water Agencies—Joint Powers Insurance Authority (Bettencourt)**
As per Director Bettencourt, discussion at the Board of Directors Meeting in Sacramento included many subjects as well as the addition of more classes for their members to take advantage of.
- d) **Finance Committee (Bettencourt/Tonascia)**
As per Directors Bettencourt and Tonascia, this has already been covered.

9. District Manager/Engineer's Report:

- a) **Reach 1 Operations**
Mr. Cattaneo reported everything is operating smoothly.
- b) **Zone 3 Operations**
Mr. Cattaneo reported District staff has completed all releases from Hernandez Reservoir and additional maintenance work is still need on the other valve there. District staff also moved water through Paicines Canal to Tres Pinos Creek. Mr. Cattaneo reported the District continues to have issues with rodents and seepage on the western bank near the vineyards.

Director Tonascia asked if the issues ceased in the canal where the concrete was applied. Mr. Cattaneo stated it isn't as bad, but there are still issues there.

- c) **Zone 6 Operations**
Mr. Cattaneo reported the water allocation was increased to 50% for Ag. The carry over limit at San Luis Reservoir is at 3500 AF. He added District staff have reactivated the Tres Pinos Perc and the District continues to percolate at Union Road. Mr. Cattaneo reported he may percolate as much as 4000 AF this year.
- d) **San Luis Delta Mendota Authority Activities**
Mr. Cattaneo reported that he, Mrs. Singleton and Director Tonascia attended a workshop for strategic planning, which they are felt was a good event. SLDMWA is moving forward with a recruiter to hire a new Executive Director.
- e) **SGMA Update**
Mr. Cattaneo reported staff is hoping to schedule the first Technical Advisory Committee Meeting in early August. Approximately 8 of the 10 members have been selected thus far. Mr. Cattaneo reported the District is striving to be as transparent as possible. This will be important to implement water and fee structures later.

f) Update on Water Supply Options

Mr. Cattaneo reported the North Area Water Banking Project is moving forward. Water supply options were discussed with District staff, HDR and Todd Groundwater. One of the critical areas is near the airport, as there is only 1 source of water. Mr. Cattaneo reported the aim is to have 2000-2700 AF banked each year.

10. Adjournment

With no further business to discuss, the meeting was adjourned at 6:35 p.m.

The minutes were approved at the July 25, 2018 Board meeting and signed by the presiding board member.

/s/Joe Tonascia

Joe Tonascia, President

/s/Barbara L. Mauro

Barbara L. Mauro, Board Clerk