

**MINUTES  
BOARD OF DIRECTORS  
SUNNYSLOPE COUNTY WATER DISTRICT  
Regular Meeting  
June 11, 2014**

- A. CALL TO ORDER:** The meeting was called to order at 5:15 p.m. by President Villalon, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.
- B. ROLL CALL: Present:** President Danny Villalon; Directors Dave Clapham, Kathleen Hill, and John M. Johnson; **Absent:** Dave Meraz.
- C. PLEDGE OF ALLEGIANCE:** Director Johnson led Directors, staff, and public in the Pledge of Allegiance.
- D. APPROVAL OF AGENDA:** Upon motion made by Director Hill, seconded by Director Clapham, and carried 4-0 (Director Meraz absent), 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; Finance and Human Resource Manager Cathy Buck; Water/Wastewater Superintendent Jim Filice, and Associate Engineer Sean Knight.

**Others present:** None.

**F. CONSENT AGENDA:**

1. Approval of Minutes –Regular Meeting of May 14, 2014.
2. Allowance of Claims – Ratify disbursements for the period May 7, 2014 through June 2, 2014 totaling \$717,454.26, which includes \$377,165.10 paid to vendors and for employee compensation, \$338,323.19 paid to the City of Hollister for payments collected on their customer’s sewer billings net of our fees, and \$1,965.97 for customer overpayment refunds and deductions for checks returned for insufficient funds. The last check written as of June 2, 2014 was #19757. The list of disbursements is as follows:

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
05/15/14	ACH 0592	EFTPS	-260.60
05/07/14	ACH 0594	RETURNED CHECK (Ck Ret 05-01)	-150.16
05/12/14	ACH 0595	RETURNED CHECK (Ck Ret 05-02)	-296.87
05/15/14	ACH 0596	RETURNED CHECK (Ck Ret 05-03)	-85.00
05/19/14	ACH 0597	RETURNED ACH (ACH Ret 05-01)	-123.24
05/19/14	ACH 0598	RETURNED ACH (ACH Ret 05-02)	-140.86
05/30/14	ACH 0599	EFTPS	-20,600.30
05/20/14	ACH 0600	RETURNED CHECK (Ck Ret 05-04)	-134.96
05/15/14	DD 1110	Clapham, David G	-430.75
05/15/14	DD 1111	Johnson, John M	-92.35
05/15/14	DD 1112	Meraz, David E	-183.70
05/15/14	DD 1113	Villalon, Daniel	-252.05
05/30/14	DD 1114	Alvarez, Abel	-4,780.82
05/30/14	DD 1115	Brill, Kelly L.	-4,857.52
05/30/14	DD 1116	Buck, Cathy L.	-6,527.46

