

MINUTES
BOARD OF DIRECTORS
SUNNYSLOPE COUNTY WATER DISTRICT
Regular Meeting
February 13, 2013

A. CALL TO ORDER: The meeting was called to order at 4:35 p.m. by President Meraz, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.

B. ROLL CALL: Present: President Dave Meraz; Directors Dave Clapham, Kathleen Hill, John M. Johnson, and Danny Villalon.

C. PUBLIC COMMENT ON CLOSED SESSION MATTERS: None

D. CLOSED SESSION:

1. Public Employee Performance Review — Title: General Manager.

President Meraz reconvened open session at 5:17 p.m.

E. PLEDGE OF ALLEGIANCE: Director Villalon led Directors, staff, and public in the Pledge of Allegiance.

F. REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION: President Meraz reported that the Directors gave General Manager Donald G. Ridenhour his annual review in a verbal report.

G. APPROVAL OF AGENDA: Upon motion made by Director Johnson, seconded by Director Clapham, and carried 5-0, the agenda was approved as presented.

H. 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 from the public.

Staff present for Open Session: General Manager/Secretary Don Ridenhour; Attorney David Laredo; Executive Assistant/Stenographer Carol Porteur; District Engineer Ken Girouard; Finance & Human Resources Manager Cathy Buck; and Water Superintendent Jim Filice.

Others present: Attorney Alex Lorca, students of San Benito High School, parents of students, and Harry Blohm.

I. CONSENT AGENDA: Director Clapham requested that item I. 4. be pulled from the consent agenda and be discussed after agenda item J. 7. Upon motion made by Director Hill, seconded by Director Johnson, and carried 4-0-1 (Director Villalon abstained Item I. 1.), the Board approved items I. 1. through I. 3. on the Consent Agenda.

1. Approval of Minutes — Special Meeting of January 8, 2013; Regular Meeting of January 9, 2013; and Special Meeting of January 29, 2013.
2. Allowance of Claims — Ratify Disbursement Summary for the period January 8, 2013 through February 6, 2013 totaling \$1,078,708.39, which includes \$738,898.51 for employee compensation and payments to vendors, \$338,265.26 paid to the City of Hollister for their customer payments collected on their sewer billings, and \$1,544.62 for customer refunds and deductions for checks returned for insufficient funds. The last check number written as of February 6, 2013 was check #18213.

