

July 26, 2023
Regular Meeting
5:00 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, July 26, 2023 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 Andrew Shelton and Directors Joe Tonascia, Doug Williams and Mark Wright. Also present were General Manager Steve Wittry, District Counsel Jeremy T. Liem, Manager of Administration, Finance and Business Services Joyce Machado, Deputy District Engineer Rob Hillebrecht, Senior Engineer David Macdonald, Operations and Maintenance Manager Dave Meraz, Operations and Maintenance Manager Michael Craig, and Executive Assistant/Board Clerk 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. **Roll Call**
Mrs. Mauro called roll; members present were: President Flores, Vice President Shelton and Directors Tonascia, Williams and Wright.
- 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**
Director Tonascia asked if agenda items #2 and #4 could be pulled and discussed outside of the Consent Agenda. Noting Director Tonascia's request, a motion was made by Vice President Shelton and seconded by Director Williams; the Agenda was approved by 5 affirmative votes, Flores, Shelton, Tonascia, Williams and Wright.
- e. **Public Input: Members of the Public are Invited to Speak on any Matter not on the Agenda**
There were no public comments.

PUBLIC APPEARANCE

- a. **Consider Resolution Recognizing Dave Meraz for his 16 Years of Service to the District**
Mr. Wittry thanked Dave Meraz for his sixteen years of service to the District. He read the resolution into the record and presented him with a plaque of the resolution. With a motion by Director Tonascia and a second by Director Williams, the Board of Directors approved Resolution #2023-18, *A Resolution of the Board of Directors of the San Benito County Water District Recognizing Dave Meraz for his 16 Years of Service to the District* with 5 affirmative votes, Flores, Shelton, Tonascia, Williams and Wright.

CONSENT AGENDA:

1. Approval of Minutes for: June 28, 2023 Regular Meeting

2. Allowance of Claims

Director Tonascia asked if the check to MPE is for the project in San Juan Bautista and Mr. Wittry confirmed it is. He also added it is considerably over-budget, however, Caltrans has approved the cost over-runs for reimbursement

Director Tonascia also asked what the check to Sunnyslope County Water District, for \$419,000 is payment for. Mrs. Machado reported it is payment for running the two water treatment plants and it is actually for two months.

Director Tonascia asked why claims were not included in the packet. Mr. Wittry stated it was due to a staffing issue.

With a motion by Director Tonascia and a second by Director Wright, the Board of Directors approved the Allowance of Claims by 5 affirmative votes, Flores, Shelton, Tonascia, Williams and Wright.

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

4. Acceptance of Quarterly Investment Report, June 30, 2023

Director Tonascia asked if LAIF is a government sponsored account. Mr. Wittry stated it is a public agencies' pool account. Director Tonascia further asked about the retiree trust fund and Mrs. Machado stated that is also part of a group account.

Director Tonascia, referencing the District's investment account through Union Banc, asked why there is a loss of \$600,000. Mrs. Machado stated it is an unrealized loss and if the investments are kept to maturity, there will not be a loss. Mrs. Machado further explained that staff asked UnionBanc to do a projection comparing LAIF to the UnionBanc investments and LAIF. outperformed the investments during that period of time.

Director Tonascia asked about the 1 investment that matured. Mrs. Machado stated all investments, upon maturity, are put back in the District's US Bank checking account. Due to the uncertainty in May with the United States debt-ceiling crisis, staff waited to see the status of the market before reinvestment. Discussion ensued about advising the Investment Committee and the Board regarding reinvestment of District funds. Mr. Wittry stated there are bonds/securities coming to maturity. Staff will review the maturity dates, discuss it with the Investment Committee and then the Board. Mr. Wittry further added, at a special meeting in January, an additional \$5 million targeted for investment, was directed by the Board allowing the District Manager (Jeff Cattaneo) to make investment decisions.

Mr. Wittry stated an Investment Committee Meeting will be scheduled in August and then bring it to the Board.

Director Wright added there are two more bonds/treasury notes coming to maturity the end of October. Vice President Shelton asked how many are coming due the rest of the year. Mrs. Machado stated there are four bonds coming due between now and the end of the year.