<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Amount</b>
05/30/14	DD 1117	Castro, Kevin G.	-4,853.30
05/30/14	DD 1118	Chavez, Jr., Manuel T.	-6,089.68
05/30/14	DD 1119	Eclarin, Ernesto P.	-4,465.27
05/30/14	DD 1120	Estrada, Thomas A.	-4,357.71
05/30/14	DD 1121	Filice, James L.	-6,573.45
05/30/14	DD 1122	Hagins, Patrick M.	-4,453.54
05/30/14	DD 1123	Jackson, Patrick W.	-6,653.33
05/30/14	DD 1124	Knight, Sean W.	-5,639.20
05/30/14	DD 1125	Malko, Kim A.	-1,974.00
05/30/14	DD 1126	Norman, III, Walter R.	-5,405.91
05/30/14	DD 1127	Padilla, David	-4,988.71
05/30/14	DD 1128	Porteur, Carol A.	-4,007.09
05/30/14	DD 1129	Ridenhour, Donald G	-9,837.42
05/30/14	DD 1130	Watson, Scott A.	-5,001.50
05/30/14	DD 1131	Zavala, Anabel G.	-4,146.15
05/05/14	19667	VOID Postmaster (void check reported last month)	58.00
05/12/14	19684	All Star Ready Mix, LLC	-74.47
05/12/14	19685	AutomationDirect.com	-718.50
05/12/14	19686	Calif. Dept. of Public Health - OCP	-120.00
05/12/14	19687	California Clean Energy LLC	-2,427.90
05/12/14	19688	Everbank Commercial Finance, Inc.	-226.87
05/12/14	19689	Ferguson Enterprises, Inc.	-192.22
05/12/14	19690	Hach Company	-1,610.54
05/12/14	19691	P G & E	-16,425.64
05/12/14	19692	Recology San Benito County	-124.80
05/12/14	19693	Sierra Chemical Co.	-1,063.60
05/12/14	19694	South Valley Internet, Inc.	-20.45
05/12/14	19695	State Water Resources Control Board-OOC	-1,250.00
05/12/14	19696	Toro Petroleum Corp.	-1,277.30
05/12/14	19697	U.S. Bank Corporate Payment Systems	-2,456.91
05/12/14	19698	Underground Service Alert	-103.50
05/15/14	19699	Hill, Kathleen A	-72.35
05/19/14	19700	San Benito County Water District	-19,393.49
05/19/14	19701	Postal Graphics (was Post Net)	-15.26
05/19/14	19702	NH3 Service Company	-1,643.35
05/19/14	19703	Neopost USA, Inc.	-13,380.53
05/19/14	19704	Monterey Bay Systems	-140.30
05/19/14	19705	Mc Kinnon Lumber Co., Inc.	-19.49
05/19/14	19706	Greenwood Chevrolet	-1,140.00
05/19/14	19707	Electrical Distributors Co.	-298.18
05/19/14	19708	EBCO Pest Control	-55.00
05/19/14	19709	Credit Consulting Services, Inc.	-27.99
05/19/14	19710	CM Analytical, Inc.	-11,460.00
05/19/14	19711	City of Hollister-Finance Dept	-338,323.19
05/19/14	19712	Calcon System, Inc.	-2,261.56
05/19/14	19713	Bracewell Engineering, Inc.	-252.00
05/19/14	19714	Bianchi Kasavan & Pope, LLP	-616.00
05/19/14	19715	Anderson Pacific Engineering - Retention	-10,000.00
05/19/14	19716	A-1 Services	-403.00
05/19/14	19717	Buck, Cathy L.	-185.65
05/19/14	19718	SEVENTH DAY ADVENTIST SCHOOL	-304.88
05/22/14	19719	Postmaster	-243.32
05/27/14	19720	CHARLENE PHILLIPS-HOBARD	-500.00
05/27/14	19721	Buck, Cathy L.	-79.20
05/27/14	19722	VANESSA PENA	-11.80
05/27/14	19723	MARTY L & DEBORA L TYLER	-14.75
05/27/14	19724	PHIL & KAREN WOOLZ	-20.16
05/27/14	19725	GREG CHRISTOPHERSON	-109.16
05/27/14	19726	STEVE & QUOVJAJUAN ELLIS	-37.77
05/27/14	19727	WILLIAM KUTZ	-36.36
05/27/14	19728	AT&T	-230.59
05/27/14	19729	De Lay & Laredo	-2,000.00

<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Amount</b>
05/27/14	19730	Fastenal Company	-9.26
05/27/14	19731	USA BlueBook	-49.07
05/30/14	19732	Employment Dev. Dept. (EDD) DE88 Pmts.	-8,283.16
05/30/14	19733	CalPERS - Retirement	-1,036.00
05/30/14	19734	Nationwide Retirements Solutions	-11,754.16
05/30/14	19735	CalPERS - Health Insurance	-15,472.53
05/30/14	19736	CalPERS - Retirement	-29,702.21
05/30/14	19737	Dearborn National Life Insurance Company	-288.00
05/30/14	19738	HealthSmart Benefit Solutions, Inc. (VSP)	-347.38
05/30/14	19739	Premier Access Insurance Co.	-3,122.12
05/27/14	19740	Postmaster	-1,928.61
06/02/14	19741	CM Analytical, Inc.	-1,745.00
06/02/14	19742	Electrical Distributors Co.	-22.61
06/02/14	19743	Everbank Commercial Finance, Inc.	-224.60
06/02/14	19744	Ferguson Enterprises, Inc.	-121.14
06/02/14	19745	Greenwood Chevrolet	-58.32
06/02/14	19746	Mc Master-Carr	-43.44
06/02/14	19747	Melissa Data Corp.	-1,921.13
06/02/14	19748	P G & E	-2,229.60
06/02/14	19749	Palace Art & Office Supply	-461.48
06/02/14	19750	Petty Cash	-76.48
06/02/14	19751	Postal Graphics (was Post Net)	-6.18
06/02/14	19752	Postmaster	-220.00
06/02/14	19753	San Benito County Water District	-85,295.00
06/02/14	19754	Sierra Chemical Co.	-2,565.87
06/02/14	19755	Toro Petroleum Corp.	-1,396.36
06/02/14	19756	Verizon Wireless	-377.40
06/02/14	19757	Wright Bros. Indust. Supply	-24.22
<b>Total Disbursements</b>			<b>-717,454.26</b>