Date	Num	Name	Amount
1/15/13	ACH 0409	EFTPS	-134.10
1/10/13	ACH 0410	RETURNED CHECK (Ret. Ck 01-01)	-369.94
1/31/13	ACH 0411	EFTPS	-22,621.00
1/16/13	ACH 0412	RETURNED CHECK (Ret. Ck 01-02)	-47.89
1/17/13	ACH 0413	RETURNED ACH (Ret. ACH 01-01 thru 01-02)	-234.80
1/28/13	ACH 0415	RETURNED CHECK (Ret. Ck 01-02)	-390.00
2/4/13	ACH 0416	Merchant Services	-475.21
2/6/13	ACH 0417	RETURNED CHECK (Ret. Ck 02-01)	-150.00
1/15/13	DD 0747	Clapham, David G	-182.70
1/15/13	DD 0748	Johnson, John M	-92.35
1/15/13	DD 0749	Meraz, David E	-92.35
1/15/13	DD 0750	Villalon, Daniel	-159.70
1/31/13	DD 0751	Alvarez, Abel	-4,992.42
1/31/13	DD 0752	Brill, Kelly L.	-4,300.89
1/31/13	DD 0753	Buck, Cathy L.	-6,666.60
1/31/13	DD 0754	Castro, Kevin G.	-3,482.93
1/31/13	DD 0755	Chavez, Jr., Manuel T.	-5,488.68
1/31/13	DD 0756	Eclarin, Ernesto P.	-4,212.45
1/31/13	DD 0757	Estrada, Thomas A.	-4,250.60
1/31/13	DD 0758	Filice, James L.	-6,926.67
1/31/13	DD 0759	Girouard, Kenneth R.	-6,447.32
1/31/13	DD 0760	Hagins, Patrick M.	-4,228.31
1/31/13	DD 0761	Imperatrice, Patrick L.	-5,878.04
1/31/13	DD 0762	Jackson, Patrick W.	-6,279.75
1/31/13	DD 0763	Malko, Kim A.	-2,456.79
1/31/13	DD 0764	Norman, III, Walter R.	-5,258.43
1/31/13	DD 0765	Padilla, David	-4,834.78
1/31/13	DD 0766	Porteur, Carol A.	-3,841.70
1/31/13	DD 0767	Ridenhour, Donald G	-9,592.17
1/31/13	DD 0768	Watson, Scott A.	-4,761.37
1/31/13	DD 0769	Zavala, Anabel G.	-4,072.71
1/31/13	DD 0770	Jackson, Norma	-255.43
1/8/13	18128	Petty Cash	-55.88
1/9/13	18129	Postmaster	-137.60
1/14/13	18130	Alvarez, Abel	-150.00
1/14/13	18131	American Water Works Assoc. CA-NV Section	-80.00
1/14/13	18132	CalChamber	-159.41
1/14/13	18133	CM Analytical, Inc.	-11,058.75
1/14/13	18134	Consolidated Engineering Laboratories	-1,720.10
1/14/13	18135	De Lay & Laredo	-4,326.50
1/14/13	18136	Electrical Distributors Co.	-91.07
1/14/13	18137	Everbank Commercial Finance, Inc.	-226.87
1/14/13	18138	Greenwood Chevrolet	-51.71
1/14/13	18139	Hollister-Sunnyslope W. T. A.	-39,303.69
1/14/13	18140	Hollister Safe & Lock Inc.	-416.98
1/14/13	18141	Postal Graphics (was Post Net)	-2.64
1/14/13	18142	Staples	-162.35
1/14/13	18143	Toro Petroleum Corp.	-962.43
1/15/13	18144	Hill, Kathleen A	-92.35
1/21/13	18145	A-1 Services	-423.00
1/21/13	18146	Anderson Pacific Engineering Constr, Inc.	-399,431.58
1/21/13	18147	B S K Analytical Laboratories, Inc.	-1,072.00
1/21/13	18148	Bianchi Kasavan & Pope, LLP	-643.97
1/21/13	18149	Bracewell Engineering, Inc.	-456.00
1/21/13	18150	CM Analytical, Inc.	-3,385.00
1/21/13	18151	Consolidated Engineering Laboratories	-1,277.20
1/21/13	18152	EBCO Pest Control	-55.00
1/21/13	18153	Mark Nicholson, Inc.	-4,186.00
1/21/13	18154	Monterey Bay Systems	-1,081.55
1/21/13	18155	OnTrac	-13.90
1/21/13	18156	RMC Water and Environment	-3,897.03
1/21/13	18157	Sage Software, Inc.	-823.82

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
1/21/13	18158	San Benito County-Environ. Health Div.	-3,693.00
1/21/13	18159	Union Bank of CA, Corp Trust Div (LA)	-1,000.00
1/21/13	18160	MISOOK AHN	-28.41
1/21/13	18161	ROBERT BROWN	-142.94
1/21/13	18162	BOBBY & CYNTHIA GRIFFITH	-7.70
1/21/13	18163	GARY LESLIE	-52.34
1/21/13	18164	JENSEN LAI	-36.89
1/21/13	18165	DAN LYNCH	-51.26
1/21/13	18166	TERRY & SANDY PRESTON	-32.45
1/23/13	18167	Postmaster	-236.08
1/28/13	18168	B.W.S. Distributors, Inc.	-106.80
1/28/13	18169	Bartle Wells Associates	-10,000.00
1/28/13	18170	Cal-Sierra Technologies, Inc.	-154.64
1/28/13	18171	Calif. Dept. of Public Health - OCP	-280.00
1/28/13	18172	City of Hollister-Finance Dept	-338,265.26
1/28/13	18173	De Lay & Laredo	-2,000.00
1/28/13	18174	Independent Business Forms, Inc.	-71.21
1/28/13	18175	McGilloway, Ray, Brown & Kaufman	-4,350.00
1/28/13	18176	Postmaster	-1,816.92
1/28/13	18177	Raftelis Financial Consultants, Inc.	-1,635.00
1/28/13	18178	Razzolink.com	-99.95
1/28/13	18179	San Benito Cnty Mosq Abatement Prgm	-80.64
1/28/13	18180	Toro Petroleum Corp.	-1,549.31
1/28/13	18181	Carlson's Fire Extinguisher Sales & Serv	-565.00
1/31/13	18182	Employment Dev. Dept. (EDD) DE88 Pmts.	-8,774.30
1/31/13	18183	CalPERS - Retirement	-2,623.18
1/31/13	18184	Nationwide Retirements Solutions	-14,671.54
1/31/13	18185	San Benito County Sheriff's Office	-1,243.28
1/31/13	18186	BAC (Beneficial Administration Company)	-353.57
1/31/13	18187	CalPERS - Health Insurance	-13,737.85
1/31/13	18188	CalPERS - Retirement	-40,971.17
1/31/13	18189	Fort Dearborn Life Insurance Co.	-304.00
1/31/13	18190	Premier Access Insurance Co.	-3,325.10
1/31/13	18191	Wolf, Michael J	-280.00
2/4/13	18192	Ace Hardware (Johnson Lumber Co.)	-57.72
2/4/13	18193	AT&T	-226.69
2/4/13	18194	Buckles-Smith	-69.37
2/4/13	18195	Everbank Commercial Finance, Inc.	-224.60
2/4/13	18196	Ferguson Enterprises, Inc.	-28.47
2/4/13	18197	Gabilan Welding, Inc.	-23.70
2/4/13	18198	Green Line	-567.00
2/4/13	18199	Hach Company	-634.25
2/4/13	18200	Hollister Auto Parts, Inc.	-5.96
2/4/13	18201	Kinetic Energy Systems Corporation	-7,929.62
2/4/13	18202	Mid Valley Supply	-1,082.61
2/4/13	18203	Mission Uniform Service	-814.28
2/4/13	18204	P G & E	-13,893.00
2/4/13	18205	Palace Art & Office Supply	-351.29
2/4/13	18206	Postal Graphics (was Post Net)	-62.65
2/4/13	18207	Recology San Benito County	-121.98
2/4/13	18208	San Benito Tire, Inc.	-15.00
2/4/13	18209	South Valley Internet, Inc.	-17.95
2/4/13	18210	Stargazer Packaging	-394.57
2/4/13	18211	U.S. Bank Corporate Payment Systems	-359.81
2/4/13	18212	Verizon Wireless	-349.66
2/5/13	18213	Petty Cash	-15.96
Total Disbursements			-1,078,708.39

