

**MINUTES  
BOARD OF DIRECTORS  
SUNNYSLOPE COUNTY WATER DISTRICT  
Regular Meeting  
December 15, 2015**

- A. CALL TO ORDER:** The meeting was called to order at 5:15 p.m. by President Hill, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.
- B. ROLL CALL: Present:** President Kathleen Hill; Directors, Mike Alcorn, Judi Johnson, Dave Meraz, and Danny Villalon.
- C. PLEDGE OF ALLEGIANCE:** Director Villalon led Directors, staff, and public in the Pledge of Allegiance.
- D. APPROVAL OF AGENDA:** Director Johnson requested that the Assistant Engineer be added to the Board and Staff Reports, to which President Hill agreed to add after Finance and HR Manager’s report. Upon motion made by Director Meraz, seconded by Director Villalon, and carried 5-0, the agenda was approved as presented.
- E. PUBLIC COMMENTS AND AUDIENCE INTRODUCTIONS:** The Board welcomed members of the public and opened the meeting to public comments regarding matters not itemized on the agenda. There were no comments.

**Staff present for Open Session:** General Manager/Secretary Don Ridenhour, Attorney Heidi Quinn, Executive Assistant/Stenographer Carol Porteur, Water/Wastewater Superintendent Jim Filice, Assistant Engineer Rob Hillebrecht, and Finance and Human Resource Manager Cathy Buck.

**F. CONSENT AGENDA:**

1. Approval of Minutes – for the Regular Meeting of November 17, 2015.
2. Allowance of Claims – to ratify disbursements for the period from November 10, 2015 through December 7, 2015, totaling \$708,739.44, which includes \$366,351.15 for payments to vendors and employees, and \$341,113.36 paid to the City of Hollister for amounts collected from their customer’s for City sewer billings net of our fees, and \$1,274.93 for customer refunds and deductions for customer checks returned for insufficient funds. The last check written as of December 7, 2015 was check # 21482. The list of disbursements is as follows:

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
11/16/15	ACH 0768	EFTPS	-174.70
11/17/15	ACH 0769	RETURNED ACH (ACH Ret 11-01)	-166.61
11/17/15	ACH 0770	RETURNED ACH (ACH Ret 11-02)	-129.27
11/17/15	ACH 0771	RETURNED ACH (ACH Ret 11-03)	-153.45
11/18/15	ACH 0772	RETURNED ACH (ACH Ret 11-04)	-126.69
11/18/15	ACH 0773	RETURNED ACH (ACH Ret 11-05)	-65.69
11/30/15	ACH 0774A	EFTPS	-4,669.02
12/03/15	ACH 0775	Merchant Services	-249.87
11/30/15	ACH 0775B	EFTPS	-20,891.56
12/03/15	ACH 0776	Merchant Services	-989.02
11/16/15	DD 1502	Alcorn, Michael H	-92.35
11/16/15	DD 1503	Johnson, Judi H	-266.05
11/16/15	DD 1504	Meraz, David E	-183.70
11/16/15	DD 1505	Villalon, Daniel	-159.70