3. Consider authorization to renew the District's Commercial Insurance for Policy Term 6/30/14 to 6/30/15 with Allied World Assurance Co. for approximately \$53,500.

General Manager/Secretary Ridenhour stated that the renewal quote for District's Commercial Insurance Policy was received after the agenda was completed for the Board meeting, and the actual total premium for the policy is \$53,813.

Upon motion made by Director Clapham, seconded by Director Hill, and carried 4-0 (Director Meraz absent), the Board approved the Consent Agenda with the updated insurance premium amount.

## **G. NEW BUSINESS:**

### **1. CONSIDER APPROVAL OF DISTRICT BUDGET FOR FISCAL YEAR**

**2014/2015:** Finance & Human Resource Manager Cathy Buck explained that the Sunnyslope County Water District FY 2014/15 budget was reviewed by the Finance Committee on May 12, 2014 and the committee supports adoption of the proposed budget. She explained that the budget reflects the following changes: revenue is budgeted for the rate stabilization funds we will receive from San Benito County Water District (SBCWD), the revenue for the Lessalt Water Treatment Plant (WTP) Operations & Maintenance that we will bill to SBCWD is based on the approved WTP budget, and revenue for both water and wastewater reflect the rate increases adopted earlier this fiscal year. The Lessalt WTP operating expense has been updated to reflect operation & maintenance expenses for the plant, and SBCWD ownership which includes debt service and raw water cost for the entire fiscal year. Ms. Buck stated that currently we are billing SBCWD actual costs for the Lessalt WTP expenses as a pass-thru and labor as a

reduction in labor expense, and beginning the new fiscal year we are changing how we account for the WTP by billing 1/12th of the budgeted amount each month as revenue, track actual costs in the Lessalt WTP O&M expense account, and will true-up at year end.

Cathy Buck brought to the Board's attention, a few items on the Proposed Budget. She explained that the Debt Service Expenditures Budget of \$599,875 reflects the principal payments that will be paid on our two outstanding loans, noting that the interest is recorded as an expense in the operating budget. She pointed out that on the 2002A Revenue Bond, interest is paid twice a year and principal is paid once a year. The State Revolving Fund loan is of course new, with the first payment coming due in September 2014. The Capital Expenditures listed match, with a couple of minor exceptions, what was anticipated in the rate study that was conducted, and will be brought back to the board for approval as each item moves forward.

General Manager/Secretary Ridenhour pointed out that the Chromium 6 Treatment Study has been added to the Capital Expenditures budget for \$30,000 due to the new regulations pending. However, until the results of the water testing is confirmed, staff will not know exactly how much will need to be spent, if any, to comply. We also added \$25,000 to connect a gap in the water pipeline on Valley View near the fire station. Mr. Ridenhour said staff is predicting that they will be able to connect the pipeline with District staff as this seems to be a fairly small project.

President Villalon inquired about the valve turning and vac trailer equipment listed for \$65,000 and General Manager/Secretary Ridenhour explained that item would be a very useful tool in the field, but is something that will have to be brought before the Board at such time staff believes it would be beneficial to purchase. Mr. Ridenhour pointed out the \$74,000 listed for new trucks which the Board approved at the May 2014 Board meeting.