3. Consider Approval of the Ridgemark Wastewater Treatment and Recycled Water Improvements Project Progress Payment Request by Anderson Pacific for \$495,021.44.

4. ~~Authorize Payment of the Invoice from San Benito County Water District for \$71,583.87 for Implementation and Management of the Hollister Urban Area Water and Wastewater Management Plan from October 1, 2012 Through December 31, 2012. PULLED FOR DISCUSSION AFTER ITEM J. 7 BELOW.~~

J. NEW BUSINESS:

1. RECEIVE REPORT/PRESENTATION BY PATRICIA KAUFMAN, CPA/PARTNER, WITH MCGILLOWAY, RAY, BROWN & KAUFMAN ON THE FOLLOWING AUDITS:

a. Sunnyslope County Water District for year ended 6/30/12.

Finance & Human Resource Manager Cathy Buck introduced Patricia Kaufman, CPA/Partner, with McGilloyay, Ray, Brown & Kaufman. Ms. Kaufman reviewed her firm's audit of Sunnyslope County Water District's financial statements for year ended June 30, 2012. Ms. Kaufman addressed the required communications letter and management letter that the firm issued. She pointed out that in the firm's audit, there were no transactions entered into by the District during the year for which there is lack of authoritative guidance or consensus; all significant transactions have been recorded in the financial statements in the proper period; that depreciation estimates were found to be appropriate; and there was only one audit adjusting journal entry and no passed adjusting entries. She reported the unqualified opinions on the financial statements means that in their opinion they are fairly stated in all material respects and there is good support for accuracy. Ms. Kaufman stated the audit is conducted using generally accepted accounting standards; the Office of the State Controller's reporting guidelines for California Special Districts; and government auditing standards.

Ms. Kaufman reviewed the District's audited basic financial statements which contain a statement of net assets; statement of revenues, expenses and changes in net assets; a statement of cash flows; and notes. She went on to explain that the unaudited portion of the financial statements includes some required supplementary information, the Management's Discussion and Analysis and Schedule of Funding Progress OPEB, and supplementary information, the budget comparison, and basic financial statements reported 'by fund'.

Ms. Kaufman briefly reviewed the condensed statement of net assets; condensed schedule of revenues; condensed schedule of expenses and changes in net assets; and condensed schedule of operating expenses and changes in net assets.

Ms. Kaufman stated that there were no difficulties in working with management in performing the audit, and that finance staff was well prepared and provided them with all of the documentation requested. She commended management and finance staff on their accuracy and organization of financial records.

