

MINUTES
BOARD OF DIRECTORS
SUNNYSLOPE COUNTY WATER DISTRICT
Special Meeting
February 8, 2011

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: Directors Present: President Dave Meraz, Vice-President Doug Keck, Dawn Anderson, Dave Clapham, and Danny Villalon.

Others Present: Secretary Bryan Yamaoka, District Engineer Ken Girouard, Finance & Human Resource Manager Cathy Buck, Water Superintendent Jim Filice, Executive Assistant Carol Porteur, and Attorney Lloyd Lowrey.

C. PUBLIC COMMENTS AND AUDIENCE INTRODUCTIONS: There were no public comments on items not on the Agenda.

The following persons made public comment on Agenda item D: Steve Rosati, Penny Bettencourt, Valerie Filice, and Eric Boyd.

D. RECEIVE PRESENTATION BY RMC WATER AND ENVIRONMENT TO UPDATE THE BOARD OF DIRECTORS ON THE PROGRESS OF THE RIDGEMARK WASTEWATER TREATMENT AND RECYCLED WATER IMPROVEMENTS PROJECT:

Bryan Yamaoka introduced Marc Nakamoto from RMC Water and Environment who gave a presentation on the Recap of the activity that has taken place over the past 6 or 7 years on the Ridgemark Wastewater Treatment and Recycled Water Improvements Project. Mr. Nakamoto explained that in 2004 the Regional Water Quality Control Board (RWQCB) issued a wastewater discharge permit to Sunnyslope County Water District (SSCWD) with new water quality requirements. Mr. Nakamoto reviewed the new requirements which went into effect January 2010, and included drivers for potable water improvements for TDS (mg/l) at 1,200 (SSCWD is in non-compliance at Ridgemark I Pond 2 Effluent (RM I) at 1,774 and Ridgemark II Pond 2 Effluent (RM II) at 1,973); for Sodium at 200 (mg/l) (SSCWD is in non-compliance at 416 and 508 for RM I and RM II respectively; and for Chloride (mg/l) at 200 (SSCWD is in non-compliance at 604 and 738 respectively). The drivers for the wastewater treatment improvements are for Nitrate as Nitrogen (mg/l) at 5 (the District is in non-compliance with RM I at 22.2 and RM II at 12.8); for Ammonia as Nitrogen (mg/l) at 5 (SSCWD is in non-compliance at 22 and 12.3 at RM I and RM II respectively; for BOD (mg/l) at 30 (RM I is non-compliant at 57 where RM II is in compliance at 8.7; for TSS (mg/l) at 30 (RM I is non-compliant at 88 and RM II is in compliance at 20.7; and lastly for pH a range of 6.5 – 8.4 (RM I is in compliance and RM II slightly exceeds the upper range with a high of 9.1). He explained that the District has kept the RWQCB informed of the progress and also of the delays in gathering information; therefore although the District is in non-compliance as of January 2010, the RWQCB has not assessed any administrative fines at this time.

Mr. Nakamoto also touched on the project goals and objectives. The District needs to meet the waste discharge requirements, such as additional treatment for TSS, BOD, Nitrogen and salinity management. The District also needs to plan for future needs, which are to accommodate planned growth in the service area and consider future water quality requirements. To meet Regional/Stakeholder goals and objectives based on the Memorandum of Understanding between San Benito County(SBC), San Benito County Water District (SBCWD), the City of Hollister (COH) and SSCWD and as members of the Governance Committee, will need to remember that: wastewater treatment and disposal shall consider future wastewater disposal requirements and provisions for maximum reuse; wastewater disposal shall not impact drinking water supplies; drinking water shall have TDS <500 mg/l and hardness <120 mg/l calcium carbonate; and recycled water shall have target of 500 mg/l and shall not exceed 700 mg/l. In addition, to meet this objective, wastewater treatment plants shall include provisions for demineralization.

Next, Mr. Nakamoto reviewed the wastewater project alternatives that were considered, which were to either make improvements to the existing Ridgemark facilities or to connect

with the City of Hollister's sewer system. The Ridgemark alternative (RMK Alternative) would be to construct new facilities at RM I to treat and dispose of all wastewater from the Ridgemark area and decommission the RM II facility and send the flow to RM I. The regional alternative to connect with the City of Hollister (Hollister Alternative) would require a pump station and pipeline to the Hollister collection system at the intersection of Enterprise Road and Southside Roads; treatment and disposal at Hollister Domestic Wastewater Treatment Plant (DWTP); buy-in costs for the treatment, disposal, and collection systems; and make any improvements required to the Hollister collection system to address capacity limitations.

Mr. Nakamoto discussed the evaluation that was prepared and presented back in December 2008 on the RMK Alternative vs. the Hollister Alternative. It was presented in three phases. Phase 1 included site decommissioning at RM I, a pump station at RM II, main pump station, secondary treatment, solid handling, yard piping, site work, control building, and the Hollister connection pipeline. Phase 2 would be decommissioning. And finally, Phase 3 would be recycled water. The total project capital cost for the RMK Alternative was estimated at \$13,660,000 vs. \$16,867,000 for the Hollister Alternative. For the RMK Alternative vs. the Hollister Alternative, total annualized capital cost was estimated at \$992,000 vs. \$1,227,000 respectively, total annual O & M cost was estimated to be \$478,000 vs. \$463,000, respectively, and total project annual cost was estimated to be \$1,470,000 vs. \$1,690,000, respectively.

