

July 28, 2021
Regular Meeting
5:02 p.m.

On March 18, 2020, Governor Newsom issued Executive Order N-29-20, which enhances State and Local Governments' ability to respond to COVID-19 Pandemic; this meeting was conducted with some members participating via conference phone. Because of this, all voting was done by roll call vote.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, July 28, 2021 at 5:02 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: President Doug Williams, and Directors Sonny Flores, Andrew Shelton and John Tobias; Vice President Joe Tonascia was absent. Also present were District Manager/Engineer Jeff Cattaneo, District Counsel Jeremy T. Liem, Assistant Manager Sara Singleton, Finance Manager Natalie Sullivan, Water Conservation Program Manager Shawn Novack, Operation and Maintenance Supervisor Michael Craig, Office Specialist II Cindy Paine and Board Clerk/Office Specialist III Barbara Mauro.

CALL TO ORDER

President Williams called the meeting to order at 5:02 p.m.

- a. **Pledge of Allegiance to the Flag**
President Williams led the Pledge of Allegiance.
- b. **Roll Call**
Mrs. Mauro called roll. President Williams and Directors Flores, Shelton and Tobias were all present at the District. Vice President Tonascia was absent.
- c. **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.**
- d. **Approval of Agenda**
Noting the removal of the Closed Session Item from the Agenda, a motion was made by Director Tobias and seconded by Director Flores; the Agenda was approved by 4 affirmative votes, Williams, Flores, Shelton and Tobias and there was 1 absence, Tonascia.
- e. **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: June 30, 2021 Regular Meeting
July 14, 2021 Special Meeting**
2. **Allowance of Claims**
3. **Acknowledgement of Paid Claims prior to the July Board Meeting**
4. **Acceptance of Quarterly Investment Report, June 30, 2021**
5. **Recognizing Dustin Franco for 5 Years of Service, Certificate Issued**

With no questions from the Board, a motion was made by Director Flores and seconded by Director Shelton; the Consent Agenda was approved by 4 affirmative votes, Williams, Flores, Shelton and Tobias and there was 1 absence, Tonascia.

REGULAR AGENDA:

6. 2021-2022 District Budget

a. Presentation of 2021-2022 District Budget

Mr. Cattaneo stated the Board's action would be to receive and approve the 2021-22 Budget. He added this comes to the Board with the recommendation of the Finance Committee.

Using a PowerPoint presentation, Mr. Cattaneo reviewed the sources of funds for the Operating Budget which are water sales and services, finished water, taxes, interest and grants. He then reviewed the uses of these funds. Mr. Cattaneo then reviewed the sources of funds for the Capital Budget which are the Reserves: Designated, Restricted and Undesignated and what the uses of these funds are. Mr. Cattaneo reported the net Budget Summary is -\$165,105.

Mr. Cattaneo reviewed how the Operating Budget is developed by department and that each department manager meets with him and must have his approval for their budget. He then reviewed the key assumptions of the Operating Revenues and Non-Operating Revenues. Mr. Cattaneo reviewed the Revenue by Source, which the largest portion is made up of the tax revenue. Mr. Cattaneo then reviewed the Cost of Water key assumptions, which included the remaining water from water year 2021 and 4 months of the 2021-2022 water year.

Next, he reviewed Expenses by Source, with the highest being contract services followed by wages and employee related expenses. Mr. Cattaneo reviewed the summary of Operating Expenses by Source over the last 9 years. He then reviewed each category in the Operating Budget in expenses for the current budget year.

Director Tobias asked how shortfalls are handled. Mr. Cattaneo stated the District used to set aside a fixed amount for the USBR repayment reserve account but now has determined 30% of the land taxes needs to be designated for the reserves for the repayment. Mr. Cattaneo stated if the District should get too far in the negative, the District could adjust the amount designated to the water supply revolving fund to compensate.

Mr. Cattaneo then reviewed the Capital Budget with the preliminary survey and investigations, construction in progress, special projects and the Reach 1 Capital Projects, including the annual CVP payment. The Capital Budget Summary totaled \$8,108,850.

b. Consider Board Approval of 2021-2022 District Budget

Director Tobias, thanking staff for their hard work, made a motion to approve the 2021-2022 District Budget; it was seconded by Director Flores; the Board of Directors Approved the 2021-2022 District Budget by 4 affirmative votes, Williams, Flores, Shelton and Tobias and there was 1 absence, Tonascia.

7. Consider Amending Resolution 2020-09 Regarding the District Policy on Restriction and Designation of District Net Assets/Cash

Mrs. Singleton reported this is the District's annual review based on their policy, on Restriction and Designation of District Net Assets/Cash. Mrs. Singleton stated this has been reviewed by Counsel and comes to the Board with the recommendation of the Finance Committee. She stated there are essentially no changes with the exception of eliminating the Hollister Urban Area on the chart which was for the upgrade to the Lessalt plant and the building of the West Hills plant, which have now been added into the capital asset account. Mrs. Singleton further explained how this policy is used in the accounting department at year-end and during the budget process.

