

August 31, 2022
Regular Meeting
5:02 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, August 31, 2022 at 5:02 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: Vice President Sonny Flores and Directors Andrew Shelton, John Tobias and Doug Williams; President Joe Tonascia was absent. Also present were District Manager Jeff Cattaneo, Assistant General Manager Steve Wittry, District Counsel Jeremy T. Liem, Manager of Administration, Finance and Business Services Joyce Machado, Water Conservation Program Manager Shawn Novack and Board Clerk/Office Specialist III Barbara Mauro. Finance Manager Natalie Sullivan participated remotely via Zoom.

CALL TO ORDER

The meeting was called to order by Vice President Flores at 5:02 p.m.

- a. **Pledge of Allegiance to the Flag**
Vice President Flores led the Pledge of Allegiance.
- b. **Roll Call**
Mrs. Mauro called roll; all members were present except President Tonascia, who 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**
With a motion by Director Tobias and a second by Director Williams, the Agenda was approved by 4 affirmative votes, Flores, Shelton, Tobias and Williams and there was 1 absence, Tonascia.
- e. **Public Input: Members of the Public are Invited to Speak on any Matter not on the Agenda**
Richard Bettencourt asked if the District was aware Ray Leonardo, a resident near Soap Lake, had run out of water. Mr. Cattaneo stated he would be out of the office until September 12th, but Mr. Bettencourt should come see him to discuss this matter upon his return.

CONSENT AGENDA:

1. **Approval of Minutes for: July 27, 2022 Regular Meeting**
2. **Allowance of Claims**
3. **Acknowledgement of Paid Claims prior to the August Board Meeting**
With a motion by Director Williams and a second by Director Shelton, the Consent Agenda was approved by 4 affirmative votes, Flores, Shelton, Tobias and Williams and there was 1 absence, Tonascia.

REGULAR AGENDA:

4. Review Agreements between the San Benito County Water District and the City of San Juan Bautista

a) First Amended Hollister Urban Area Water Supply and Treatment Agreement

b) City of San Juan Bautista Conveyance Pipeline Agreement

Mr. Wittry gave a brief overview of the reason for the two agreements with the City of San Juan Bautista (City) and that they are being given to the Board in draft form. The District's Board is having the first review and the other agencies' and their legal counsels have yet to review them. Mr. Wittry asked if the Board members had any comments.

Director Tobias asked when the District will know if the City is going to self-fund the pipeline project. Mr. Wittry stated a decision will be made prior to the construction contract being final. He further added that the City is looking at funding opportunities through grants.

Director Tobias further asked if it will be a similar package to what the District offered to the City of Hollister and Sunnyslope County Water District. Mr. Wittry stated yes, the City will do a buy-in that will be due so that all costs for the three agencies sunset together. The Pipeline Agreement would be a 30-year loan.

Richard Bettencourt asked if this project is subject to LAFCO. Mr. Cattaneo stated no, this is not subject to LAFCO.

Director Tobias asked what the expected timeline would be. Mr. Wittry stated the City is anxious to move forward and that staff is looking to bring the agreements back for Board approval sometime in January or February of 2023, if possible.

5. Staff Report-CalPERS Pension Unfunded Accrued Liability (UAL)

Mrs. Machado stated due to a shortfall of the UAL, the District has an estimated balance of \$830,000. Following the District's UAL Policy, in order to mitigate the costs, staff has contact Weiss Law Firm. Mrs. Machado stated the option would be to utilize California Municipal Advisors LLC (Cal Muni Advisors) to assist with the UAL funding solutions for the future. Cal Muni Advisors also offer a free 1-hour presentation on updates on how the calculations are made and several scenarios. This presentation could be available for the Directors to attend, if interested. Mrs. Machado stated staff is recommending contacting Weiss Law Firm and asking for the presentation.

