

December 18, 2019
Regular Meeting
5:00 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, December 18, 2019 at 5:00 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 Directors Frank Bettencourt, and Doug Williams. Director Joe Tonascia arrived late. Also present were District Manager/Engineer Jeff Cattaneo, District Counsel David E. Pipal, Assistant Manager Sara Singleton, Supervising Accountant Natalie Sullivan, Deputy District Engineer Garrett Haertel and Board Clerk/Office Specialist III Barbara Mauro.

CALL TO ORDER

President Flores called the meeting to order at 5:00 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**
It was noted that if the auditors did not arrive in time, the Board would need to skip agenda item #4 and return to it when they arrived. Noting this one possible change, a motion was made by Vice President Tobias and 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**
There were no public comments.

CONSENT AGENDA:

1. **Approval of Minutes for: November 20, 2019 Regular Meeting**
2. **Allowance of Claims**
3. **Recognizing Dave Dungan for 15 Years of Service, Certificate Issued**

With no questions from the Board, a motion was made by Director Williams and seconded by Director Bettencourt; the Consent Agenda was unanimously approved.

REGULAR AGENDA:

5. **Discuss and Consider Authorizing the District Manager to mail Prop 218 Notices for 2020-2021, 2021-2022 and 2022-2023 Recycled Water Rates**
Mrs. Singleton stated staff has prepared a Prop 218 Notice for a 3-year rate scheduled for Recycled Water. She added this comes to the Board with a recommendation from the Finance Committee. Mrs. Singleton stated the Board is not approving the rates but approving the mailing of the notice. She reviewed how the rates were derived and if approved tonight, staff will mail the notices tomorrow. The Board will then consider the

rates at a public hearing at the February 2020 Board Meeting. Year 1, the new rate will begin on April 1st. Years 2 and 3, the new rates will begin on March 1st.

With a motion by Vice President Tobias and a second by Director Williams, the Board of Directors unanimously Authorized the District Manager to mail the Prop 218 Notices for 2020-2021, 2021-2022, and 2022-2023 Recycled Water Rates.

4. FY 18-19 Comprehensive Annual Financial Report and Audit

Mrs. Singleton introduced Sukhdev Singh and Patricia Kaufman from McGilloway, Ray, Brown and Kaufman. She added their firm helped us develop our report and keeps us up to date on all the GASB requirements. The District now does a Comprehensive Audited Financial Report (CAFR), not just audited financial statements and it has received the Government Finance Officers Association (GFOA) for seven years. Mrs. Singleton also acknowledged Natalie Sullivan for pulling all the information together on behalf of the District.

a. Presentation by McGilloway, Ray, Brown & Kaufman

Ms. Kaufman stated the report contains the basic financial statements. The auditors stated there were no material weaknesses and all control information were accurate.

Using a PowerPoint presentation, Ms. Kaufman reviewed the reports.

While doing the field work and in preparation of the report, Ms. Kaufman stated the auditors had no difficulties, no disagreements and no outside consultants were needed. The timing was on schedule, no management letter was needed and all policies and procedures the District has in place are good.

Ms. Kaufman added the District has submitted their 8th CAFR to the GFOA. Receiving the award seven times, so far, is quite an accomplishment. She added having such high standards is the best representation for the public. She then reviewed the most recent GASB pronouncements.

(Director Tonascia arrived at 5:23 p.m.)

b. Consider Acceptance and Authorize Distribution

With a motion by Vice President Tobias and a second by Director Bettencourt, the Board of Directors unanimously Accepted the FY 18-19 Comprehensive Annual Financial Report and Audit and Authorized Distribution.

6. Discuss and Consider Approval of Professional Services Agreement with Todd Groundwater for the North County Groundwater Supply Program (NTE \$209,717) and Authorize the District Manager to sign agreement

Mr. Cattaneo stated agenda items #6 and #7 are related so he will discuss them together. The District signed a Memorandum of Understanding with the City of Hollister (City) and Sunnyslope County Water District (SSCWD) for a new well at the airport. The

District has 2 contracts for this project. One contract is for Todd Groundwater for groundwater evaluation and the drilling of two new wells. The second contract is for HDR for a facilities design. Mr. Cattaneo stated the District has spent about \$200,000 so far and the remaining \$300,000 will be divided between the City and SSCWD. Discussion ensued about the location of the new wells.

Vice President Tobias asked about the property owners in this area. Mr. Cattaneo stated the District is looking for willing property owners to allow an easement for the wells.

With no further questions, a motion was made by Director Bettencourt and seconded by Director Tonascia; the Board of Directors unanimously Approved a Professional Services Agreement with Todd Groundwater for the North County Groundwater Supply Program (NTE \$209,717) and Authorized the District Manager to sign agreement.

