

MINUTES
Regular Meeting of the Board of Directors
of the
SUNNYSLOPE COUNTY WATER DISTRICT
June 10, 2010

A. CALL TO ORDER: The meeting was called to order at 4:30 p.m. by President Doug Keck at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.

B. ROLL CALL: Directors present: President Doug Keck and Directors Steve Hailstone, Marchel Nelson, Dawn Anderson, and Dave Meraz.

OTHERS PRESENT: District Manager/Secretary Bryan Yamaoka, District Engineer Ken Girouard, Finance/Personnel Manager Cathy Buck, Superintendent Jim Filice, Executive Assistant Carol Porteur, and District Counsel Christine Kemp.

C. EXECUTIVE SESSION: The meeting was adjourned to executive session.

1. Pending Litigation – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Subdivision (a) of Section 54956.9) – Name of case: San Benito County Superior Court Case No. CU-08-00139, Builders Association of Northern California, Inc. and Award Homes, Inc. v. Sunnyslope County Water District, All Persons Interested In The Matter of Resolution No. 502 of the Governing Board of the Sunnyslope County Water District (Adopted June 12, 2008), and Does 1-100, inclusive.
2. Employee Negotiations
 - Employee 2009-10 Negotiations - #54957.1
 - District Negotiators: Dave Meraz and Steve Hailstone
 - District Employee Representing All Employees: Kelly Brill and Pat Jackson
3. Public Employee Performance Evaluation – 54957.1
 - Employee: Bryan Yamaoka
 - Position: General Manager
 - Under Consideration: Yearly Evaluation

D. RECONVENE OPEN MEETING and REPORT ACTIONS TAKEN BY BOARD IN EXECUTIVE SESSION: President Keck convened the meeting in open session at 5:15 p.m. He reported on the following agenda items considered by the Board in Executive Session:

1. Pending Litigation: No action taken, instructions given to negotiator.
2. Employee Negotiations: The Board considered employee negotiations proposals. In open session a motion was made by Director Meraz, seconded by Director Nelson, and carried unanimously to approve a one (1) percent cost of living increase to the employee salary schedules; an increase in deferred compensation match from \$360 to \$468; allow employees to borrow against their deferred compensation accounts; pursue returning to CalPERS for employee health care plan; and investigate employee health insurance options with CalPERS upon retirement.
3. Public Employee Performance Evaluation of General Manager: The Board provided instructions to General Manager Bryan Yamaoka regarding goals and objectives and approved his job performance.

E. PUBLIC COMMENTS and AUDIENCE INTRODUCTIONS: There were no public comments. Carol Porteur, the new Executive Assistant, was introduced and welcomed.

F. READING OF MINUTES: Upon motion made by Director Meraz, seconded by Director Nelson, and unanimously carried, the minutes of the May 13, 2010 regular meeting were approved as presented.

G. OLD BUSINESS: None.

H. NEW BUSINESS:

1. SUNNYSLOPE COUNTY WATER DISTRICT 2010-11 INTERIM BUDGET

Review, Discuss, and Take Appropriate Action on Presentation of Sunnyslope County Water District 2010-11 Interim Budget: Cathy Buck reviewed the District's 2010-11 Interim Budget and stated that it will be revised to reflect negotiated employee salary and benefits, approved by the Board earlier in the meeting.

During review of the revenue budgets, Ms. Buck noted that year-to-date water revenues are below projections, most likely due to more spring rain than usual and the majority of customers paying less for water than they did prior to implementation of the new multi-tiered rate structure. Ms. Buck noted that the 2010-11 budget uses conservative methods for revenue projections and includes the December 21, 2010 rate increase as well as a substantial increase in cost of the District's share of the Hollister Urban Water/Wastewater Master Plan expense (a portion of which is prorated to the wastewater budget). The 2010-11 water operations budget projects a net loss of \$758,514.