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
11/30/15	DD 1506	Alvarez, Abel	-5,142.33
11/30/15	DD 1507	Brill, Kelly L.	-4,756.68
11/30/15	DD 1508	Buck, Cathy L.	-6,520.62
11/30/15	DD 1509	Castro, Kevin G.	-467.40
11/30/15	DD 1510	Chavez, Jr., Manuel T.	-6,339.89
11/30/15	DD 1511	Eclarin, Ernesto P.	-5,122.88
11/30/15	DD 1512	Filice, James L.	-6,767.78
11/30/15	DD 1513	Hagins, Patrick M.	-5,048.92
11/30/15	DD 1514	Hillebrecht, Robert B	-3,581.44
11/30/15	DD 1515	Jackson, Patrick W.	-4,531.00
11/30/15	DD 1516	Malko, Kim A.	-2,929.04
11/30/15	DD 1517	Marden, Robert E	-1,680.45
11/30/15	DD 1518	Norman, III, Walter R.	-5,509.03
11/30/15	DD 1519	Padilla, David	-5,542.32
11/30/15	DD 1520	Porteur, Carol A.	-4,114.12
11/30/15	DD 1521	Quick, Troy E	-4,218.86
11/30/15	DD 1522	Ridenhour, Donald G	-9,950.27
11/30/15	DD 1523	Watson, Scott A.	-5,478.70
11/30/15	DD 1524	Zavala, Anabel G.	-4,326.81
11/16/15	21392	TRACY SULLIVAN	-86.54
11/16/15	21393	MADAY ROMERO	-19.85
11/16/15	21394	Auto Tech Service Center, Inc.	-260.53
11/16/15	21395	Bianchi Kasavan & Pope, LLP	-3,697.66
11/16/15	21396	Calgon Carbon Corporation	-41,277.00
11/16/15	21397	CM Analytical, Inc.	-2,935.00
11/16/15	21398	Dept. of Motor Vehicles (DMV)	-25.00
11/16/15	21399	Edges Electrical Group	-474.25
11/16/15	21400	Hach Company	-578.97
11/16/15	21401	Harper & Associates Engineering, Inc.	-11,677.50
11/16/15	21402	John Smith Road Landfill	-852.03
11/16/15	21403	Kennedy/Jenks Consultants	-625.00
11/16/15	21404	Stargazer Packaging	-552.40
11/16/15	21405	Toro Petroleum Corp.	-90.95
11/16/15	21406	Trans Union LLC	-74.75
11/16/15	21407	Hill, Kathleen A	-92.35
11/23/15	21408	Quick, Troy E	-150.00
11/23/15	21409	A-1 Services	-403.00
11/23/15	21410	American Water Works Association (AWWA)	-716.00
11/23/15	21411	Auto Tech Service Center, Inc.	-1,144.56
11/23/15	21412	B.W.S. Distributors, Inc.	-904.72
11/23/15	21413	Calcon System, Inc.	-889.00
11/23/15	21414	Calif. Clean Energy LLC	-4,515.70
11/23/15	21415	De Lay & Laredo	-2,000.00
11/23/15	21416	Don Chapin Co. Inc., The	-30.00
11/23/15	21417	EBCO Pest Control	-55.00
11/23/15	21418	National Meter & Automation, Inc.	-3,505.47
11/23/15	21419	Performance Agriculture	-799.25
11/23/15	21420	San Benito Cnty Mosq Abatement Prgm	-89.76
11/23/15	21421	State Water Resources Control Board-DWOC	-90.00
11/27/15	21422	Buck, Cathy L.	-1,404.23
11/27/15	21423	Eclarin, Ernesto P.	-2,101.50
11/27/15	21424	Filice, James L.	-3,657.63
11/27/15	21425	Porteur, Carol A.	-1,948.70
11/27/15	21426	Zavala, Anabel G.	-1,137.04
11/30/15	21427	Employment Dev. Dept. (EDD) DE88 Pmts.	-1,782.97
11/30/15	21428	Employment Dev. Dept. (EDD) DE88 Pmts.	-7,280.56
11/30/15	21429	CalPERS - Retirement	-1,036.00
11/30/15	21430	CalPERS - Retirement	-645.26
11/30/15	21431	Nationwide Retirements Solutions	-17,564.73
11/30/15	21432	CalPERS - Health Insurance	-15,603.65

