

February 26, 2020  
Regular Meeting  
5:00 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, February 26, 2020 at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: President John Tobias, Vice President Frank Bettencourt and Directors Sonny Flores, Joe Tonascia and Doug Williams. 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 Tobias called the meeting to order at 5:00 p.m.

- a. **Pledge of Allegiance to the Flag**  
President Tobias 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**  
With a motion by Director Flores and a second by Vice President Bettencourt, 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: January 29, 2020 Regular Meeting**
- 2. **Allowance of Claims**
- 3. **Acknowledgement of Paid Claims prior to the February Board Meeting**  
With a motion by Vice President Bettencourt and a second by Director Williams, the Consent Agenda was unanimously approved.

**REGULAR AGENDA:**

- 4. **WIIN Act—Review Options for Converting Water Service Contract with Bureau to a Repayment Contract under the WIIN Act; Consider and Approve form of WIIN Act Contract**  
Mrs. Singleton introduced Scott Morris, of the law firm of Kronick, Moscovitz, Tiedemann and Girard, who participated via GoToMeeting. Mrs. Singleton gave the Board a brief overview of the WIIN Act. Negotiations have been ongoing and if approved, the District could pay off the capital portion of the in-basin portion of the CVP capital(less than \$3 million). Mrs. Singleton stated the current contract expires in 2027. The current contract would convert from a water service contract to a water repayment contract. She added some of the benefits of paying this off would be the District would not have to process RRA forms and there would be no more full cost water for the customers that fall under this category. Mrs. Singleton also stated that this change to the

contract would not be subject to CEQA or NEPA. She added the contract would be a water contract in perpetuity. Also, this process must be completed by December 31, 2020.

Mr. Morris stated that the fact that the contract would remain a water contract in perpetuity is huge. He did add that it comes with risk, as it could bring scrutiny. Mr. Morris also stated the Board would need to decide if they wanted to replace the current contract or to amend the current one. For instance, Westlands Water District is choosing to bring everything up to date, in a consolidated, restated contract which is a lot more work to do than amend the necessary language in the current contract. Mr. Morris also added there would be a slightly greater risk for a challenge if the Board chose a restated contract rather than amending the current contract.

Director Tonascia asked if amending the contract is more cumbersome but would be the best way to protect the District. Mr. Cattaneo stated yes. He further asked does it change the amount and how it's paid. Mr. Cattaneo stated no, the amount is the same either way. Mr. Cattaneo stated if we went with the amendatory contract, we could also create a side document as a reference.

With no further questions, a motion was made by Director Tonascia, in consideration of the Board's discussion for the District to pursue a contract amendment of the direction to and the creation of an in-house master contract for reference that consolidates all of the District's contracts with the Bureau of Reclamation; this motion was seconded by Director Flores and was unanimously approved by the Board of Directors.

**5. Public Hearing regarding the 2020-21, 2021-22 and 2022-23, Rates and Charges for the Recycled Water**

*(President Tobias, due to his participation in the District's Recycled Water Program, recused himself from the proceedings on this item and turned the meeting over to Vice President Bettencourt).*

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

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

**b. Presentation of the 2020-21, 2021-22 and 2022-23 Rates and Charges for the Recycled Water**

Mrs. Singleton reviewed the proposed rates for the Board. She stated the first year, 2016, the District staff had to estimate. Now, staff has a three-year history to base the rates on, much like we do with the San Felipe rates. Each of the three years' rates proposed has a 3% escalation.

Mr. Cattaneo stated the District has not sold all available recycled water, but it is not a water quality issue but more of a marketing issue.

Mrs. Mauro confirmed there were no protests received.

**c. Open Public Hearing**

Vice President Bettencourt opened the Public Hearing.

**d. Close Public Hearing or continue to later date**

Seeing no public wishing to speak, he closed the Public Hearing.

**e. Consider Approval of Ordinance for the 2020-21, 2021-22 and 2022-23 Rates and Charges for the Recycled Water**

Including all of the information presented at the meeting in support of the proposed rates, a motion was made by Director Flores and seconded by Director Williams, Ordinance #62, *A Ordinance by the Board of Directors of the San Benito County Water District Establishing Recycled Water Rates* was approved by 4 affirmative votes, Bettencourt, Flores, Tonascia and Williams and 1 disqualification by Tobias.