Ms. Buck stated that she used a very conservative method for wastewater revenue budget projections; that she included the December 21, 2010 wastewater rate increase; wastewater operations are projected to yield net revenue of \$257,358.

During review of the budget, Ms. Buck reviewed the budgets for water, wastewater, customer service, general & administration, and the overall salaries & benefits, noting that they are consistent with this past year and recent years. Secretary Yamaoka stated that the budget may be impacted by an increase in the District's liability for a recently terminated employee's unemployment benefits. Ms. Buck explained that the District anticipated being responsible for a little less than one half of a liability of \$450 per week in unemployment benefits for the terminated Executive Assistant for a 6-month period; however, a recently received letter from the State Department of Economic Development advised of an increase in benefits for job skills training, which appears to increase the District's potential liability for an additional 6-month period. Ms. Buck had already budgeted for the potential full \$11,700.

In response to questions from the Board, Ms. Buck explained that the District has always elected to be self-insured for unemployment instead of paying into the statewide unemployment funding pool. Secretary Yamaoka commented that he believes this has been fiscally advantageous due to the nature of the District's low unemployment history.

Cathy Buck stated that Secretary Yamaoka brought to her attention that the cost of the November election could be from \$15,000 to \$20,000 and should be included in the budget when it is amended. She stated that the amended budget will include an adjustment to reflect the negotiated employee salary increase at 1%, rather than the 4% reflected in the interim budget.

Secretary Yamaoka recommended Board approval of the District's 2010-11 Interim Budget. He stated that after the Interim Budget is revised, the Final budget will be brought to the Board for approval.

Upon motion made by Director Hailstone, seconded by Director Anderson, and carried unanimously, the Board approved the 2010-11 Interim District Budget, as presented.

2. SOLAR PHOTOVOLTAIC POWER SUPPLY FOR MUNICIPAL WELLS -

Review, Discuss, and Take Appropriate Action on Request by Staff to Enter into a Solar Photovoltaic Power Purchase Agreement and Ground Lease with Hollister School District: Engineer Girouard reported that Hollister School District is in negotiations (with ClearSpot, Inc.) regarding a solar photovoltaic project and a power purchase agreement to provide electric energy cost savings for all the schools within its district.

Engineer Girouard stated that Hollister School District's potential site for photovoltaic collectors is located at Ladd Lane Elementary School, which is adjacent to the District's Well #2. This area, consisting of 7.47 acres, is large enough for a system which could

supply the school district's energy requirements, and, in addition, could operate Well #2, which requires approximately 330,000 kilowatt hours annually.

During his report, the District Engineer estimated that the Ladd Lane school site is large enough for a photovoltaic project to serve both the Hollister School District and a significant portion of the energy required to operate all of Sunnyslope's wells (slightly less than 2,000,000 kilowatt hours per year, annually).

Engineer Girouard spoke about Sunnyslope's long-term energy needs, including planned upgrades of facilities for treating Ridgemark wastewater and potential recycled water treatment. We can look at solar energy as a potential source to meet those long-term power needs as an independent endeavor or in a partnership with the City. He stated that the District owns a site located next to its wastewater pond #6 which is ideal for an expansive photovoltaic system for future requirements. He noted that the District's current energy requirements would necessitate approximately 5,500 square feet of solar panels, and that the size of the site near pond #6 is approximately 21, 250 sq. ft. and has a slope and southerly orientation that are ideal for solar.

Engineer Girouard spoke about partnering with the Hollister School District and potential savings to the District for energy costs through the use of photovoltaic systems as well as taking advantage of PG&E rebates and incentive programs.

Engineer Girouard requested Board authority to enter into negotiations with the Hollister School District and ClearSpot, Inc., or other power providers, regarding a land lease at Ladd Lane School for a photovoltaic system and for a power purchase agreement. If the discussions are positive, staff would return to the Board with details, an analysis of cost savings, and recommendations.