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
11/30/15	21433	CalPERS - Retirement	-21,899.27
11/30/15	21434	Dearborn National Life Insurance Company	-288.00
11/30/15	21435	HealthSmart Benefit Solutions, Inc. (VSP)	-336.93
11/30/15	21436	Premier Access Insurance Co.	-3,231.85
11/23/15	21437	City of Hollister-Finance Dept	-341,113.36
11/23/15	21438	Postmaster	-190.76
11/30/15	21439	Filice, James L.	-150.00
11/30/15	21440	GRANITE ROCK	-489.72
11/30/15	21441	DIRK & NOLA BUCHSER	-37.11
11/30/15	21442	AutomationDirect.com	-49.50
11/30/15	21443	B.W.S. Distributors, Inc.	-202.43
11/30/15	21444	Bracewell Engineering, Inc.	-126.00
11/30/15	21445	Brigantino Irrigation	-206.04
11/30/15	21446	CM Analytical, Inc.	-915.00
11/30/15	21447	GE Analytical Instruments, Inc.	-5,737.42
11/30/15	21448	Hach Company	-450.85
11/30/15	21449	Hollister Safe & Lock Inc.	-10.85
11/30/15	21450	J L Wingert Co.	-585.73
11/30/15	21451	McGilloway, Ray, Brown & Kaufman	-8,375.00
11/30/15	21452	Palace Business Solutions	-129.96
11/30/15	21453	Petty Cash	-42.66
11/30/15	21454	Postmaster	-1,979.55
11/30/15	21455	San Benito Tire, Inc.	-105.31
11/30/15	21456	USA BlueBook	-214.60
11/30/15	21457	Verizon Wireless	-382.18
11/30/15	21458	Wright Bros. Indust. Supply	-57.73
12/01/15	21459	AT&T	-265.56
12/01/15	21460	Razzolink.com	-209.85
12/01/15	21461	Toro Petroleum Corp.	-940.05
12/07/15	21462	Ace Hardware (Johnson Lumber Co.)	-332.54
12/07/15	21463	All Star Ready Mix, LLC	-1.95
12/07/15	21464	AT&T	-249.90
12/07/15	21465	Brenntag Pacific, Inc.	-3,889.05
12/07/15	21466	Corix Water Products	-881.14
12/07/15	21467	CWEA Membership- TCP	-495.00
12/07/15	21468	Edges Electrical Group	-217.00
12/07/15	21469	Everbank Commercial Finance, Inc.	-224.60
12/07/15	21470	Ferguson Enterprises, Inc.	-100.26
12/07/15	21471	Mid Valley Supply	-414.95
12/07/15	21472	Mission Uniform Service	-627.39
12/07/15	21473	O'Reilly Auto Parts	-113.16
12/07/15	21474	P G & E	-17,237.41
12/07/15	21475	Performance Agriculture	-782.00
12/07/15	21476	Postmaster	-28.20
12/07/15	21477	Recology San Benito County	-129.16
12/07/15	21478	San Benito County Water District	-240.75
12/07/15	21479	South Valley Internet, Inc.	-20.45
12/07/15	21480	State Water Resources Control Board-OOC	-170.00
12/07/15	21481	Underground Service Alert	-186.00
12/07/15	21482	Winner Chevrolet, Inc.	-40,554.53
<b>Total Disbursements</b>			<b><u>-708,739.44</u></b>

Director Johnson inquired about check # 21463 issued to All Star Ready Mix, LLC in the amount of \$1.95 asking why the District would issue a check for such a small amount instead of paying from petty cash. Finance/HR Manager Cathy Buck explained that invoices are paid according to terms and most cases they are net 30 days. At the time of the purchase, staff does not know that this may be the only purchase for the month causing

such a small dollar amount for the check issued. Ms. Buck stated that if staff was to take payment from petty cash and deliver to the vendor, it would not be cost effective.

Upon motion made by Director Johnson, seconded by Director Alcorn, and carried 5-0, the consent agenda was approved as presented.

## **G. NEW BUSINESS:**

### **1. TAKE APPROPRIATE ACTION TO ELECT A PRESIDENT AND VICE-PRESIDENT OF THE BOARD OF DIRECTORS, AND PRESIDENT TO ASSIGN DIRECTOR DUTIES TO STANDING DISTRICT COMMITTEES FOR 2016:**

General Manager/Secretary Ridenhour explained that the Board of Directors annually elects one of the five Board of Directors to serve as the President of the Board and a second Director to serve as the Vice-President of the Board. The President of the Board then assigns Directors to serve on the five standing committees, the Water Resources Agency, the Association of California Water Agency Joint Powers Insurance Authority, and to perform check signing responsibilities on behalf of the District. Director Kathy Hill has served as President and Director Mike Alcorn has served as Vice President for 2015.