With a motion by Director Tonascia and a second by Director Williams, the Quarterly Investment Report, June 30, 2023 was accepted by the Board of Directors by 5 affirmative votes, Flores, Shelton, Tonascia, Williams and Wright.

5. On Call Contracts – Status Updates

The remaining agenda items under the Consent Agenda, items #1, 3 and 5, were considered through a motion by Director Williams and seconded by Vice President Shelton; the remaining Consent Agenda was approved by the Board of Directors with 5 affirmative votes, Flores, Shelton, Tonascia, Williams and Wright.

REGULAR AGENDA

6. Discuss and Consider Approval of a 5-year Extension to the Hollister Urban Area Agreement for Operations and Maintenance Services between San Benito County Water District and Sunnyslope County Water District for Lessalt and West Hills Water Treatment Plants and Authorize the General Manager to sign Contract Extension

Mr. Wittry reported to the Board, that the District had previously approved the initial contract in 2013 and 1 five-year renewal in 2018. The agenda item is another five-year renewal with a few slight changes, mainly on how compensation and billing will be addressed. Mr. Wittry gave a brief background on this contract and its purpose. In addition to changes to the contract stating billing will be for all actuals and stated all three agencies (the District, Sunnyslope County Water District (SSCWD) and the City of Hollister (COH)) agreed this is the easiest way to handle the billing. Mr. Wittry further reported in item #9, it was clear the intent was for multiple year term renewals and with consultation with our Counsel, suggested we revise the language. Mr. Wittry stated these changes came before the Administration Committee as well.

Director Tonascia asked if the changes were suggested by the District. Mr. Wittry stated all three agencies agreed with how the billing would be handled. Director Tonascia asked about what the monthly cost to run the plants is; Mrs. Machado stated approximately \$210,000/month to run the plants.

Mr. Wittry also stated there appears to be confusion regarding the cost of the contract to operate the treatment plants vs. this year's cost of water. Consistent with the water supply MOU to provide a higher quality of water for residents, the District, asked SSCWD and the COH to use as much M&I water as possible. In years where the District receives 100% CVP M&I allocation, the District needs to use as much of the allocation as possible or it could impact future M&I allocations. However, SSCWD has stated that the use of more water through the plants will raise the cost of water to the agencies by approximately \$2 million (\$1 million each). This cost increase is not related to any changes in contract terms. Staff at both the COH and SSCWD are aware of the request and the higher cost.

With a motion by Director Williams and a second by Vice President Shelton, the Board of Directors Approved a 5-year Extension to the Hollister Urban Area Agreement for Operations and Maintenance Services between San Benito County Water District and

Sunnyslope County Water District for Lessalt and West Hills Water Treatment Plants and Authorized the General Manager to sign Contract Extension with 5 affirmative votes, Flores, Shelton, Tonascia, Williams and Wright.

7. **Discuss Association of California Water Agencies' 2024 Committee Appointments**
Mr. Wittry stated this is an informational item only. The District received notification that ACWA committee appointments for open for 2024. Some committees do not have a limit to members, but the selection process differs by committee. If any directors or staff are interested, please let staff know. Director Tonascia stated, as a member of the Ag Committee, some meetings are in-person, and some are remote. Mr. Wittry stated September 30, 2023 is the deadline to submit paperwork.

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

- a. **San Luis and Delta-Mendota Water Authority (Tonascia/Wittry)**
As per Director Tonascia, this will be covered under the General Manager's report.
- b. **Administration Committee (Flores/Shelton)**
As per Directors Flores and Shelton, this has already been covered.
- c. **Zone 6 Water Supply & Operations Committee (Tonascia/Williams)**
As per Directors Tonascia and Williams, the committee discussed the notice to water users to return water and the District will not be allowing carry-over water this year.

9. **Monthly Operations and Maintenance Report**

Mr. Craig reported 6 pipe repairs were completed by District staff in sub-system 4. He also discussed an issue with a bailey valve and the need for new surge valves in sub-system 11.

Mr. Hillebrecht gave a PowerPoint presentation on the model for Zone 3 that the District uses as a tool for when/how much water to release from Hernandez. He further explained that staff makes those decisions. Director Tonascia asked if the Board could have a copy of the slides Mr. Hillebrecht presented.

