

January 30, 2019
Regular Meeting
5:05 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, January 30, 2019 at 5:05 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: President Sonny Flores, Vice President John Tobias and Director Doug Williams; Directors Frank Bettencourt, and Joe Tonascia were absent. Also present were District Manager/Engineer Jeff Cattaneo, District Counsel David E. Pipal, Assistant Manager Sara Singleton, Deputy District Engineer Garrett Haertel, Supervising Accountant Natalie Sullivan and Board Clerk/Office Specialist III Barbara Mauro.

CALL TO ORDER

President Flores called the meeting to order at 5:05 p.m.

a. Pledge of Allegiance to the Flag

President Flores led the Pledge of Allegiance.

b. Speakers will be limited to 5 minutes to address the Board; rebuttal will be limited to 3 minutes; no new business agenda items will be heard after 8:00 p.m.

c. Approval of Agenda

Mr. Cattaneo stated there is a need for a change in the order on the agenda. He would like to move items 6 and 7 up and move item 5 down. This change would make the Public Hearing for the 2019-20, 2021-21 and 2021-22 Zone 6 San Felipe Distribution System Rates and Charges and 2019-20, 2020-21 and 2021-22 Groundwater Rates would now be agenda item #5 and the Public Hearing regarding Zone 6 Standby or Availability Charge for the 2019-20, 2020-21 and 2021-22 Water Years would now be agenda item #6. The FY 17-19 Comprehensive Annual Financial Report and Audit would be agenda item #7. Noting these changes, Director Tobias made a motion and it was seconded by Director Williams; the Agenda was unanimously approved.

d. Public Input: Members of the Public are Invited to Speak on any Matter not on the Agenda

Matthew Medeiros, a member of the audience, asked the Board about the property tax for the San Felipe system; doesn't it sunset? Mr. Cattaneo stated the Board was unable to reply to Mr. Medeiros as this item is not on the agenda. He suggested Mr. Medeiros call the office and make an appointment to see him and he would explain the property tax issue.

CONSENT AGENDA:

**1. Approval of Minutes for: December 12, 2018 Special Meeting
 December 19, 2018 Regular Meeting
 January 14, 2019 Special Meeting**

2. Allowance of Claims

3. Acknowledgement of Paid Claims prior to the January Board Meeting

4. Acceptance of Quarterly Investment Report, December 31, 2018

With a motion by Director Tobias and a second by Director Williams, the Consent Agenda was unanimously approved.

REGULAR AGENDA:

5. Public Hearing regarding 2019-2020, 2020-2021 and 2021-2022 Zone 6 Water Years San Felipe Distribution System Rates and Charges and 2019-2020, 2020-2021 and 2021-2022 Groundwater Charges

a. Proof of Mailing and Proof of Publication submitted for Notice of Public Hearing

Mrs. Mauro verified both the proof of mailing and the proof of publication for Notice of Public Hearing.

b. Presentation of 2019-2020, 2020-2021 and 2021-2022 Water Years San Felipe Distribution System Rates and Charges and 2019-2020, 2020-2021 and 2021-2022 Groundwater Charges

Mr. Cattaneo, using a PowerPoint presentation, began by reviewing the timeline of how the District arrived at the proposed rates and why the District went to a 3 year rate structure. Mr. Cattaneo gave an overview of the rate development and the new method the District used to formulate the new rates. In addition to reviewing the proposed rates for Ag and M & I customers, Mr. Cattaneo also reviewed the proposed power charges.

Mr. Cattaneo also reviewed the proposed Groundwater Rates which are also on a 3 year schedule.

Mr. Cattaneo also reviewed the rates for the Standby or Availability Charge, which is not subject to Prop 218. The Standby or Availability Charges will not have an increase and remain at \$6 per acre foot.

c. Open Public Hearing

President Flores opened the Public Hearing.

Bob Huenemann asked if the hearing tonight, for a 3 year schedule, complies with the Prop 218 process and is within the law. Mr. Pipal stated yes, it is within the law and a 3 year term can be considered.

Mr. Medeiros asked to go on record opposing the groundwater rate.

d. Close Public Hearing or continue to later date

Seeing no further audience members wishing to speak, President Flores closed the Public Hearing. Mr. Pipal asked if there were any protests received. Mrs. Mauro stated there were 3 protests to the San Felipe Rates and 1 protest to the Groundwater Rates. Mr. Pipal stated there are over 1000 San Felipe parcel, so a majority did not protest. Mr. Pipal stated there are over 1000 groundwater customers, so a majority of those customers did not protest. Due to this, Mr. Pipal stated there is not sufficient protests to either the Zone 6 San Felipe Distribution

System Rates or the Groundwater Rates. Mr. Pipal further instructed Mrs. Mauro to have the 4 protests as part of the record for the Public Hearing.

e. Consider Adoption of 2019-2020, 2020-2021 and 2021-2022 Water Years San Felipe Distribution System Rates and Charges and 2019-2020, 2020-2021 and 2021-2022 Groundwater Charges

i. Consider Ordinance Establishing San Felipe Distribution System Water Rates and Charges for Agricultural and Non-Agricultural (Municipal and Industrial) Water for the 2019-2020, 2020-2021 and 2021-2022 Water Years

With a motion by Director Tobias and a second by Director Williams, Ordinance 61, *An Ordinance of the San Benito County Water District Establishing San Felipe Distribution System Water Charges for Agricultural, Non-Agricultural and Wholesale Water Charges* was unanimously approved.

ii. Consider Resolution Establishing Groundwater Charges in Zone 6 for the 2019-2020, 2020-2021 and 2021-2022 Water Years With a motion by Director Tobias and a second by Director Williams, Resolution 2019-01, *A Resolution of the Board of Directors of the San Benito County Water District Establishing Groundwater Charges in Zone 6 for the 2019-2020, 2020-2021 and 2021-2022 Water Years* were unanimously approved.