Upon motion made by Director Nelson, seconded by Director Anderson, and carried unanimously, the Board authorized staff to enter into discussion and negotiations with the Hollister School District and appropriate suppliers of photovoltaic systems and agreements for power purchase, as requested.

I. BOARD AND STAFF COMMITTEE STATUS REPORTS:

- 1. Governance Committee:** Secretary Yamaoka reported that the Governance Committee's Programmatic Environmental Impact Report (PEIR) to implement the Hollister Urban Area Water and Wastewater Master Plan (HUAWWMP) and Hollister Urban Area Coordinated Water Supply and Treatment Plan will be presented to the public at the Veteran's Hall at 6:00 p.m. on July 15th. The Board discussed publicizing the presentation; a notice will be obtained from the Governance Committee and sent out to District customers with the next billing.

Secretary Yamaoka also reported that the next Governance Committee meeting will be held at the SBCWD meeting room at 5:30 p.m. on July 1st.

Governance Committee meetings of the subcommittee for the Coordinated Plan are set for June 23 and July 21, 5:30 p.m., at the SBCWD meeting room; President Keck will attend as the District representative.

- 2. Water Resources Association of San Benito County:** Secretary Yamaoka reported that the WRA is resuming a bi-monthly meeting schedule, with meetings to be held on the first Thursday of July, September, November 2010; January, March, and May 2011.

The next WRA meeting will be held at 5:30 p.m. on July 22nd at the SBCWD meeting room.

- 3. Ridgemark Wastewater Treatment and Recycled Water Improvement Project:**
No report.
- 4. Water Related Projects:** No report.

5. **Lessalt Water Treatment Plant:** Engineer Girouard reported on continued pilot testing of various water treatment technologies to help reduce the level of disinfection byproducts. He spoke about a process for removal of organic carbons which has had inconsistent results between the San Luis Reservoir treatment facility vs. the operating pilot facility. However the same system had consistent results at a Vallejo treatment plant between the pilot facility and the operating facility.

During his report, Engineer Girouard spoke about ongoing meetings with Kennedy/Jenks and HDR regarding use of nanofiltration, which could eliminate the use of chloramination. He stated that chloramination is used by treatment plants areawide due to high bromide levels in CVP water; that chloramination involves adding ammonia which induces production of nitrogen molecules and increases levels of toxicity due to nitrogen species; and that investing in a chloramination water treatment process may not be wise due to the potential of future regulations regarding nitrogen levels.

6. **State Revolving Fund and Stimulus Package Financing:** Secretary Yamaoka reported that the State has resolved its EIR questions regarding the District's water project application. After a 30-day review for public comments, the State Board will consider approval of the District's application for funding at its August meeting.

7. **District Operation Summary, Statement of Income, and Investment Summary; Lessalt Water Treatment Agency Investment Summary and Disbursement Summary; District Maintenance Report; City Meter Reading Report; and Groundwater Level Measurements:** Cathy Buck reported that the Statement of Income is not available for review. The Board reviewed the May 31st District Operations Summary and Investment Summary. Cathy Buck noted that water sales have been climbing for the past two months but are still lower than the same time in previous years. It was noted that the total cash & investments is \$1,659,235.20 and includes \$859.06 for interest earned in May, which brings the 11-month year-to-date interest earned to \$21,522.43.

The Board also reviewed financial reports for the Lessalt Water Treatment Agency, including the May 14 through June 10, 2010 Disbursement Summary which totals \$124,087.35. The May 31st Investment Summary reflects a total cash & investments of \$1,691,763.13, which includes year-to-date interest earned (3 months) of \$3,937.00.

During review of the May Maintenance Report, Jim Filice answered various questions from Board members about several tasks itemized in the report. President Keck, noting the report that 228 of 2,600 valves have been exercised during the past 11 months, asked if valves are exercised only once every ten years. Jim Filice responded that the ten year cycle for exercising valves hasn't resulted in any problems thus far and that 99% are gate valves. Bryan Yamaoka pointed out that the number of shut off notices is rising. During the past 11 months there were 513 shut off notices, compared to 367 last year and 322 the previous year.