Cathy Buck reviewed the Reserve Policy that was approved by the Board in May and explained the proposed changes to reserve amounts. For the CSWRCB SRF Loan, we are supposed to reserve a minimum of the annual loan payment amount and a reserve of \$740,000 was approved based on a projection by SRF personnel, but due to her updated projection of the actual annual loan payment, she is recommending an increase to bring to a total of \$760,000. She noted that the Water and Wastewater Capacity Fees are updated quarterly based on actual capacity fees collected and will be updated at year-end. The restricted Water Capacity Fees qualify to be used to pay the Lessalt WTP debt service payments made to SBCWD, so we propose reducing the reserve by these actual payments. The Board Designated Reserves for Vehicle Replacement Fund and Office and Miscellaneous Equipment Replacement Fund are supposed to be increased annually by depreciation expense on existing equipment, and these reserves will be updated at year-end by actual depreciation expense recorded for fiscal year.

Director Hill asked if the District anticipates tapping into the Drought Contingency Reserve and General Manager/Secretary Ridenhour responded that it is really hard to say at this point. He did mention that in the Operations Summary chart for water metered to customers, the last couple of months show about a 23% decrease in water sales which appears that customers are responding to the drought conservation, as well as the rate increase having an effect on water usage.

Upon motion made by Director Hill, seconded by Director Johnson, and carried 4-0 (Director Meraz absent) the Board approved the District Budget for Fiscal Year 2014/2015.

**2. CONSIDER ADOPTION OF RESOLUTION NO. 532 ORDERING A DISTRICT ELECTION, REQUESTING THE COUNTY OF SAN BENITO TO CONDUCT**

**THE ELECTION, AND AUTHORIZING PAYMENT FOR THE COST OF THE ELECTION (ESTIMATED TO BE \$18,000):** General Manager/Secretary Ridenhour stated that on November 30, 2014, three of the Board of Director's terms will expire requiring an election of Board Members to fill these three upcoming vacancies. The next regular election will be held November 4, 2014 and the District must adopt a resolution ordering the election, requesting the County of San Benito conduct the election, and authorize payment for the County's services to conduct the District's election. This Resolution and a Notice of Elective Offices to be Filled must be certified and delivered to the County Clerk of San Benito County at least 125 days prior to the day of the election (by July 2, 2014) in order for the District to utilize the services of the County. The cost for the County to conduct the election on the District's behalf will depend on the candidates running and the District's share of the County's overall cost of conducting the election on November 4, 2014, but is not expected to exceed \$18,000. The cost should be less due to the District's election being held with several other local, State, and Federal elections reducing the District's share, but the actual cost will not be known until sometime later 2014. Mr. Ridenhour added that the last District election was uncontested and only cost the District \$400.

General Manager/Secretary Ridenhour stated that residents of Sunnyslope County Water District interested in running for open seats on the Board of Directors must submit forms declaring their candidacy between 113 days prior to the election and 88 days prior to the election or between July 14, 2014 and by August 8, 2014 at 5:00 p.m. The forms may be obtained from the County Office of Elections between these dates.

Upon motion made by Director Hill , seconded by Director Johnson, and carried 4-0 (Director Meraz absent) the Board adopted Resolution No. 532 ordering a District election, requesting the County of San Benito to conduct the election, and authorizing payment for the cost of the election estimated to be \$18,000.

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

- 1. Governance Committee:** No meeting to report; the next meeting is scheduled for June 19<sup>th</sup>.
- 2. Water/Wastewater Committee:** No meeting to report; the next meeting is scheduled for June 17<sup>th</sup>.
- 3. Finance Committee:** No meeting to report.
- 4. Policy and Procedure Committee:** No meeting to report; the next meeting is scheduled for June 17<sup>th</sup>.
- 5. Personnel Committee:** No meeting to report; the next meeting is scheduled for June 18<sup>th</sup>.
- 6. Water Resources Association of San Benito County (WRA):** No meeting to report; the next meeting is scheduled for July 10<sup>th</sup>.
- 7. Operation Summary, Statement of Income, Investment Summary, Maintenance, City Meter Reading, and Groundwater Level Measurement Reports:** Finance and Human Resource Manager Cathy Buck prepared a narrative report on the District's Operations Summary (thru May 31, 2014), Statement of Income (thru April 30, 2014), and Investment Summary (thru May 31, 2014). President Villalon asked if anything was being done to try to increase the number of auto pay customers and Ms. Buck responded that each new customer is given an application in their "new customer" packet and are