7. Discuss and Consider Approval of Amendment 15 with HDR for the North County Groundwater Supply Program (NTE \$81,800) and Authorize the District Manager to sign amendment

This agenda item was discussed with agenda item #6.

With no questions from the Board, a motion was made by Vice President Tobias and seconded by Director Bettencourt; the Board of Directors unanimously Approved of Amendment 15 with HDR for the North County Groundwater Supply Program (NTE \$81,800) and Authorized the District Manager to sign amendment.

8. Mid Pacific Water Users Conference, January 22nd through 24th, 2020 in Reno, Nevada

a. Consider District Manager or Designee and Director Attendance

Director Tonascia expressed interest in attending the conference.

9. Committee/Agency Representative Reports:

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

As per Mr. Cattaneo, he will cover this under his manager's report.

b) Pajaro River Watershed Flood Prevention Authority (Bettencourt/Flores)

As per Director Bettencourt, the Authority held their regular meeting and a legislative meeting. The Army Corps of Engineers made a presentation as did Garrett Haertel from our District. Congressman Panetta attended this meeting.

c) Water Resources Association (Flores/Bettencourt)

Mrs. Mauro gave a recap of the WRA Meeting.

d) Association of California Water Agencies—Joint Powers Insurance Authority Fall Conference, San Diego, CA December 2, 2019 (Bettencourt)

Due to weather concerns, Director Bettencourt did not attend.

e) Association of California Water Agencies Fall Conference, San Diego, CA December 3-6, 2019 (Tonascia)

As per Director Tonascia, SGMA is a big topic. Agencies located in the valley are very concerned. Another topic discussed was water storage which included Kern County Water Bank and Semi-Tropic.

f) Finance Committee (Tonascia/Williams)

1. Staff Financial Summary Report on Fiscal Year End 2019

As per Directors Tonascia and Williams, the meeting was the review of the draft Audit.

Mrs. Sullivan gave an overview of the 4th quarter report and compared the budgeted amounts to the actuals.

Mr. Cattaneo added the Board's action in the Spring to allow full cost water customers to buy transfer water translated into that revenue going to the water supply revolving fund.

Mrs. Sullivan also added the District is moving toward fully funding OPEB (Other Post Employment Benefits) per the direction from the Board.

10. District Manager/Engineer's Report:

a) Reach 1 Operations

As per Mr. Cattaneo, he had nothing to report at this time.

b) Zone 3 Operations

As per Mr. Cattaneo, District staff will be checking the San Benito River next week for sediment. Mr. Haertel reported Hernandez Reservoir is at approximately 4700 AF and staff has reestablished the remote monitoring of the reservoir. Mr. Cattaneo further reported the repairs at the Hernandez Spillway are not yet completed but staff plans to complete them in the fall.

c) Zone 6 Operations

As per Mr. Cattaneo, the Bureau conducted a facilities review of San Justo Reservoir and found the guard gate is not seating completely. Mr. Cattaneo also reported the Intertie Project is now complete and working well, with approximately 20 af/day. Last week there was an issue at the plant, but it was an internal issue and not the District's issue.

d) San Luis Delta Mendota Authority Activities

As per Mr. Cattaneo, the Transfer of Operations/Maintenance Agreement on their federal facilities is due to expire during the period of the proposed WIFIA loan and they are considering adding an additional 35 years. The reason they are renewing early, is the Authority is looking into funding through a WIFIA loan for approximately \$24 million and this transfer agreement must be in force throughout the life of the loan, which is anticipated to be 30 years. The loan is needed for the pump rewind project. The cost to rewind 1 pump is \$6 million and they have already done 2 of the pumps. Also discussed was the new biological opinion.

e) SGMA Update

As per Mr. Cattaneo, the Grant for SGMA the District applied for looks promising. The next Technical Advisory Committee Meeting is scheduled for

January 13, 2020. The subject of this meeting will be the water budget and the sustainability criteria.

f) Pacheco Reservoir Expansion Project

As per Mr. Cattaneo, Santa Clara Valley Water District (SCVWD) has transferred this project within their upper management to Melanie Richardson, who is the Chief of Watersheds. Nina Hawk will still be involved, and Chris Hakes will continue as Project Manager. Mr. Cattaneo reported SCVWD is working on choosing a dam site and they are experiencing legal issues with two landowners. SCVWD intends to choose a preliminary dam site by summer.

11. Board Organization

a. Election of Officers

The Board decided to nominate both President and Vice President as a slate.

President Flores nominated Director Tobias for President and Director Bettencourt for Vice President; Director Williams seconded the nomination.

The Board of Directors unanimously approved of Director Tobias for President and Director Bettencourt for Vice President for calendar year 2020.

12. Adjournment

With no further business to discuss, the meeting was adjourned at 6:08 p.m.

The minutes were approved at the January 29, 2020 Board meeting and signed by the presiding board member.

/s/John Tobias
John Tobias, President

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