

August 30, 2023
Regular Meeting
5:00 p.m.

The Board of Directors of the San Benito County Water District convened in regular session on Wednesday, August 30, 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 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**
With a motion by Vice President Shelton and a second by Director Wright, the Agenda was approved with 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.

CONSENT AGENDA:

- 1. Approval of Minutes for: July 26, 2023 Regular Meeting**
Regarding the minutes, Director Tonascia asked what is the District's process when a bill is overpaid. Mr. Wittry replied if the District finds a bill has been overpaid, accounting contacts the vendor to rectify the situation. The issue, per Director Tonascia, was the overpayment to Monterey Peninsula Engineering. Mrs. Machado stated the vendor mailed the check back and the District has reissued the check. Director Tonascia asked how it was overpaid and how can this be corrected in the future. Mr. Macdonald stated, the receipt of the May monthly MPE billing was late, so the MPE billing for June showed a past due amount. The past due amount showing on the MPE billing for June was paid in error. President Flores asked how the Board would know if an overpayment occurred. Mr. Wittry stated the Board likely would not see an overpayment in the claims approval process. However, for future issues, Mr. Wittry stated he will high-light similar situations for the Board.

2. **Allowance of Claims**
3. **Acknowledgement of Paid Claims prior to the August Board Meeting**
4. **On Call Contracts – Status Updates**

With no further questions from the Board, a motion was made by Vice President Shelton and seconded by Director Wright; the Consent Agenda was approved by 5 affirmative votes, Flores, Shelton, Tonascia, Williams and Wright.

REGULAR AGENDA

5. **Consider Resolution Awarding a Construction Contract in the Amount of \$521,061.00 to Unified Field Services Corporation for Industrial Coating Phase II (Categorically Exempt from CEQA per California Code of Regulations Title 14 Section 15301)**

Mr. Hillebrecht stated last fiscal year, the District began the industrial coating of its facilities. Staff recently put out for bid, Phase II. There is a possibility of a Phase III for San Justo Reservoir. Mr. Hillebrecht stated 5 bids were received and Unified Field Services was the lowest bid. In addition to the regular bid, the alternatives were within the budget of the project. The Board's action, per Mr. Hillebrecht, would be to approve the resolution, which approves the bid, awards the contract and authorizes the General Manager to make any necessary changes, sign the contract and also to approve of a 10% contingency.

Director Tonascia asked where this project appears in the budget. Mr. Wittry stated it is in the Maintenance budget. Mr. Wittry further stated this contract in addition to the inspection, (next agenda item) are within the budget of \$750,000. There was further discussion regarding the number of sites (11 sites-Phase II).

President Flores asked about the timing difference between this contract (240 calendar days) and the number of inspection days, in the next item. Mr. Wittry stated the inspection is limited to a number of work days and the coating project is calendar days. The District will control when the inspections are done. President Flores asked if damages are charged if the work is not done timely. Mr. Wittry stated yes, there is a liquidated damages clause that penalizes the contractor if they exceed the project completion time.

Director Williams asked if the District chooses the timing of the work. Mr. Wittry stated staff will work closely with the contractor to offer the best scenario for its timing.

With no further questions by the Board, a motion was made by Director Williams and a second by Vice President Shelton, the Board approved Resolution #2023-19, *A Resolution of the Board of Directors of the San Benito County Water District Awarding a Construction Contract in the Amount of \$521,061 to Unified Field Services Corporation for Industrial Coating Phase II (Categorically Exempt from CEQA per California Code of Regulations Title 14 Section 15301)* was approved with 5 affirmative votes, Flores, Shelton, Tonascia, Williams and Wright.

6. **Consider Approval of a Professional Services Contract in the Amount Not to Exceed \$174,240 with CSI Services Inc. for Inspection Services for Industrial Coating Phase II and Authorize the General Manager to Sign the Contract (Categorically Exempt from CEQA per California Code of Regulations Title 14 Section 15309)**

Mr. Hillebrecht stated this is a continuation of agenda item #5; this would be for inspection services for the Phase II Coating Project. As District staff is not qualified to perform this work, the District would be contracting with CSI Services, Inc. to do these inspections. As a reminder, this firm also did the inspections of the Phase I project. Mr. Hillebrecht further stated this contract is for work days and not calendar days. Mr. Hillebrecht stated the District would control the inspections and would be invoiced at the daily rate; both agenda items are within budget.