In concluding her discussion of the District's audit, Ms. Kaufman pointed out a couple of upcoming accounting changes. Next year, Governmental Accounting Standards Board (GASB) pronouncements no. 63 and 65, on financial reporting of deferred outflows of resources, deferred inflows of resources, and net position, will be changing the presentation of the financial statements with new terminology, changing the headings on the reports, and updating the footnotes again. She stated that GASB no. 67, on accounting and financial reporting for pensions, will be changing in the fiscal 13-14 year, and will require recording the unfunded CalPERS retirement liability on the financial statements and accruing the assets. Director Villalon inquired as to the reason for the change in GASB 63 & 65, and Ms.

Kaufman responded that there are certain assets and liabilities that the GASB feels do not belong where they are so they are changing them to deferred inflow and deferred outflow; and they will now refer to net assets as statement of net position.

b. **Hollister-Sunnyslope Water Treatment Agency for year ended 2/29/12.**

Ms. Kaufman began her report on her firm's audit of the Hollister-Sunnyslope Water Treatment Agency's financial statements for year ended February 29, 2012. Ms. Kaufman addressed the required communications letter and management letter that the firm issued. She reported they gave an unqualified opinion on the Agency's financial statements, which is the opinion the Board wants to receive, meaning that the financial statements are fairly stated in all material respects. She stated the audit is conducted under generally accepted accounting standards; the Office of the State Controller's reporting guidelines for California Special Districts; and government auditing standards.

Ms. Kaufman stated that the basic audited financial statements consist of a statement of net assets; statements of revenues, expenses, and changes in net assets; statements of cash flows; and notes. She pointed out that the unaudited portion of the statements are the required supplementary information, such as Management's Discussion and Analysis; and supplementary information such as budgetary comparison schedules and a 5-year comparison of schedules of revenues, expenses, and changes in net assets.

In concluding her discussion, Ms. Kaufman stated there was no audit adjusting journal entries and no passed adjusting entries needed; and the audit went according to schedule as there were no delays or disagreements with management. Again, Ms. Kaufman commended management and finance staff on their accounting practices and reiterated the upcoming changes to GASB 63, 65 and 67 in the next year that was discussed earlier.

Upon motion made by Director Hill, seconded by Director Clapham, and unanimously carried 5-0, the Board accepted the audits prepared by Patricia Kaufman, CPA/Partner, McGilloway, Ray, Brown & Kaufman for Sunnyslope County Water District – Fiscal Year Ended 6/30/12, and Hollister-Sunnyslope Water Treatment Agency – Fiscal Year Ended 2/29/12.

- 2. TAKE APPROPRIATE ACTION TO AUTHROIZE UPDATE OF SIGNATURE CARD FOR UNION BANK CORPORATE TRUST AGREEMENTS:** Finance Manager Buck explained that the District has several trust accounts with Union Bank related to the 2002 Revenue Bond and a reserve account related to the 2007 Santa Barbara Bank & Trust \$1M Loan. She stated the previous authorized representatives were Bryan Yamaoka, Former General Manager and Cathy Buck, Finance & Human Resource Manager and the San Francisco Corporate Trust office has asked for updated signing authority. Ms. Buck requested formal action documenting approval to update the District's signature card to Donald G. Ridenhour, General Manager and Cathy L. Buck, Finance & Human Resource Manager as the authorized representatives with account signing authority for all corporate trust accounts at Union Bank.

Upon motion made by Director Villalon, seconded by Director Hill, and unanimously carried 5-0, the Board authorized updating the signature card for Union Bank corporate trust accounts with signers Ridenhour and Buck.

- 3. CONSIDER AND APPROVE THE HOLLISTER-SUNNYSLOPE WATER TREATMENT AGENCY'S BUDGET FOR FISCAL YEAR 2013/2014:** Finance

Manager Buck reviewed the Hollister-Sunnyslope Water Treatment Agency (WTA) budget for fiscal year 2013/2014 for both operations and capital improvements of the Lessalt water treatment plant. Ms. Buck noted that the budget has been shared and discussed with the finance committee as well as the City of Hollister staff without any changes or concerns.

Ms. Buck noted that the Agency's only source of operating revenue is from billings to the City of Hollister and Sunnyslope County Water District and each agency is billed 50% of the operating costs, replacement costs, and cost of cash reserves.

Ms. Buck stated that capital projects include projects planned for in the Hollister Urban Area Water and Wastewater Master Plan. It is expected that most of these expenditures will be capitalized and financed by San Benito County Water District following the completion and execution of inter-agency agreements on cost sharing and operation of the joint facilities identified in the Master Plan. Funds are also included to modify interties between the City of Hollister and the District to improve the movement of surface water and ground water between the two water systems.