Jim Filice reviewed the Meter Reading Report for the period April 19 to May 19, 2010. Jim is presenting the meter readings using two different calculation formats. The first calculation report is the old format which reflects water used and water pumped before the intertie meters were working and shows the City would owe the District 115 million gallons of water; the second calculation report is the new report methodology and uses data obtained from the intertie meters which tracks water flows of well water and surface water and indicates the actual amount the City owes is 113 million gallons of water.

During review of the groundwater level report, Mr. Filice noted that well levels are in a downward trend, but not as much as the same time in previous years.

- J. **ALLOWANCE OF CLAIMS:** The Board reviewed the District's Disbursement Summary for the period May 14 through June 10, 2010, totaling \$566,500.67, which includes: \$267,227.63 for employee compensation and accounts payable; \$295,481.33 to the City of Hollister for net sewer fees collected; \$3,169.68 for customer refunds and returned checks; and \$622.03 for employee medical benefit plan reimbursements. Last check written as of June 10, 2010 was # 15103.

Date	Num	Name	Amount
5/14/10	ACHPMT-BC	Anthem Blue Cross of California-Jackson	-78.50
5/21/10	ACHPMT INTU	Intuit Payroll Subscription Renewal	-381.28
5/25/10	ACHPMT-SBB	San Benito Bank	-162.60
6/3/10	ACH 0001	Merchant Services	-447.73
6/9/10	ACH 0002	Anthem Blue Cross of California-Jackson	-78.50
5/14/10	CKRET 5-02	RETURNED CHECK	-125.00
5/14/10	CKRET 5-03	RETURNED CHECK	-203.73
5/19/10	ACHRET 5-01	RETURNED ACH	-823.56
6/2/10	ACH 0003	RETURNED CHECK 6-01	-376.27
6/9/10	ACH 0004	RETURNED CHECK 6-02	-92.46
6/8/10	DD 0001	Hailstone, Stephen B. (Dir. Dep.)	-300.00
6/8/10	DD 0002	Keck, Doug (Dir. Dep.)	-200.00
6/8/10	DD 0003	Meraz, David (Dir. Dep.)	-200.00
6/8/10	DD 0004	Wiener-Smolka, Laura S. (Dir. Dep.)	-400.00
5/28/10	DirDep 01	Alvarez, Abel	-3,584.59
5/28/10	DirDep 02	Brill, Kelly L.	-4,137.69
5/28/10	DirDep 03	Buck, Cathy L.	-6,253.26
5/28/10	DirDep 04	Castro, Kevin G.	-3,483.51
5/28/10	DirDep 05	Chavez, Jr., Manuel T.	-5,628.75
5/28/10	DirDep 06	Eclarin, Ernesto P.	-4,768.30
5/28/10	DirDep 07	Estrada, Thomas A.	-3,964.24
5/28/10	DirDep 08	Filice, James L.	-8,292.46
5/28/10	DirDep 09	Girouard, Kenneth R.	-6,299.30
5/28/10	DirDep 10	Hagins, Patrick M.	-4,307.58
5/28/10	DirDep 11	Imperatrice, Patrick L.	-5,171.84
5/28/10	DirDep 12	Jackson, Patrick W.	-5,701.94
5/28/10	DirDep 13	Norman, III, Walter R.	-5,357.88
5/28/10	DirDep 14	Padilla, David	-4,668.82
5/28/10	DirDep 15	Porteur, Carol A.	-3,401.33
5/28/10	DirDep 16	Watson, Scott A.	-3,369.17
5/28/10	DirDep 17	Yamaoka, Bryan M.	-8,277.03
5/28/10	DirDep 18	Zavala, Anabel G.	-3,928.90
5/19/10	15004	A-1 Services	-353.00
5/19/10	15005	Calcon System, Inc.	-2,037.35
5/19/10	15006	CSK Auto / Pro Shop	-38.23
5/19/10	15007	Electrical Distributors Co.	-91.19
5/19/10	15008	Hogue Bros. Collision Center	-142.35
5/19/10	15009	NH3 Service Company	-719.65
5/19/10	15010	OnTrac	-64.50
5/19/10	15011	P G & E	-4,113.67
5/19/10	15012	South Valley Internet, Inc.	-17.95
5/24/10	15013	American Water Works Association (AWWA)	0.00
5/24/10	15014	AutomationDirect.com	0.00
5/24/10	15015	B.W.S. Distributors, Inc.	-270.50
5/24/10	15016	Bianchi Kasavan & Pope, LLP	-81.00
5/24/10	15017	California Surveying and Drafting	-293.89
5/24/10	15018	City of Hollister-Finance Dept	-295,481.33
5/24/10	15019	CM Analytical, Inc.	-1,370.00
5/24/10	15020	EBCO Pest Control	-55.00
5/24/10	15021	EverBank Commercial (was Tygris Comm Fin)	-257.85
5/24/10	15022	Gabilan Welding, Inc.	-21.65
5/24/10	15023	Mc Master-Carr	-447.27
5/24/10	15024	Monterey Bay Systems	-1,881.25
5/24/10	15025	Postmaster	-254.49
5/24/10	15026	Sierra Chemical Co.	-1,319.49
5/24/10	15027	Toro Petroleum Corp.	-890.41
5/24/10	15028	American Water Works Association (AWWA)	-75.00
5/24/10	15029	AutomationDirect.com	-309.50
5/24/10	15030	American Water Works Association (AWWA)	-1,780.00
5/28/10	15031	Employment Dev. Dept. (EDD) DE88 Pmts.	-9,501.72
5/28/10	15032	San Benito Bank	-19,835.32
5/28/10	15033	CalPERS - Retirement	-1,587.18
5/28/10	15034	Nationwide Retirements Solutions	-9,676.37
5/28/10	15035	Sterling HSA	-2,702.50