Director Johnson nominated Director Alcorn as President and Director Villalon nominated President Hill to continue as President. Director Alcorn declined the nomination due to a change in his work schedule. Director Meraz seconded Director Villalon's motion for President Hill to remain President, and the motion was carried 4-1 (Director Johnson opposed). Director Meraz nominated Director Villalon as Vice-President, the motion was seconded by Director Alcorn and carried 5-0.

President Hill assigned Directors to the following committees or agency representatives:

- Finance Committee – Mike Alcorn & Dave Meraz (Alternate – Kathy Hill);
- Water & Wastewater Committee – Judi Johnson & Danny Villalon (Alternate – Kathy Hill);
- Governance Committee – Judi Johnson & Danny Villalon (Alternate – Kathy Hill);
- Employee & Personnel Committee – Mike Alcorn & Kathy Hill (Alternate – Dave Meraz);
- Policy and Procedures Committee – Mike Alcorn & Kathy Hill (Alternate – Dave Meraz);
- Water Resources Agency – Judi Johnson (Alternate – Kathy Hill);
- ACWA/JPIA Board Representative – Dave Meraz (Alternate – Danny Villalon); and the
- District Check Signing Responsibility – First quarter of 2016 – Kathy Hill; Second quarter – Mike Alcorn; Third quarter – Danny Villalon; and Fourth quarter – Judi Johnson.

### **2. CONSIDER APPROVAL AND AUTHORIZE THE PRESIDENT TO EXECUTE THE FIRST AMENDMENT TO THE HOLLISTER URBAN AREA WATER SUPPLY AND TREATMENT AGREEMENT APPROVING TRANCHE 3 DEBT SERVICE AND APPROVE THE EXPENDITURE OF \$1,700,000 IN RESERVES FOR THE CONSTRUCTION OF THE WEST HILLS WATER TREATMENT PLANT:**

General Manager/Secretary Ridenhour stated that on July 29, 2015, San Benito County Water District (SBCWD) opened bids for the West Hills Water Treatment Plant Project. On August 26, 2015, SBCWD awarded the contract to Auburn Constructors for \$23,736,300. There was originally \$30,000,000 in financing allocated by SBCWD to the Hollister Urban Area Water Project. Expenses and funding to date including design work, environmental costs for West Hills Water Treatment Plant, grant funds, and Lessalt Water

Treatment Plant construction have resulted in \$20,603,837 in remaining funds available for the West Hills Water Treatment Plant. The total project cost for West Hills Water Treatment Plant construction, 5% construction contingency, construction management, engineering support, and other related expenses is \$27,973,000. Additional funding of approximately \$7,400,000 is needed for the project. These costs are to be shared equally between the City of Hollister and the District at \$3,700,000 each.

Additional funding was contemplated in the Water Supply and Treatment Agreement approved by the Board in June of 2013, but the amount has increased due to environmental costs, delays in construction, and increases in construction costs due to an improving economy. SBCWD has pursued financing, with the assistance of Bartle Wells Associates, for the additional funds needed on behalf of the City and the District, and is requesting each agency authorize the agreement amendment and additional costs. On August 12, 2015, the Board directed staff to utilize \$1,700,000 of available reserves and request SBCWD obtain additional financing in the amount of \$2,000,000 on behalf of the District for the project. The financing terms for the \$2,000,000 is 15 years at 3.45% to 3.7% interest. The interest rate could increase if the SBCWD is unable to lock in the rate later this month. The interest rate includes the financing costs by Bartle Wells and SBCWD administrative costs. Administrative cost amount to 0.25% or approximately \$3,000 annually. The City of Hollister will be considering approval of the amendment on December 21st.

Conservative financial projections of the District revenues and expenditures were prepared through fiscal year 2021/2022 and presented to the Water and Wastewater Committee, SBCWD, and City staff that demonstrates the District can afford the additional \$3,700,000 in additional expenses.