Director Tobias asked what the balance was in the Hollister Urban Area account at the end. Mrs. Sullivan stated it was approximately \$800,000 at FYE 2020. Mr. Cattaneo added the Tracer Study needed to be done when the transfer was completed, and a portion of this remaining balance was used for this study. Mrs. Singleton stated this was acknowledged to the City of Hollister and Sunnyslope County Water District.

With a motion by Director Shelton and a second by Director Tobias, Resolution #2021-15, *A Resolution of the Board of Directors of the San Benito County Water District Amending Resolution #2020-09 Regarding the District Policy on Restriction and Designation of District Net Assets/Cash* was approved by 4 affirmative votes, Williams, Flores, Shelton and Tobias and there was 1 absence, Tonascia.

8. Discuss and Consider Approval of Contract with Todd Groundwater to prepare the Agricultural Water Management Plan and Authorize the District Manager to sign contract (NTE \$29,068)

Mr. Novack reported now that the District has completed the Urban Water Management Plan (UWMP), it now needs to complete the Agricultural Water Management Plan (AWMP) which is also completed every 5 years. This plan only pertains to the District. Due to COVID-19, it is being completed in 2021, but is for 2020. It was previously completed in-house but now has become more complicated which is why the District is contracting with Todd Groundwater to do this report.

With no questions from the Board, a motion was made by Director Shelton and seconded by Director Flores; the Board of Directors approved the Contract with Todd Groundwater to prepare the Agricultural Water Management Plan and Authorized the District Manager to sign the contract (NTE \$29,068) by 4 affirmative votes, Williams, Flores, Shelton and Tobias and there was 1 absence, Tonascia.

9. Discuss and Consider Memorandum of Understanding for the Update to the Hollister Urban Area Water and Wastewater Master Plan 2021

Mr. Cattaneo stated the importance of reviewing the Hollister Urban Area Plan every 5 years to revisit the assumptions and incorporate any significant changes. He reported the changes in the update are the growth increases as well as the inclusion of the City of San Juan Bautista. The structure will be similar, having a Governance Committee with 2 elected officials from each agency/city, but previously the cost was allocated amongst the group, except for the County. Mr. Cattaneo is proposing the Governance Committee be at an advisory level and the District to pay the costs up front, recovering these costs through the raw water fees.

Mr. Liem pointed out an error in item #14, it should read “negotiation” not “negation”. Mr. Cattaneo added, the Board should consider approval contingent on some minor changes and if any major changes were to come up, staff would bring them back to the Board and Counsel.

With a motion by Director Tobias, noting there may be minor changes needed, and a second by Director Flores, the Board of Directors Approved the Memorandum of Understanding for the Update to the Hollister Urban Area Water and Wastewater Master Plan 2021 by 4 affirmative votes, Williams, Flores, Shelton and Tobias and there was 1 absence, Tonascia.

10. Consider Approval of Amendment #19 to HDR Proposal for Services in connection with the Hollister Urban Area Water and Wastewater Master Plan Update (NTE \$169,200)

Mr. Cattaneo stated this item is for HDR to prepare the work needed to do the Master Plan Update, as discussed in the previous agenda item. There will also be an additional cost of approximately \$30,000 to Bob Ellis, in conjunction with this item.

With no questions from the Board, the Board of Directors Approved of Amendment #19 to HDR Proposal for Services in connection with the Hollister Urban Area Water and Wastewater Master Plan Update (NTE \$169,200) by 4 affirmative votes, Williams, Flores, Shelton and Tobias and there was 1 absence, Tonascia.

11. Consider Authorizing District Manager to Execute Amendment #20 with HDR to Support Aquifer Storage and Recovery, and Managed Aquifer Recharge Facility Plans (NTE \$80,000)

Mr. Cattaneo stated this item is related to the Round 3 SGMA Grant. Mr. Cattaneo stated having a Facilities Plan ready would be important as there should be a grant opportunity in the Spring/Summer of 2022. He discussed a pilot project of a well in the airport area for injection/extraction. This could be an alternate to the Pacheco Reservoir Expansion Project and could be a phased project.

With a motion by Director Flores and a second by Director Tobias, the Board of Directors Authorized the District Manager to Execute Amendment #20 with HDR to Support Aquifer Storage and Recovery, and Managed Aquifer Recharge Facility Plans (NTE \$80,000) by 4 affirmative votes, Williams, Flores, Shelton and Tobias and there was 1 absence, Tonascia.