Director Tobias asked what caused the deficit. Mr. Cattaneo stated it was due to the investments CalPERS made in bonds and stocks. Their target was 6.75% and it was actually (6.113%), so it was nearly a 13% difference.

Director Shelton asked if it is strictly investments and Mr. Cattaneo stated yes. Mrs. Machado added CalPERS missed their target but it was not just our District that it affected. She also stated the presentation would be helpful.

Mr. Cattaneo stated that the OPEB (Other Post-Employment Benefits) is still overfunded.

Mrs. Machado verified the Board was indeed interested in participating in the presentation by Cal Muni Advisors.

6. 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) **Water Resources Association (Flores/Shelton)**
As per Director Flores, the WRA members discussed outreach and water conservation and Mr. Novack gave them an update on the turf removal program.
- c) **Urban Area Water and Wastewater Master Plan Governance Committee (Tobias/Flores)**
As per Director Flores, the members reviewed the Master Plan Update and members from all 5 agencies as well as staff participated in the meeting. Mr. Cattaneo added the Intergovernmental Committee asked for a presentation, which will be on October 6th. As per Director Tobias, the committee now includes the City of San Juan Bautista.

7. District Manager's Report:

- a) **Reach 1 Operations**
As per Mr. Cattaneo, there isn't anything to report.
- b) **Zone 3 Operations**
As per Mr. Cattaneo, District staff has been working at Hernandez Reservoir; the butterfly valves have failed again. The District is looking into getting 2 rebuilt valves.
- c) **Zone 6 Operations**
As per Mr. Cattaneo, he reviewed the latest investments made through UnionBanc. Using a handout, Mr. Cattaneo reported staff invested another \$5 million this week at a rate of 3.19% which should earn about \$160,000 annually for its term.
- d) **San Luis Delta Mendota Authority Activities**
As per Mr. Cattaneo, the Authority continues to work on the draft Principles of Agreement for the BF Sisk Dam Raise Project, which was distributed to the Board at the July meeting. Mr. Cattaneo stated if the District pays for our share of the storage, it will be water that can't be claimed by the Bureau. Also, access to storage could be indefinitely. In the past, the District has purchased 215 water, which is water available to pump but doesn't have any available storage area. Having extra storage would allow the District a place to store 215 water. For comparison, Mr. Cattaneo stated 215 water costs approximately \$100/acre foot in a wet year to purchase versus purchasing transfer water which costs about \$500/acre foot.

Director Tobias asked about a new challenge to the Pacheco Reservoir Expansion Project (PREP). Mr. Cattaneo stated there is a group of landowners challenging Santa Clara Valley Water District (Valley Water) because it will take land from

them for the project. There is also concern that the project will impact Henry Coe Park.

e) **City of San Juan Bautista Water Supply Plan**

As per Mr. Cattaneo, Mr. Wittry reviewed the two agreements the District will have with the City of San Juan Bautista (City). The District has asked HDR to prepare the scope/budget for the final plan for the pipeline project. The Department of Drinking Water (DDW) has also had a discussion with the District about how water will be introduced to the City, as it could cause an issue with lead and copper.

8. **CLOSED SESSION**

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
(GOVT CODE § 54956.9(d)(4)): One potential case**

(The Board convened in Closed Session at 5:35 p.m.)

9. **OPEN SESSION:**

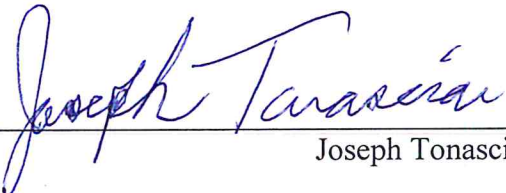
(The Board reconvened in Open Session at 5:55 p.m.)

Report any action, if any, taken in Closed Session

As per Vice President Flores, there was no action to report.

10. **Adjournment**

With no further business to report, the meeting was adjourned at 5:56 p.m.



Joseph Tonascia, President



Barbara L. Mauro, Board Clerk