**6. Discuss and Consider Resolution Amending Resolution 2018-11 regarding the District Manager's Authority to Approve Water Transfers and Execute Documents on behalf of said District and to Conduct Certain Banking Transactions**

Mr. Cattaneo reviewed this resolution for the Board and explained the need for it. It is a clarification of current practices for the District Manager to sign for water transfers. There were no questions from the Board.

With a motion by Director Tonascia and a second by Vice President Bettencourt, Resolution #2020-01, *A Resolution of the Board of Directors of the San Benito County Water District Amending Resolution #2018-11 regarding the District Manager's Authority to Approve Water Transfers and Execute Documents on behalf of said District and to Conduct Certain Banking Transactions* was unanimously approved.

**7. CERBT: Discuss and Consider the following:**

Mrs. Singleton reviewed this item for the Board. She stated this agenda item has been reviewed and is recommended for approval by the Investment Committee. Mrs. Singleton stated the District has seven retirees who are paid monthly. Two years ago, the Board voted to fully fund the liability for the Other Post Employee Benefits (OPEB) within three years. While only seven employees are currently participating, the District has the potential liability for all employees.

Staff has explored putting these funds into a trust through CalPERS (CERBT). The Investment Committee asked staff to further research how the trust works. She discussed how the funds could be gradually invested into the trust. Staff's goal would be to have the OPEB fully funded in the trust by the end of 2022. The trust would be irrevocable, and contributions are never required.

Discussion ensued about the potential earnings and rate of return. Mrs. Singleton stated while there is no guarantee, the funds are managed in the same manner as the CalPERS Retirement. She added the returns will be reported quarterly to the Investment Committee. It will be a pay as you go until the trust is fully funded and then disbursement from the trust will be done at a later date.

President Tobias asked if the rate of return can be used to pay the disbursements and Mrs. Singleton stated they can.

**a. Authorizing Board President to sign the Agreement to Prefund Other Post-Employment Benefits (OPEB) through CalPERS California Employers Retiree Benefit Trust (CERBT)**

With a motion by Director Flores and a second by Director Tonascia, the Board of Directors unanimously authorized the Board President to sign the Agreement to Prefund Other Post Employment Benefits (OPEB) through CalPERS California Employers Retiree Benefit Trust (CERBT).

**b. Adopt Resolution 2020-02 to Approve the Delegation of Authority to Request Disbursements**

With a motion by Director Tonascia and a second by Vice President Bettencourt, Resolution #2020-02 *A Resolution of the Board of Directors of the San Benito County Water District Approving the Delegation of Authority to Request Disbursements* was unanimously approved.

**c. Authorize District Manager to complete the Certification of OPEB Funding Policy and GASB OPEB Standards Reporting Compliance**

With a motion by Director Williams and a second by Vice President Bettencourt, the Board of Directors unanimously authorized the District Manager to complete the Certification of OPEB Funding Policy and GASB OPEB Standards Reporting Compliance.

**d. Authorize contributions to CERBT to fund the OPEB Liability**

With a motion by Director Tonascia and a second by Director Flores, the Board of Directors unanimously authorized contributions to CERBT to fund the OPEB Liability.

**8. Discuss and Consider Approval of McGilloway, Ray, Brown & Kaufman for Auditing Services for Fiscal Year End 2020, with option for renewal for Fiscal Years 2021 and 2022 and Authorize District Manager to Enter into a Contract and Approve Renewals**

Mrs. Singleton reported this item comes before the Board with the recommendation of the Finance Committee. She reviewed the proposal from McGilloway, Ray, Brown & Kaufman for auditing services for FYE 2020 and the option for renewals for FY 2021 and 2022. She stated the District has done an RFP for auditing services in the recent past and both times, our current auditor was chosen. McGilloway, Ray, Brown & Kaufman are compliant with the requirements for rotating partners and auditing managers. Mrs. Singleton stated staff and the Finance Committee see no compelling reason to change.