Director Tonascia also asked what date the well reading represented. Mr. Hillebrecht stated the model shows readings through June, but the District continues to read them throughout the year. Mr. Wittry stated staff was just showing a snapshot of the model.

Director Wright asked if staff could show all the well numbers for the last four years. Mr. Macdonald stated, yes, that can be put together.

Director Tonascia indicated he thought the District percolated directly into San Benito River in 2017-2018. Mr. Wittry stated he would try to confirm that by contacting Mr. Cattaneo and the Regional Water Quality Control Board.

Director Wright asked how many percolation locations the District uses. Mr. Wittry stated there are seven locations for percolation.

10. **General Manager's Report:**

a) General Comments

Mr. Wittry reported he attended the San Benito County Fish and Game Advisory Meeting and gave an update on the zebra mussel situation at San Justo Reservoir. The USBR now is estimating the cost at \$6-\$8 million to attempt to remove the zebra mussels, but that does not guarantee complete eradication. This process could require a huge supply of potash as well as drawing down the reservoir and having all of our systems down for approximately 45 days.

Mr. Wittry reported there will be a contract compliance review by the USBR on August 16th, at the District.

Mr. Wittry reported there are two projects out for bid. The Phase II of the Industrial Coating Project and the ASR Exploratory Drilling Project. He anticipates both projects coming to the Board for approval at the August meeting.

Mr. Wittry reported he had a conversation with Martin Rauch to discuss scheduling a Strategic Plan/Communications workshop, with an estimate of \$25,000. However, Mr. Rauch is booked through November 2023.

Mr. Wittry reported he spoke with Kronick, Moscovitz, Tiedemann and Girard regarding the capacity fee. The attorneys confirmed the fee can be applied to any project not yet occupied and they are working on a draft resolution and will follow the County's approval process. Mr. Wittry will offer some public outreach to San Benito County, the City of Hollister and the City of San Juan Bautista, so they are all aware of the upcoming capacity fee from the District.

Director Tonascia asked if the Board could get a list of the status of current projects of the District; Mr. Wittry asked if this was for the capital projects and Director Tonascia stated yes.

Director Tonascia would also like an update on the expansion of Zone 6 as it relates to the County and Sunnyslope County Water Districts (SSCWD) grant. Mr. Wittry reported the County and SSCWD are still working on funding coordination with DWR and the District is still recommending going through the process of expanding Zone 6 rather than providing water through an interim process. Mr. Wittry discussed the steps, such as working with LAFCO and preparing a NEPA document. The Board will also need to consider if they wish to charge a "buy-in" cost for those being added into Zone 6. Director Wright asked about the timeline. Mr. Wittry stated it was a two-year timeline, but often, projects such as these are given an extension through the Department of Water Resources.

b) Reach 1 Operations

Mr. Wittry stated there wasn't anything to report.

c) Zone 3 Operations

Mr. Wittry reported the District staff is releasing approximately 60-acre feet per day from Hernandez and of that, 20-acre feet per day is being diverted to Paicines and then releasing about 20-acre feet from Paicines, which is about half full.

d) Zone 6 Operations

Mr. Wittry reported the District is percolating at three sites: Los Viboras (Frog Pond), adjacent to Southside Road and in mid-July, at the Union Road Bridge. To date, Mr. Wittry reported the District has percolated approximately 500-acre feet.

e) San Luis and Delta-Mendota Water Authority Activities

Mr. Wittry reported the Authority discussed the B.F. Sisk Dam Project, water allocations and water delivery surveys sent to member agencies.

f) Pacheco Reservoir Expansion Project

Mr. Wittry stated there wasn't anything to report.

g) City of San Juan Bautista Water Supply Plan

Mr. Wittry reported staff will be meeting with Teichert to discuss installation of the sleeves for the City of San Juan Bautista (COSJB), which could amount to a savings of \$300,000 to \$400,000 for the COSJB. Mr. Wittry reported there might be a need for the District to front the funds, which could require a special meeting for approval.

11. Adjournment

With no further business to discuss, the meeting was adjourned at 6:25 p.m.

/s/Sonny Flores
Sonny Flores, President

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