12. Discuss and Consider Approval of Resolution Establishing an Interim Policy for Rescheduling Unused/Conserved 2021-22 Water by Agricultural and Municipal & Industrial Contract Water Users

Mr. Cattaneo stated this resolution has not been done in several years due to storage, but staff is recommending allowing users to carry a small amount (20%) into next year. The District's goal is to fully utilize its water allocation. This year, as per Mr. Cattaneo, there is space to allow storage of rescheduled water and it will not conflict with District operations.

With a motion by Director Tobias and a second by Director Shelton, Resolution #2021-16, *A Resolution of the Board of Directors of the San Benito County Water District Establishing an Interim Policy for Rescheduling Unused/Conserved 2021-22 Water by Agricultural and Municipal & Industrial Contract Water Users* was approved by 4 affirmative votes, Williams, Flores, Shelton and Tobias and there was 1 absence, Tonascia.

13. North San Benito County Groundwater Sustainability Agency (GSA)

- **Sustainable Groundwater Management Act (SGMA) Update**

- **Presentation of the Draft Groundwater Sustainability Plan**

Mr. Cattaneo stated he has reviewed the Draft GSP with the Board previously but would like to go over the next steps. There will be another Public Workshop held via Zoom on August 4th from 4 to 6 p.m. Following tonight's meeting, the Draft GSP document will be available on the District's website. Mr. Cattaneo reported there is a 90-day public review period which will begin tomorrow, July 29th and go through October 27, 2021. The public comments will be received and incorporated into the report and the complete GSP will be submitted to the Department of Water Resources by January 31, 2022. Prior to the submittal, our District will hold a Public Hearing at our November 17, 2021 Board Meeting and Santa Clara Valley Water District will hold their Public Hearing on December 14, 2021. Once submitted, the next report will be due in 5 years from that date.

14. 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. **Finance Committee (Tonascia/Williams)**

As per Director Williams, the Budget and Restrictions and Designations were discussed.

15. Monthly Operations and Maintenance Report

Mr. Craig showed photos of the break in the 30-inch line in San Juan Bautista. Mr. Craig stated the crew was able to repair, fill and have the water back up in 24 hours. Mr. Cattaneo thanked Mr. Craig and his crew for their hard work.

16. District Manager/Engineer's Report:

a) Reach 1 Operations

As per Mr. Cattaneo, there was nothing to report currently.

b) Zone 3 Operations

As per Mr. Cattaneo, there was nothing current to report; in September and October, District staff will return to their work on the spillway at Hernandez.

c) Zone 6 Operations

As per Mr. Cattaneo, normally the District is operating San Justo Reservoir below 485 feet elevation but to keep the reservoir as full as possible, the District is currently maintaining the level between 490-493 feet, above our reoperation level. Mr. Cattaneo also stated there have been a few outages of services as he has had District staff doing some maintenance work to check the calibration of meters. He is concerned there is either an issue with our meters or at bifurcation. If he determines there might be a problem at bifurcation, the District will install a second meter to compare the two meters for any discrepancies there.

d) San Luis Delta Mendota Authority Activities

As per Mr. Cattaneo, the water supply in San Luis Reservoir is projected to be in the negative in August 2021 for the Bureau which would mean they are using the State's portion of water in the reservoir. Shasta is at 1.2 million acre feet and is severely low.

e) Pacheco Reservoir Expansion Project

As per Mr. Cattaneo, Santa Clara Valley Water District is investigating why the cost of the project had gone from \$1.3 billion to \$2.6 billion.

f) City of San Juan Bautista Water Supply Plan

As per Mr. Cattaneo, he has a preliminary agreement with the 2 landowners needed for the pipeline access. The City of San Juan Bautista (COSJB) will consider the MOU on August 17th and the COSJB is moving forward with an agreement with the City of Hollister for wastewater.

g) Zone 6 Water Rate Study

As per Mr. Cattaneo, staff had a lengthy meeting last week with HDR and Raftelis regarding a rate study. It was more complicated than Raftelis anticipated. Information is needed from the HUAMP from HDR regarding demand. Mr. Cattaneo is looking for a May/June completion and recommends continuing the current rates until sometime between March to June when the new rates, based on the study, can be considered.

h) Future Board Meeting Format

As per Mr. Cattaneo, he had anticipated discussing how to conduct meetings in the future as COVID restrictions were easing but yesterday the CDC was again recommending wearing masks indoors, so he is now recommending the District continue as we are for now.

(Removed from the agenda)

17. CLOSED SESSION—Conference with Legal Counsel—existing litigation

a. Government Code 54956.9(a)

Center for Biological Diversity, ET AL v. United States Bureau of Reclamation, ET AL

(CASE NO.: 1:20-CV-00706-DAD-EPG)

18. OPEN SESSION

Report any action if any

19. Adjournment

With no further business to discuss, the meeting was adjourned at 6:56 p.m.

Minutes were approved at the August 25, 2021 Board meeting and signed by the presiding board members.

/s/Doug Williams

Doug Williams, President

/s/Barbara L. Mauro

Barbara L. Mauro, Board Clerk