Mr. Cattaneo added it would be difficult to find a better auditor. Going through an RFP doesn't mean you are shopping for a better price but for high quality service. He stated McGilloway, Ray, Brown & Kaufman are always on top of the current requirements and regulations.

President Tobias added having the rotation of the audit manager offers a fresh set of eyes, which is good.

With a motion by Vice President Bettencourt and a second by Director Williams, the Board of Directors unanimously approved of McGilloway, Ray, Brown & Kaufman for

Auditing Services for Fiscal Year End 2020, with option for renewal for Fiscal Years 2021 and 2022 and Authorize District Manager to Enter into a Contract and Approve Renewals.

**9. Committee/Agency Representative Reports:**

- a) **San Luis Delta Mendota Water Authority (Tonascia/Cattaneo)**  
As per Mr. Cattaneo, he will discuss this under his Manager's Report.
- b) **Pajaro River Watershed Flood Prevention Authority (Bettencourt/Flores)**  
As per Director Bettencourt, general business was discussed, and they are waiting for the latest report from the Army Corps of Engineers.
- c) **Water Resources Association (Flores/Bettencourt)**  
As per Director Bettencourt, the Chair and Vice Chair were chosen, 2020 meeting calendar was approved, preparation for the next budget was discussed and upcoming events and programs were reviewed.
- d) **Finance Committee (Tonascia/Williams)**  
As per Directors Tonascia and Williams, these items have been covered.
- e) **Investment Committee (Flores/Tobias)**  
As per Directors Tobias and Flores, these items have been covered.

**10. District Manager/Engineer's Report:**

- a) **Reach 1 Operations**  
Mr. Cattaneo reported the 2020-21 budget will be discussed at a meeting tomorrow. They will also review the pump rebuild program versus replacing pumps instead. Mr. Cattaneo added a pumping efficiency review will be done and Alan Ziebrich is assisting with this. Mrs. Singleton stated our District asked for this to be done. Mr. Cattaneo further added Aaron Baker of Santa Clara Valley Water District is now their Chief of Operations for Raw Water.
- b) **Zone 3 Operations**  
Mr. Cattaneo reported without rain, there isn't much water to move, but staff is moving what we can.
- c) **Zone 6 Operations**  
Mr. Cattaneo reported the initial allocation from the Bureau is 15% for Ag and 65% of historical use for M & I; the District had hoped for 25% and 70%. Using water from our storage, the District allocated 25% for Ag. He is considering getting water from Semi-Tropic. If there is another dry year, it will be harder to get water back from there.
- d) **San Luis Delta Mendota Authority Activities**  
Mr. Cattaneo reported SLDMWA is considering amending the By Laws, which would take an 85% vote to approve/oppose regarding legislative action. He anticipates a possible vote on the next week.

e) **SGMA Update**

Mr. Cattaneo reported the SGMA Technical Advisory Committee (TAC) met on February 24<sup>th</sup>. Items discussed were the water quality minimum threshold and sustainability. The committee agreed to continue to use the thresholds set by the Regional Water Quality Control Board in Basin Plan of TDS and Nitrates. Discussion ensued about the District agreeing to enhance the monitoring network to address the issue of limited data. Mr. Cattaneo stated the GSP will be reviewed every 5 years and the minimum thresholds can be revisited. The minimum thresholds for now are 1200 mg/l for TDS and 45 mg/l for Nitrates.

President Tobias asked if thresholds can be changed and Mr. Cattaneo stated yes, they can.

The next Public Workshop will be March 24<sup>th</sup> at the Vets Building and the next is likely to be in August.

f) **Pacheco Reservoir Expansion Project**

Mr. Cattaneo reported a meeting was held yesterday with SCVWD. The consultants held a Design, Engineering and Construction (DEC) Review. Also, SCVWD is continuing to work on WIIN Act Funding for the project. The construction period is estimated to be 8 years.

**11. Adjournment**

With no further business to discuss, the meeting was adjourned at 6:20 p.m.

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The minutes were approved at the March 25, 2020 Board Meeting and were signed by the presiding Board member.

*/s/John Tobias*  
John Tobias, President

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