Director Tonascia asked if anyone else can do this work. Mr. Hillebrecht stated the district solicited proposals for inspection services for Phase I and CSI was selected. Staff had a positive experience with the firm and is recommending using them again. Director Tonascia asked if staff can keep them in budget this time; Mr. Wittry stated that the issue last time was complicated by the purchase order process initially utilized for the phase 1 project. For phase 2, staff has prepared a construction oversight contract to control inspection work more effectively than Phase I.

With a motion by Director Wright and a second by Director Williams, the Board of Directors approved a Professional Services Contract in the Amount Not to Exceed \$174,240 with CSI Services Inc. for Inspection Services for Industrial Coating Phase II and Authorize the General Manager to Sign the Contract (Categorically Exempt from CEQA per California Code of Regulations Title 14 Section 15309) with 5 affirmative votes, Flores, Shelton, Tonascia, Williams and Wright.

7. **Hollister Aquifer Storage and Recovery Feasibility Exploratory Boreholes**

a. **Consider Rejection of Bids on basis that bids exceed District's estimated budget for the work**

Mr. Macdonald stated the District has SGMA funds which could be used for the study of the Aquifer Storage and Recovery (ASR) Project. The District went out to bid for two exploratory boreholes for which there were \$150,000 in grant funding. Mr. Macdonald reported three bids were received and the bids were for \$250,000 per borehole. Staff is recommending rejecting all the bids and to rebid with a more narrow scope and only one borehole. Discussion ensued about where the borehole would be located, how the bid process was conducted and how it would affect the grant.

Director Tonascia expressed an interest in scheduling a meeting with Lidia Gutierrez, Todd Groundwater staff and District staff to discuss using the grant funds for this project. Discussion ensued about what landowners were contacted and Mr. Wittry indicated he would contact Don Ridenhour, who was involved in negotiating property access agreements on behalf of the District to determine which landowners were contacted and the status of those negotiations.

Discussion ensued regarding the length of the access agreements. Director Tonascia suggested that the District proceed to get as many easements as possible

in the Fallon Rd area to facilitate future projects. Mr. Wittry stated that in the negotiations, the District was asking for a temporary easement to facilitate borehole construction and data collection. The easement was only envisioned to last for 6 months. It is a different negotiation to ask for a permanent easement from the landowners.

Mr. Wittry further stated if the Board rejected the bids, staff would be resoliciting bids for a streamlined project that would only seek to perform one borehole. In order to keep the grant schedule, staff would like to schedule a special meeting in early October for consideration of the new bid.

Director Wright asked what the bids totaled and how many boreholes. Mr. Macdonald stated the total was approximately \$500,000 for 2 boreholes. Staff was shocked at the bids that were turned in. Regarding the City of Hollister, Director Wright asked if this is for drinking water? Mr. Wittry stated yes, municipal waters the nearest supply for the City is from Park Hill.

With a motion by Director Tonascia and a second by Vice President Shelton, the Board of Directors Rejected the Bids for the Hollister Aquifer Storage and Recovery Feasibility Exploratory Boreholes on the basis that the bids exceeded the District's estimated budget for the work with 5 affirmative votes, Flores, Shelton, Tonascia, Williams and Wright.

8. **Staff Update on Investment Strategies**

Mr. Wittry stated, based on discussions from the last Board meeting, the District held an Investment Committee meeting on August 15th to discuss the parameters for the District's investments. The committee discussed the information given by Mark Kreymer of UnionBanc, which compared LAIF versus UnionBanc. From June 2022 to May 2023, the return from UnionBanc was \$931,000; it would have been \$1.2 million if it had been in LAIF. Discussion ensued regarding the difference between the two investment options and how each works. Mr. Wittry stated the Investment Committee agreed to meet quarterly to discuss investment options and practices consistent with the investment policy. In the meantime, staff will be reinvesting with LAIF as investments mature. Staff will only invest in UnionBanc following Board direction.

Discussion further ensued about hiring a professional to maximize our investments, similar to the previous relationship the District had with PFM.

Director Wright asked about putting funds into short term bonds. Mrs. Machado stated the District's Investment Policy has restrictions and criteria that has to be followed.