Date	Num	Name	Amount
5/28/10	15036	BAC (Beneficial Administration Company)	-260.52
5/28/10	15037	Ben-e-lect	-270.00
5/28/10	15038	CalPERS - Retirement	-34,417.43
5/28/10	15039	Fort Dearborn Life Insurance Co.	-207.00
5/28/10	15040	Premier Access Insurance Co.	-2,651.18
5/28/10	15041	State Comp. Insurance Fund	-3,894.38
5/28/10	15042	Sterling HSA	-61.25
5/28/10	15043	Calif. Dept. of Public Health - OCP	-450.00
5/26/10	15044	Postmaster	-1,718.15
5/28/10	15045	NH3 Service Company	-284.16
5/28/10	15046	OnTrac	-52.00
5/28/10	15047	Postmaster	-61.00
5/28/10	15048	Razzolink.com	-90.77
5/28/10	15049	San Benito County Water District	-197.25
5/28/10	15050	Postmaster	-1,200.00
6/4/10	15051	Ace Hardware (Johnson Lumber Co.)	-440.18
6/4/10	15052	AT&T	-267.22
6/4/10	15053	Ferguson Enterprises, Inc.	-113.00
6/4/10	15054	Mc Master-Carr	-431.31
6/4/10	15055	Melissa Data Corp.	-1,847.84
6/4/10	15056	Mid Valley Supply	-698.05
6/4/10	15057	Mission Uniform Service	-533.36
6/4/10	15058	NH3 Service Company	-568.31
6/4/10	15059	Noland Hamerly Etienne & Hoss	-1,316.00
6/4/10	15060	OnTrac	-161.00
6/4/10	15061	Petty Cash	-17.43
6/4/10	15062	Recology San Benito County	-116.94
6/4/10	15063	San Benito County Water District	-41,327.42
6/4/10	15064	San Benito County Water District	-244.25
6/4/10	15065	Toro Petroleum Corp.	-222.13
6/4/10	15066	Verizon Wireless	-145.02
6/4/10	15067	Wastewater Solutions	-630.00
6/4/10	15068	Wright Bros. Indust. Supply	-112.23
6/4/10	15069	Wright Bros. Welding & Sheet Metal, Inc.	-197.46
6/4/10	15070	U.S. Bank Corporate Payment Systems	-1,000.23
6/7/10	15071	San Benito County Clerk	-26.00
6/8/10	15072	Anthem Blue Cross of California	-12,948.00
6/8/10	15073	Anderson, Dawn V.	-100.00
6/8/10	15074	Electrical Distributors Co.	-189.36
6/8/10	15075	Harbor Freight Tools	-451.56
6/8/10	15076	Mc Donald Landscaping	-165.00
6/8/10	15077	OnTrac	-158.00
6/8/10	15078	San Benito Bank-Medical Exp.	-500.00
6/8/10	15079	Staples	-378.23
6/8/10	15080	Toro Petroleum Corp.	-953.53
6/8/10	15081	GEORGE ALLARD	-54.66
6/8/10	15082	ATLAS PREMIER PROPERTIES	-72.16
6/8/10	15083	TAMMY DAVIS	-77.77
6/8/10	15084	FAS-AHM UTILITIES LLC	-56.47
6/8/10	15085	ANDERSON HOMES	-108.47
6/8/10	15086	ANDERSON HOMES	-115.75
6/8/10	15087	EARL COCHRAN	-195.62
6/8/10	15088	FAS-AHM UTILITIES LLC	-69.54
6/8/10	15089	FIELD ASSET SERVICES INC.	-94.80
6/8/10	15090	NOEMY A FLORES	-7.65
6/8/10	15091	TIM FURTADO	-5.27
6/8/10	15092	PAT JORDAN	-102.54
6/8/10	15093	MALHERBE JEAN-PIERRE	-6.54
6/8/10	15094	MCS LLC	-104.95
6/8/10	15095	GRACE MUSSYNSKI	-47.67
6/8/10	15096	TIM & JAMIE NAVA	-10.00
6/8/10	15097	PAVEX CONSTRUCTION	-168.08
6/8/10	15098	DANA PERSIJN	-112.25
6/8/10	15099	LAURA RODRIGUEZ	-36.88