encouraged to sign up. In addition, when customers inquire about a late fee they have been charged, staff encourages them to sign up for auto pay to avoid future late fees as well as offering to waive the current late fees if the customer does so.

The District's Investment Summary report reflects the total cash balance as of May 31, 2014 of \$6,835,132.36, which includes eleven-months earned interest totaling \$6,082.29.

Water/Wastewater Superintendent Jim Filice reviewed the May 2014, Maintenance Staff Report. Mr. Filice pointed out that maintenance staff has begun replacing old radio read meters with new radio read meters. President Villalon inquired about item #13, conducting JPIA inspection of Lessalt Water Treatment Plant and asked if there were any problems. Mr. Filice stated that there were only a couple of minor additions they asked for on the evacuation chart. President Villalon also inquired about #19, staff attending a Monterey Bay Section California Water Environment Association meeting and tour regarding nitrification and denitrification, Mr. Filice responded that it was regarding wastewater treatment and how to get rid of the nitrates in the water. General Manager/Secretary Ridenhour reported that staff went through First Aid/CPR training at the end of May, with half of the staff attending one day and the other half attending the second day.

During review of the Meter Reading Report for the period April 14, 2014 to May 14, 2014, Mr. Filice noted the intertie meter data indicates the City received 33.5% of Lessalt water, while the District received 66.5%. The water balance owed to Sunnyslope from the City is up slightly over last month at 317.3 million gallons.

Jim Filice reviewed the groundwater level report and noted that the wells are trending down, and may be down slightly more than last year.

- 8. Active Tasks Update:** General Manager/Secretary Ridenhour reported the new Chromium 6 regulations are set to go into effect July 1<sup>st</sup>. Staff has taken samples within the last week and a half and are waiting for the results, if the results come in lower than the regulation the District will use those results to meet the regulation, and if the results are higher, staff will take another sample at a later date. Mr. Ridenhour stated that staff has met with the City of Hollister and San Benito County Water District to discuss planning for compliance.

General Manager/Secretary Ridenhour reported on the Lessalt WTP upgrade that the piping and electrical conduits continue to be installed on site and the filters should be delivered and installed next week.

Mr. Ridenhour reported that the Statement of Intent to update the Long Term Water Supply Plan for the Hollister Urban Area Waster Master Plan will be shared with the Governance Committee on June 19<sup>th</sup> and will be brought to the Board in July or August for approval.

The sewer manhole repairs are out to bid for the repair of four sewer manholes that are significantly degraded. Bids are due at the end of June and staff plans to award at the Board Meeting in July.

General Manager/Secretary Ridenhour reported the Policy and Procedures Committee is reviewing the final District Code section, Chapter 4, and plan to combine all the revisions in a new District Code and bring to the Board for approval in the next few months.

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

1. **Directors:** No report.
2. **District Counsel:** No report.
3. **Finance & HR Manager:** No report.
4. **General Manager:** General Manager/Secretary Ridenhour reported that he will be on vacation from July 14<sup>th</sup> to July 25<sup>th</sup> and will return to work on July 28<sup>th</sup>.

**J. FUTURE AGENDA ITEMS:** Award manhole repairs; and Statement of Intent with City of Hollister and San Benito County Water District on the update of Hollister Urban Area Water Master Plan.

**K. ADJOURNMENT:** Upon motion made by Director Johnson, seconded by Director Hill, and carried 4-0 (Director Meraz absent), the meeting was adjourned at 6:20 p.m.

**APPROVED BY THE BOARD:** s/ Danny Villalon  
Danny Villalon, President

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