Upon motion made by Director Johnson, seconded by Director Villalon, and carried 5-0, the Board approved and authorized the President to execute the First Amendment to the Hollister Urban Area Water Supply and Treatment Agreement approving Tranche 3 Debt Service and approve the expenditure of \$1,700,000 in reserves for the construction of the West Hills Water Treatment Plant.

## **H. BOARD COMMITTEE and STATUS REPORTS**

- 1. Governance Committee:** General Manager/Secretary Ridenhour stated that no meeting was held. The committee will be looking to meet early in 2016 to tour the West Hill Water Treatment Plant construction site. Mr. Ridenhour said currently there is not much to look at since just grading work is happening so far, and he is waiting for there to be something more substantive to see. He extended an open invitation to Board members to tour the West Hills Plant site at any time.
- 2. Water/Wastewater Committee:** No meeting held.
- 3. Finance Committee:** General Manager/Secretary Ridenhour reported no meeting held. Mr. Ridenhour and Finance/HR Manager Cathy Buck would like to schedule a meeting to discuss the completed audit report for fiscal year 2015, which will be presented to the Board at our next meeting.
- 4. Policy and Procedure Committee:** General Manager/Secretary Ridenhour reported a meeting was held December 8<sup>th</sup> to discuss changes to Chapter 3 of Personnel Policies and Procedures Manual (Employee Handbook). The next meeting is scheduled for February 9, 2016 at 5:00 p.m. to continue with discussion on changes to Chapter 4.
- 5. Personnel Committee:** No meeting held.

- 6. Water Resources Association of San Benito County (WRA):** Director Johnson submitted a written report stating a meeting was held December 10<sup>th</sup> at 4:00 p.m. Discussion centered on local issues of the Lessalt Water Treatment Plant operations, the West Hills Water Treatment Plant construction timeline, the refund program offered by the State for turf removal, and the continuing local efforts of conservation. The program manager, Shawn Novack, presented visual data on the effects of rainfall thus far, the amounts desperately needed, and the outlook for recharging the aquifer, as well as ongoing conservation efforts.

General Manager/Secretary Ridenhour also reported that there was discussion for using more reserves to augment the budget for drought work and expects to be bringing this back to the Board in January.

The next meeting is scheduled for February 4, 2016 at 4:00 p.m.

- 7. Operation Summary, Statement of Income, Investment Summary, Maintenance, City Meter Reading, and Groundwater Level Measurement Reports:** Finance and Human Resource Manager, Cathy Buck, reported that she has prepared her monthly written narrative report on the Operations Summary (thru November 30, 2015), Statement of Income (thru October 31, 2015), and Investment Summary (thru November 30, 2015). Ms. Buck reported that we received eight water capacity fees and one wastewater capacity fee in November, and reported that water sales are down for November, which is normal for this time of year. Ms. Buck pointed out that the past due percentage of accounts receivable due from all customers for November, 2015, is 8.02% compared to November 2014 of 11.26%, which is trending lower than previous years primarily due to the new deposit policy for new start services, which encourages new customers to sign up for Auto Pay.

The District's Investment Summary report reflects the total cash balance as of November 30, 2015 of \$8,628,051.94, which includes five months posted interest totaling \$10,401.63 (which is the equivalent of 8 months interest, since the LAIF interest received in July is for the last quarter of last fiscal year). Cathy Buck reported that the District's Heritage Bank CD's are currently earning interest at a 0.40% rate and the \$1.5M CD matured on December 8, 2015, and is being rolled into another 12-month CD that will continue to earn the same 0.40% interest rate.

Water/Wastewater Superintendent Jim Filice reviewed the November 2015 Maintenance Staff Report, and reported that the District has received the new maintenance truck ordered last April and is currently in the process of getting the light bar and radio equipment installed.

Director Johnson complimented staff for all of the work that they do in-house without having to out source the work, saving the District money.

President Hill inquired about #10, shutting down the water mains for the Villages Subdivision on Santa Ana Road, and inspecting the tie-in installation of the water main being attached to the Bridge over Santa Ana Creek. Mr. Filice responded that the water main was underground, and now has been moved along the railing above ground, giving the District easier access to maintain the water main.