General Manager/Secretary Ridenhour pointed out that there is an estimated \$931,000 in the WTA Reserves with some of the reserves set aside for potential obligations leaving approximately \$686,000 available for WTA needs. Ms. Buck reminded the Board that WTA continues to set aside roughly \$16,000 each month for reserves. There were no questions or comments from the Board.

Upon motion made by Director Villalon, seconded by Director Johnson, and unanimously carried 5-0, the Board approved the Hollister-Sunnyslope Water Treatment Agency's Budget for Fiscal Year 2013/2014.

4. RECEIVE 6-MONTH BUDGET ANALYSIS AND REVIEW FOR SUNNYSLOPE COUNTY WATER DISTRICT FROM 7/1/12 TO 12/31/12: Finance & Human

Resource Manager Cathy Buck presented a detailed review and comparison of the first six months of actual financial results to the District's 2012/2013 budget to the Board in her staff report and asked if any Board member had any questions or comments. There were none.

5. CONSIDER APPROVAL OF CHANGE ORDERS NO. 13 THROUGH NO. 15 FOR ADDITIONS TO THE RIDGEMARK WASTEWATER TREATMENT AND RECYCLED WATER IMPROVEMENTS PROJECT FOR A TOTAL AMOUNT OF \$3,650.79:

District Engineer Girouard presented change order requests No. 13 through 15 to the Board. Mr. Girouard explained that change order No. 13 was to install two DC disconnects between solar panels and DC/AC inverter. The DC/AC inverter did have a manual disconnect between the AC power and the DC/AC inverter, however there was no manual disconnect on the two DC power lines leading from the exterior solar panels to the DC/AC inverter. Mr. Girouard stated that staff directed Anderson Pacific to install two manual DC electrical disconnects to isolate the exterior solar panels from the DC/AC inverter in the event of an electrical malfunction. The cost of change order request No. 13 is \$2,105.15.

Mr. Girouard explained change order request No. 14 is for framing an interior steel column in the operations building bathroom and electrical room for a cost of \$979.39. This item was not shown on the original plans.

Change order request No. 15 is to increase the wire size from #12 to #8 on conduit #P4203 for a cost of \$566.25. Sunnyslope staff and the General Engineering Contractor

reviewed the design electrical loads and determined the wire was insufficient and needed to be increased.

Engineer Girouard noted the total cost of change orders No. 13 through 15 would be a total of \$3,650.79. Mr. Girouard stated that previously approved change orders #1 through #12 for a total of \$120,925.61 and a subtotal of all change orders through No. 15 is \$124,576.40, represents 1.3% of the original contract amount of \$9,521,946.

Upon motion made by Director Clapham, seconded by Director Hill, and unanimously carried 5-0, the Board approved change orders No. 13 through No. 15 for additions to the Ridgemark Wastewater Treatment and Recycled Water Improvements Project for a total amount of \$3,650.79.

- 6. CONSIDER APPROVAL OF A LABORATORY SERVICES CONTRACT WITH BSK LABORATORIES FOR A TOTAL COST OF \$8,974:** District Engineer Girouard explained that the United States Environmental Protection Agency (EPA) will require Sunnyslope County Water District (SSCWD) to participate in the Unregulated Contaminant Monitoring Rule (UCMR3). The purpose of the UCMR3 monitoring is to provide the EPA Administrator with data to support decisions concerning whether or not to regulate these contaminants. SSCWD meets the criteria required to participate in Assessment Monitoring for List 1 contaminants under the UCMR3 because more than 10,000 persons are served by the district.

Mr. Girouard stated that SSCWD has scheduled the required monitoring events for August 2013, November 2013, February 2014, and May 2014. The monitoring will consist of five well entry points, one surface water entry point and associated representative sample sites into the distribution system, which will be a total of nine sites sampled over four sample periods with a total of 22 samples.

Sunnyslope staff solicited quotes from three laboratories: BSK Associates Engineers & Laboratories, Weck Laboratories, Inc., and E.S. Babcock & Sons, Inc. BSK Laboratories was the lowest bid of \$8,974.

Upon motion made by Director Hill, seconded by Director Clapham, and unanimously carried 5-0, the Board approved a laboratory services contract with BSK Associates Engineers & Laboratories for a total cost of \$8,974.