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
6/8/10	15100	MARK SILVAS	-6.44
6/8/10	15101	JEREMY & LYDIA STRUVE	-55.63
6/8/10	15102	MICHAEL TORRANO	-39.52
6/9/10	15103	San Benito County-LAFCO	-2,120.00
5/05/10 -6/03/10	1308-1312	Total Disbursements - Medical Cking	-622.03
Total Disbursements			<u><u>-566,500.67</u></u>

Upon motion made by Director Nelson, seconded by Director Anderson, and unanimously carried, the Board approved the disbursements as presented.

K. DISTRICT COUNSEL REPORT: Attorney Kemp reported that the District prevailed in Award Homes' litigation for District reimbursement of \$183,000 for Award Homes' legal fees. Attorney Kemp commented that she does not anticipate that Award Homes will appeal the Court's decision.

L. DISTRICT ENGINEER REPORT: No report.

M. GENERAL MANAGER REPORT: No report.

N. FUTURE AGENDA ITEMS: Secretary Yamaoka noted that future agenda items include resolutions for the November election, which is due by June 30, the possibility of returning to CalPERS health insurance for employees, and a revised budget.

The next regular meeting of the Board is scheduled to be held on Thursday, July 8, 2010.

O. ADJOURN: Upon motion made by Director Anderson, seconded by Director Nelson, and unanimously carried, the meeting was adjourned at 6:50 p.m.

APPROVED BY THE BOARD: s/Douglas C. Keck
Douglas C. Keck, President

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