Director Meraz commented on #1, repair and reweld the fenders on the 1997 Dump Trailer, and Mr. Filice explained that with the age and wear and tear of the trailer, the fenders started coming apart and needed to be rewelded.

Director Johnson questioned the three used water meters installed in new accounts, and asked why they were not installing new meters. Mr. Filice explained that staff installs used meters if the landscaping is not complete. If during the process of putting in the landscaping damage is done to a meter, the damage is to an old/used meter. Once the landscaping is complete, a new meter will be installed to replace the used meter.

In review of the Meter Reading Report for the period October 14, 2015 to November 16, 2015, the intertie meter data indicates the City received 22.0% of Lessalt Water Treatment Plant water, while the District received 78.0%. Mr. Filice stated that the City of Hollister has paid back a little more water owed to the District.

Water/Wastewater Superintendent Jim Filice reviewed the groundwater level report, and noted the water levels are roughly the same as last month.

- 8. Active Tasks Update:** General Manager/Secretary Ridenhour reported the District conservation numbers slipped below the State's mandates with a 27.3% reduction in November, but conservation is still 35.1% since June. Meeting the 28% reduction mandate by the state in the winter months will be difficult but overall the District should be within range.

The tank rehabilitation on the 3.5 MG Fairview Tank and the 1.0 MG Ridgemark Tank are complete, and water quality testing came back in good order. The tanks should be on-line very soon, probably tomorrow. The Notice of Completion is expected to be brought to the Board in January or February, 2016.

General Manager/Secretary Ridenhour reported that he attended a meeting with the Department of Drinking Water (DDW), City of Hollister, and HDR, Inc., where Harry Blohm presented the City of Hollister's Chromium 6 plan. The City's plan was well received, and will require the acceleration of the cross-town pipeline that will deliver West Hills Water Treatment Plant water to Sunnyslope. A pre-design contract is being negotiated, and Staff will propose a 50/50 split with the City. Cost sharing of the final design and project construction will be negotiated once the pre-design is complete. Mr. Ridenhour reported that the District's Well #8 exceeded State's Chromium 6 testing requirements, and staff is doing a re-test to see if this is the new normal or an anomaly.

The Verizon cell tower lease is complete and now appendicies are being worked on.

General Manager/Secretary Ridenhour reported that out of the four candidates from a previous recruitment, a candidate has been chosen and staff is in the process of doing a background check.

## **I. BOARD and STAFF REPORTS**

- 1. Directors:** No report.
- 2. District Counsel:** No report.
- 3. Finance and Human Resource Manager:** No report.
- 4. Assistant Engineer:** Rob Hillebrecht gave an update on the development with Santana Ranch, stating that staff is finishing the water system inspection and will be following up with the developer on any issues discovered. Mr. Hillebrecht also reported that he expects staff to begin setting water meters soon. The Villages development located off Santa Ana Road, has finished installing all water system infrastructure and is preparing for various testing.

**5. General Manager:** General Manager/Secretary Ridenhour reported a recent incident an employee experienced with a customer whose water was disconnected for lack to payment. The customer drove in after the office was closed, and as employees were exiting the building. The customer had a discussion with an employee on the sidewalk, after which the customer waited for the employee to leave, following her out of the driveway. After the employee drove around for a while, realizing the customer was staying in pursuit, she returned back to the office where another staff member was still in the office. The customer did not follow her back to the office, so the two employees left together, and the second employee made sure she got safely home unfollowed by the customer. Mr. Ridenhour stated that the sheriff's office has been contacted and he has briefed office staff what they should do if this were to happen again.

**J. FUTURE AGENDA ITEMS:** Budget modification for WRA, notice of completion for the tank rehabilitation project; new meter purchase authorization for new development; and the fiscal year 2015 audited financial statement presentation.

**K. ADJOURNMENT:** President Hill adjourned the meeting at 6:28 p.m.

**APPROVED BY THE BOARD:** s/ Kathleen A. Hill

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Kathleen A. Hill, President

**RESPECTFULLY SUBMITTED:** s/ Donald G. Ridenhour

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Donald G. Ridenhour, Secretary