- 7. CONSIDER APPROVAL OF AN AMENDMENT TO THE PROFESSIONAL SERVICES CONTRACT FOR DESIGN OF LESSALT WATER TREATMENT PLANT UPGRADE BY KENNEDY/JENKS ADDING \$30,000 FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$541,500:** Harry Blohm, Project Manager for the Governance Committee gave the Board an overview of the contract with Kennedy/Jenks to design the Lessalt Water Treatment Plant upgrade, which was authorized by the Board on April 12, 2012. Mr. Blohm explained that the ownership and operating cost of the Hollister-Sunnyslope Water Treatment Agency is currently equally shared by the City of Hollister (COH) and Sunnyslope County Water District (SSCWD). In the future, there will be an interagency agreement being drawn up that will include San Benito County Water District as well. The Kennedy/Jenks contract is being paid for by the Hollister-Sunnyslope Water Treatment Agency out of reserve funds contributed equally by the COH and SSCWD. Mr. Blohm explained that the original design budget request exceeded \$600,000 and was negotiated down to \$511,500 to keep a tight, but reasonable, budget on the project, adding that a 5% - 8% adjustment to the budget is not abnormal.

Harry Blohm explained that the design of the upgrade is essentially complete and Kennedy/Jenks is incorporating a few last comments received in the review of the 95% design plans and specifications. Kennedy/Jenks experienced some additional costs in the design, including modifications recommended during the value engineering review at the 50% design and due to additional information on poor water quality from San Justo Reservoir. Mr. Blohm explained that the request for the additional \$30,000 was for site investigations of \$1,000; additional value engineering design of \$19,000; poor water quality design of \$3,000; coordination with governance committee of \$3,000; and ventilation system improvement design of \$4,000. Mr. Blohm emphasized that there was over \$2,000,000 in construction costs saved due to the value engineering and subsequent engineering design modifications. In addition, the amendment to the contract was due to San Justo Reservoir's water quality being poorer than expected which required an additional pre-oxidation process be added to the design. Finally, the existing ventilation system was determined to be inadequate at certain times of the year, and also required additional design modifications.

Mr. Blohm stated that a change of conditions that affect the actual costs of the design contract is to be expected on projects. Director Clapham expressed his concern about the anticipated costs, and being surprised at the end of the design by these unacceptable costs that he is concerned may continue to appear. Harry Blohm stated that this additional \$30,000 is to take the project through to the 100% completion.

General Manager/Secretary Ridenhour and District Engineer Girouard both added additional comments about the need for the contract amendment and the importance of spending the extra effort to get the design correct to avoid modifications and increased costs during construction. Director Clapham emphasized the Board had been surprised about additional costs on a few occasions and was concerned about the increases.

Upon motion made by Director Villalon, seconded by Director Hill, and carried 3-1-1 (Director Clapham, opposed and Director Johnson, abstained), the Board approved an amendment to the professional services contract with Kennedy/Jenks for design of Lessalt Water Treatment Plant upgrade of \$30,000, for a total contract amount not to exceed \$541,500.

- I. 4. The following item was pulled from the Consent Agenda for further discussion:
AUTHORIZE PAYMENT OF THE INVOICE FROM SAN BENITO COUNTY WATER DISTRICT FOR \$71,583.87 FOR IMPLEMENTATION AND MANAGEMENT OF THE HOLLISTER URBAN AREA WATER AND WASTEWATER MANAGEMENT PLAN FROM OCTOBER 1, 2012 THROUGH DECEMBER 31, 2012: General Manager/Secretary Ridenhour explained that in February 2008, the District became part of an existing Memorandum of Understanding (MOU) between the City of Hollister, San Benito County, and San Benito County Water District. The intent is for the participating agencies to jointly implement the Hollister Urban Area Water and Wastewater Master Plan (HUAWWMP) for improving water and wastewater facilities, improving water service reliability, and water quality in the Hollister Urban Area. The costs associated with managing the implementation of the HUAWWMP, includes contracts with Harry Blohm, HDR Engineering, Data Instincts, and Environmental Science Associates. Mr. Ridenhour explained that the costs are shared as follows: San Benito County Water District's share is 36%, the City of Hollister's share is 32%, and Sunnyslope County Water District's share is 32%. The District may have the opportunity to capitalize these costs, spreading them over 30 years, once the interagency agreements are complete and executed between the three agencies.

Director Clapham inquired about the City of Hollister not paying their share, where

Sunnyslope has paid their share, and was concerned with the fact that the District was putting out a lot of money on the project prior to the interagency agreement being complete. General Manager/Secretary Ridenhour explained that once the interagency agreement was complete, the City would need to pay their share. He explained that although the agencies have to put out this money, it is necessary so we don't fall behind on making improvements to meet the requirements of the State Department of Public Health drinking water standards and to meet the State Regional Water Quality Control Board waste discharge requirements on the wastewater treatment facilities.