The non economic comparison of the two alternatives showed that SSCWD would be guaranteed recycled water with the RMK Alternative, but with the Hollister Alternative, the City of Hollister and SBCWD would not commit to supply recycled water back to SSCWD. In terms of operational complexity, the RMK Alternative maintain the complexity to manage the wastewater treatment systems, pump stations and collections systems, where the Hollister Alternative would be operationally simpler by maintaining the pump station and collection system only. Future wastewater improvements would certainly be more difficult to address regionally with two treatment plants, rather than having one treatment plant under the Hollister Alternative. Regarding wastewater system management, under the RMK Alternative, the wastewater system would be under SSCWD's management and under the Hollister Alternative, the wastewater system would be under the City of Hollister's management. Lastly, Mr. Nakamoto discussed the timing of salinity requirements for Potable water improvement. Under the RMK Alternative, reduction/elimination of water softener use was to be completed by January 2010, and at the time of the original presentation in December 2008, they intended to meet that target date. In December 2008, there would have been an advantage to connecting with the City of Hollister because it would have allowed us to match the City of Hollister's date of 2015 to reduce/eliminate water softener use. Engineer Girouard commented on his communication with the RWQCB, stating that we are in non-compliance with the TDS and the RWQCB is allowing SSCWD extra time to resolve the water quality because we are working regionally with the City of Hollister, San Benito County, and San Benito County Water District on a treated water alternatives.

Mr. Nakamoto stated that in January 2008, the Board of Directors decided to proceed with the RMK Alternative, and since that time have proceeded with the implementation plan. Phase 1a wastewater effluent quality improvements include: upgrade the main lift station, construct headworks, sequencing batch reactor, solids handling, and collection system upgrades on Marks Drive, and construct RM II transfer facilities. Phase 1b treatment pond decommissioning would remove solids from ponds #1 and #2 at RM II and pond #1 at RM I. Phase 1c recycled water (RW) for additional disposal capacity would be dependent on implementation of water supply upgrades. If water supply is upgraded, this phase would include adding Recycled Water (RW) treatment facilities at RM I; RW distribution pipelines; and RW use at golf course and/or other customers in Ridgemark vicinity. Mr. Nakamoto explained that pond #6 would be used as a "material borrow" area, which means that material would be taken from this site and used to infill and bring ponds #2 and #3 up to grade at RM I facility. President Meraz questioned the route the trucks would be using to transport the soil and Mr. Nakamoto explained that SSCWD has received alternative easement on the back side of the property specifically to stay off of the roads.

In summarizing the activity over the past several years, Mr. Nakamoto explained that we completed a long-term wastewater management plan in January 2006; we coordinated with

the RWQCB to avoid non-compliance issues and fines by showing progress toward a solution; we coordinated with regional stakeholders such as SBCWD, SBC, and COH to develop a Memorandum of Understanding and join the Governance Committee with the understanding that SSCWD would develop the RMK Alternative; we coordinated on buy-in cost with COH; we completed a rate study in March 2007 and adopted new wastewater rates which support the project; and we held public workshops to obtain community input.

At this point, Director Keck elaborated on the public workshop held in December 2007 at Ridgemark, explaining that the biggest concern for going with the Hollister connection was the fact that residents of Ridgemark had considerable distrust with management at the COH. Another issue to consider upon joining the COH was that Ridgemark is in the county; therefore Ridgemark residents do not elect city officials and would not have a voice in any decisions being made in respect to the wastewater plan or approval of their future rates.

Public comment was heard from Mr. Steve Rosati, who re-enforced what Director Keck explained as well as stating his feeling about the history with the COH. He contended that in the past, the COH estimated the capacity over what they would need, which history has well surpassed their estimation and forced them to build a new treatment plant. He requested that the current board thoroughly evaluate connecting with the COH before making that decision and he also feels if SSCWD did hook up, to consider having all services, water and wastewater with the COH. Mr. Rosati feels that if SSCWD connects with the COH and they exceed their capacity, as they have in the past, this would create a very big problem. Ms. Penny Bettencourt, representing the Ridgemark Homes Association, commented that after the presentation in December 2007, the residents understood that SSCWD was going to go on their own and not connect with the COH. Director Meraz explained at that time the board found it to be cost effective to join the COH, but at the current time those figures may have changed. The bids for the first phase of the project are due in by February 11, 2011 and at that time they will get a better number for the cost. Ms. Bettencourt stated that there would need to be a considerable cost adjustment, as price was not the only factor in their opinion. Mr. Rosati added his concern for joining the COH just for the expense of the project and to also consider the business decision as well. Ms. Valerie Filice is concerned Ridgemark will not receive any recycled water as well as not having a voice in where it will go. Mr. Eric Boyd was representing Ridgemark Golf & Country Club, and asked the Board to consider going forward with the Ridgemark alternative and the recycled water for the golf course.

Marc Nakamoto concluded his summary of activities explaining that we completed the Environmental Impact Report in July 2009; we applied for and obtained commitment for a SWRCB State Revolving Fund Loan in December 2010 with a low interest financing of 2.7% for a total of \$11.4M; and we have completed the design for Phase 1a of the Wastewater Facility project, which was advertised December 16, 2010 and the bids are due to be opened on February 11, 2011. Mr. Nakamoto advised that the contractors have to hold their bids for 90 days and we have to get approval for the contract for state funding which can take about 2 months.

In concluding the presentation, Marc Nakamoto explained that reviewing the bids and collecting updated information from the City of Hollister would be the next step. The information would then be presented to the Board of Directors for a decision. If the RMK Alternative was the choice, then we would move into the construction phase. If the decision was to connect to the City of Hollister, a new plan would need to take effect, such as coordinating with the RWQCB and the community, negotiating with the COH on the buy-in cost and running the operation, etc. In addition we would need to get a supplemental Environmental Impact Report done and find new financing which would more than likely not be at the 2.7%.

E. ADJOURN: Meeting adjourned at 6:00 p.m.

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

RESPECTFULLY SUBMITTED: s/Bryan M. Yamaoka
Bryan M. Yamaoka, Secretary