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

- a. **San Luis and Delta-Mendota Water Authority (Tonascia/Wittry)**
As per Mr. Wittry, he will cover that under his manager's report.
- b. **Water Resources Association (Flores/Shelton)**
As per Director Flores, general business was discussed.

- c. **Urban Area Water and Wastewater Master Plan Governance Committee (Flores/Shelton)** As per Directors Flores and Tonascia, there was a good turnout and a good open discussion was held. Mr. Wittry stated the future capacity fee for the District was discussed and he offered to attend any city/agency meetings to further discuss it.

10. **Monthly Operations and Maintenance Report**

Mr. Craig reviewed some photos for the Board, including the installation of a smaller pump at 9H to help with pressure and the discovery of zebra mussels in a pipe at sub 7. He also stated staff is preparing for the upcoming coating project.

Mr. Hillebrecht provided and reviewed a handout on the District's Capital Improvement Projects as requested at the last board meeting. This list included current projects as well as potential projects. Discussion ensued about each project. A request was made to include the status of 'high profile' maintenance projects. There was further discussion regarding how a potential project is placed into the CIP. Mr. Wittry stated that the District will be initiating a public hearing process regarding the CIP ahead of the next budget cycle.

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

a) **General Comments**

Mr. Wittry reported Mrs. Machado is leaving the District and her last day will be October 26th. Staff has already reached out to Alliance Consulting, and they have begun the process to replace her. The amount is below \$30,000, so Mr. Wittry has given them the authorization to proceed.

Regarding the electrician's job, staff is still modifying the description. Dave Dungan, one of the District's retiree's, is handling the District's needs on a small scale and staff has reached out to some local firms for some electrical services.

Regarding the utility administration recruitment, once Mr. Wittry has reviewed the revised job description, staff will send it to the Union for their approval; anticipation is that it will happen by next Monday. Also, Leilani Vidal, the District's new accounting technician, started employment two weeks ago. Mr. Wittry further reported some of the office spaces have been re-worked and plans are to hire a second person in the accounting department following this year's audit, so there will be ample time to train them.

Mr. Wittry reported the District had their contract compliance with the Bureau and there were no discrepancies.

Mr. Wittry reported the San Benito County Board of Supervisors is investigating the potential of reopening San Justo Reservoir for recreational use. The District has an agreement with the Bureau for water storage and the Bureau has an agreement with San Benito County for recreational usage.

b) Zone 3 Operations

Mr. Wittry reported approximately eighty-eight acre feet per day is being released from Hernandez Reservoir and there appears to be a leak at the Paicines Canal, which staff is investigating.

Mr. Wittry reviewed the photos of monitoring wells, from April 2017 through April 2023. Mr. Wittry further reported staff plans to bring the level of Hernandez down to approximately 11,000 acre feet. Based on the operation model for Hernandez done by Jeff Micko, the model suggests to hold only 8,500 acre feet at Hernandez.

Discussion ensued on the storm water duties of the District and the releases from Hernandez, Paicines and Tres Pinos. Mr. Wittry further reported he will be going with Dustin Franco to Hernandez to view its status within the next few weeks.

Director Tonascia asked for more data on the wells as well as percolation information, on a future agenda.

c) Zone 6 Operations

Mr. Wittry reported the Board asked about lost water sales due to the delay with the Highway 156 Project. While it is difficult to give an exact amount, over the 2018-2020 years, the average sales in that area were 987 acre feet, which when converted to 2023 rates, equates to approximately \$290,000 in lost revenue.

d) San Luis and Delta-Mendota Water Authority Activities

Mr. Wittry reported the Authority has made its third adjustment to the water rates, which resulted in an increase of approximately \$.78 per acre foot.

e) Pacheco Reservoir Expansion Project

Mr. Wittry had nothing to report on this item.

f) City of San Juan Bautista Water Supply Plan

Mr. Wittry reported a meeting was held today. Staff's goal is to have the contracts completed prior to Mrs. Machado's departure.

12. **Adjournment**

With no further business to discuss, the meeting was adjourned at 6:53 p.m.

Minutes were approved at the September 20, 2023 Board meeting and signed by the presiding board member.

/s/Sonny Flores
Sonny Flores, President

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