Director Clapham asked for a summary of the expense of the \$223,700 for the period of October 1, 2012 through December 31, 2012, and Harry Blohm responded that the three primary activities include providing a background on the design, continuing the preliminary design of the West Hills Plant, and an overall briefing with the three agencies involved. Director Clapham requested more detail be provided in the invoice and in the staff report for these payments to San Benito County Water District.

Engineer Girouard explained that when District joined the HUAWWMP, they were looking into building a new 2 million gallon-per-day groundwater treatment plant to serve Sunnyslope's customers for the cost of what will now be two surface water treatment plants providing 6 to 9 million gallons per day, for the same amount of money and able to serve both Sunnyslope's and the City's customers.

Upon motion made by Director Clapham, seconded by Director Hill, and unanimously carried 5-0, the Board authorized payment of the invoice from San Benito County Water District for \$71,583.87 for the District's share of implementation and management of the Hollister Urban Area Water and Wastewater Management Plan from October 1, 2012 through December 31, 2012.

- 8. CONSIDER AUTHORIZATION OF THE EXPENDITURE OF \$11,556 PLUS TAX FOR R. F. MACDONALD TO REPAIR ONE BACKWASH PUMP AT THE LESSALT WATER TREATMENT PLANT:** District Engineer Girouard explained how the Lessalt Water Treatment Plant uses two alternating pumps to supply backwash water during continuous micro filtration backwashes. Both of the pumps began exhibiting the signs of leaks at the seals of the pump so staff contacted the manufacturer's representative, R.F. MacDonald Company, to evaluate the problem. After removing the pump and taking it to their shop to evaluate required repairs, Sunnyslope was given a quote of \$11,556 to repair one pump. Staff requested quotes from two additional pump repair companies in the area, Dougherty Pump and Ron Piearcy's Pump. Both companies explained they could not provide a quote without inspecting the pump themselves.

President Meraz asked if a quote was given for purchasing a new pump instead of repairing current pump and Jim Filice responded that he asked for a quote but had not received one back from R.F. MacDonald. Mr. Girouard also stated that R.F. MacDonald is the exclusive California distributor of Gould Pumps, so if the District were to use another company, that other company would have to purchase replacement parts from R.F. MacDonald.

Upon motion made by Director Clapham, seconded by Director Johnson, and unanimously carried 5-0, the Board approved the expenditure of \$11,556 plus tax for R.F. MacDonald to repair one backwash pump at the Lessalt Water Treatment Plant.

K. STATUS REPORTS:

1. **Governance Committee:** General Manager/Secretary Ridenhour reported the committee held a special meeting on February 12th and had a presentation on the Hollister Urban Area Water & Wastewater Master Plan, which is coming together; and the agreement is nearly complete. Mr. Ridenhour stated that the committee has received good information from the outreach consultants, which will be shared with the Water/Wastewater committee.

2. **Water/Wastewater Committee:** General Manager/Secretary Ridenhour reported the committee has met twice since the last Board meeting, on January 14th and February 6th. On January 14th, the Committee was provided updates on Master Plan financing terms, agreements, and planned Governance Committee meetings including a tour of water facilities with the Boards and Councils from the County, San Benito County Water District, the City of Hollister, and Sunnyslope. Recommended change orders for the Ridgemark Wastewater Treatment Plant were shared, and updates were provided on the Southside annexation and Well #8 negotiations. On February 6th the Committee received a presentation on the San Benito County General Plan from the County's Planning Director, Gary Armstrong, and the proposed Southside Annexation was discussed relative to the County General Plan. The recommended increase for the design contract for the Lessalt Water Treatment Plant (WTP) upgrade and the repair to the backwash pump at Lessalt WTP was also shared.

3. **Finance Committee:** President Meraz reported the committee met on February 12th and the items discussed at that meeting were covered at this Board meeting including the Water Treatment Agency FY 2013/2014 budget, the FY 2011/2012 audits for Sunnyslope and WTA, and the 6 month budget review for the District.

4. **Policy and Procedure Committee:** Director Johnson reported that the committee met in January and is scheduled to meet again on February 26th. General Manager/Secretary Ridenhour reported the committee has been reviewing Chapter 3 of the District Code which is in draft form; and the committee is trying to cover 4 to 5 sections per month. Mr. Ridenhour pointed out that the committee discussed changing the Board meeting agenda to add a "consent agenda", which covers routine agenda items as the Board has experienced tonight.