6. Public Hearing regarding Zone 6 Standby or Availability Charge for the 2019-2020, 2020-2021 and 2021-2022 Water Years

a. Proof of Publication submitted for Notice of Public Hearing

Mrs. Mauro verified proof of publication.

b. Presentation of Establishing Standby or Availability Charge for the 2019-2020, 2020-2021 and 2021-2022 Water Years

This information was presented as part of the PowerPoint for the SF Rates and the Groundwater Rates.

c. Open Public Hearing

President Flores opened the Public Hearing.

d. Close Public Hearing or continue to a later date

Seeing no one wishing to speak, President Flores closed the Public Hearing.

e. Consider Resolution Establishing Standby or Availability Charge or the 2019-2020, 2020-2021 and 2021-2022 Water Years

With a motion by Director Williams and a second Director Tobias, Resolution #2019-02, *A Resolution of the Board of Directors of the San Benito*

County Water District Implementing a Standby or Availability Charge for the 2019-2020, 2020-2021 and 2021-2022 Water Years was unanimously approved.

7. FY 17-18 Comprehensive Annual Financial Report and Audit

Mrs. Singleton introduced Patricia Kaufman and gave the Board a brief description of her credentials.

a. Presentation by McGilloway, Ray, Brown & Kaufman

Using a PowerPoint Presentation, Ms. Kaufman reviewed the reports that have been issued and stated there were no material weaknesses. She further stated the District has sound financial practices and was given an unmodified opinion. Ms. Kaufman stated the District again received the Government Finance Officers Association's Award of Excellence and she sees no reason they shouldn't receive it again this year.

In conclusion, Ms. Kaufman's firm had no difficulties or disagreements during the audit process and there wasn't a need for a review by outside accountants. There was not a management letter and there wasn't one needed in the prior year.

b. Consider Acceptance and Authorize Distribution

With a motion by Director Tobias and a second by Director Williams, the Board of Directors unanimously accepted the FY 17-18 Comprehensive Annual Financial Report and Audit and Authorized Distribution.

8. Committee/Agency Representative Reports:

a) Mid Pacific Water Users Conference in Reno, Nevada, January 23 to 25, 2019 (Tonascia)

As per Mr. Cattaneo, with Director Tonascia absent, this will have to be reported on at the February Board meeting.

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

As per Mr. Cattaneo, he will report on this under his Manager's report.

9. District Manager/Engineer's Report:

a) Reach 1 Operations

Mr. Cattaneo stated there was nothing to report at this time.

b) Zone 3 Operations

Mr. Cattaneo reported the District staff is moving water into the Paicines Canal. Hernandez Reservoir is still waiting for water but Mr. Cattaneo anticipates the next storm should certainly help.

c) Zone 6 Operations

Mr. Cattaneo reported District staff is refilling San Justo Reservoir and he anticipates it being full by the beginning of the water year, March 1st. Regarding the Hollister Conduit repairs, part of the work is complete and the rest will have to wait for next year. The O & M staff had difficulty obtaining some of the necessary parts on time.

- d) San Luis Delta Mendota Authority Activities**
Mr. Cattaneo reported the Bureau is changing how they view rescheduled water. In the past, there wasn't any charge for storage loss, however; they will now charge a 1% reduction for storage loss per month. Also, Mr. Cattaneo reported the previous amount the Bureau was allowing the District to store in San Luis Reservoir was 3550 AF. Now, our revised amount of storage is 4388 AF, which includes Ag and M & I. There will be an additional cost for rescheduling, but that cost is unknown at this time.
- e) SGMA Update**
Mr. Cattaneo reported the Technical Advisory Committee (TAC) met on January 14, 2019. The Draft Plan Area was discussed and is now posted on our website. Mr. Cattaneo added the public review period has begun and he intends to keep the review open throughout the process. Now that the Board has a copy of the Draft, there will be an agenda item at the February meeting to allow for comments. The next steps for SGMA will be another TAC meeting in April and the presentation at the April Board meeting of the water model and balance.
- Director Tobias asked if the Governance Committee will be participating in this process. Mr. Cattaneo reported that the City of Hollister and San Benito County both have representatives on the TAC and presentations will be given to both agencies as needed. Director Tobias added the Governance Committee is a good source for both the agencies and the community. Mr. Cattaneo suggested looking into a meeting in approximately 6 months, when we have more to present.
- f) Pacheco Reservoir Expansion Project**
Mr. Cattaneo reported the District continues to work with Santa Clara Valley Water District; the next meeting between our 2 agencies is scheduled for next week. Financing options will be discussed and SCVWD continues to work with the state. Mr. Cattaneo reported the risk to our District in this project is our concern. He has convened a group of consultants along with our staff to discuss the risks. The consultants include Bob Ellis, Harry Blohm and John Gregg, all who have had experience managing large projects. Our staff who are meeting with the consultants are: Mr. Cattaneo, Mrs. Singleton and Mr. Haertel. One meeting has been held so far and the 3 main categories of risk are: 1) Risks we can directly manage; 2) Risks that we have some input on; and 3) Risks that we have no control over. Mr. Cattaneo reported the group will concentrate on the risks the District can directly affect and work on a plan for them. There is another meeting scheduled for next week.
- g) JPIA Award for a Loss Ratio of less than 20% in Liability, Property and Workers Compensation Programs**
Mr. Cattaneo reported this is an acknowledgement of the low loss ratio from JPIA.

10. Adjournment

With no further business to discuss, the meeting was adjourned at 6:14 p.m.

The minutes were approved by the presiding board member at the February 27, 2019 Board meeting.

/s/Sonny Flores
Sonny Flores, President

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