5. **Water Resources Association of San Benito County:** Director Johnson reported that they met, but most of the attendees were substitutes, so most of the discussions were referred to the next meeting.

6. **Ridgemark Wastewater Treatment and Recycled Water Improvement Project:** District Engineer Girouard reported that Anderson Pacific has finished pouring the lower ring of the solid storage tank and has begun pouring the upper ring. He stated there are a few minor conduits and wire conflicts and expects to have a change order for this next month.

President Meraz commented that the Personnel Committee is a standing committee and should be included in the status reports.

7. **District Operation Summary, Statement of Income, and Investment Summary; Hollister-Sunnyslope Water Treatment Agency Investment and Disbursement Summaries; District Maintenance, Meter Reading, and Well Groundwater Level Reports:** Finance and Human Resource Manager Cathy Buck asked if there were any questions on the District's Operations Summary (for January 31, 2013), Statement of Income (for December 31, 2012), and Investment Summary (for January 31, 2013), no questions were asked.

The District's Investment Summary report reflects the total cash balance as of January 31, 2013 of \$4,106,653.18, which includes seven months earned interest totaling \$3,435.07.

The Board reviewed the Hollister-Sunnyslope Water Treatment Agency's Investment Summary ending January 31, 2013, which reflects a cash balance total of \$1,222,557.93, which includes \$5,287.59 fiscal year-to-date (eleven month's) interest earned. Ms. Buck reported that the account balances are consistent from month-to-month and checking account cash is coming back up due to the billing of prepaid water.

The Board reviewed Hollister-Sunnyslope Water Treatment Agency's Disbursement Summary, for the period of January 8, 2013 to February 6, 2013 totaling \$564,153.70.

Water Superintendant Jim Filice reviewed the January, 2013, Maintenance Staff Report and pointed out item #8 in the Water section regarding a positive total coliform bacteria that was detected during the routine distribution sampling and was reported to the CDPH, but when it was re-sampled up stream, downstream, and at the water supply sources, all results came back negative. Mr. Filice pointed out item #16 in the Water section about meeting with Maggiora Brothers Drilling to witness Well #11 pump and motor removal; they are evaluating it for repair and it should be back together within the next few weeks. Regarding #4 in the Lessalt section, he reported that the new CMF filters have been received and staff has tested and installed units 1 & 3 and have one more unit to complete. Director Villalon asked about item #5 in the Wastewater section, indicating that fourth quarter 2012 and annual 2012 reports were submitted to the California Regional Water Quality Control Board (CRWQCB). He wanted to know if reports on the Ridgemark Water & Wastewater Treatment Plant have been submitted to the CRWQCB and Mr. Filice responded that a report is done quarterly, and Ken Girouard added that two annual reports are done in addition to the quarterly and all required reports have been submitted.

During review of the Meter Reading Report for the period December 12, 2012 to January 14, 2013, Jim Filice noted the intertie meter data indicates the City received 34.3% of Lessalt water, while the District received 65.7%. Mr. Filice commented that the net total is down due to the City paying back some of the water owed.

Jim Filice reviewed the groundwater level report and noted that well levels are holding steady.

In his Active Tasks update, General Manager/Secretary Ridenhour reported Raftelis Financial Consultants are making final revisions to their model and will have a draft later this week, which he will be sharing with the Finance Committee. Mr. Ridenhour added that he and Ken Girouard have recently had several meetings with developers regarding new developments proposed within the District.

L. BOARD and STAFF REPORTS

- 1. Directors:** Director Hill reported that she will be out of town until February 22nd.
- 2. District Counsel:** Attorney Laredo introduced his associate, Alex Lorca, and stated that Mr. Lorca may fill in at the Board meetings when needed. Mr. Laredo also commended staff for their well ordered records regarding Well #8.
- 3. District Engineer:** No report.

4. Finance-HR Manager: Cathy Buck reminded Board members that they will need to complete a new Form 700 for 2012, which is due by April 1, 2013. She asked that their completed forms be turned into Carol Porteur so we can keep copies, then we will file them with San Benito County.

5. General Manager: No report.

M. FUTURE AGENDA ITEMS: Future agenda items include: ACWA conference in Sacramento in May.

N. ADJOURN: Upon motion made by Director Hill, seconded by Director Clapham, and unanimously carried 5-0, the meeting was adjourned at 7:10p.m.

APPROVED BY THE BOARD: s/ Dave Meraz
Dave Meraz, President

RESPECTFULLY SUBMITTED: s/ Donald G. Ridenhour
Donald G. Ridenhour, Secretary