

**MINUTES**  
**BOARD OF DIRECTORS**  
**SUNNYSLOPE COUNTY WATER DISTRICT**  
**Regular Meeting**  
**June 12, 2013**

- A. CALL TO ORDER:** The meeting was called to order at 5:15 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, John M. Johnson, and Danny Villalon. **Absent:** Director Kathleen Hill (arrived at 5:17 p.m.)
- 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 Villalon, seconded by Director Johnson, and carried 4-0 (Director Hill 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 from the public.

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

**Others present:** Harry Blohm, Program Manager for the Hollister Urban Area Water Project.

Director Hill arrived at 5:17 p.m.

**F. CONSENT AGENDA:**

1. Approval of Minutes — for the Regular Meeting of May 13, 2013.
2. Allowance of Claims – to ratify disbursements for the period May 7 through June 5, 2013 totaling \$1,281,903.18, which includes \$946,648.56 for employee compensation and payments to vendors, \$333,612.76 paid to the City of Hollister for payments collected on their customer’s sewer billings, and \$1,641.86 for customer refunds and deductions for checks returned for insufficient funds. The last check written as of June 5, 2013 was #18582.

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
5/15/13	ACH 0444	EFTPS	-312.50
5/7/13	ACH 0445	RETURNED CHECK (Ret. Ck. 05-01)	-240.00
5/10/13	ACH 0446	RETURNED CHECK (Ret. Ck. 05-02)	-158.66
5/15/13	ACH 0447	RETURNED CHECK (Ret. Ck. 05-03)	-146.93
5/16/13	ACH 0448	RETURNED CHECK (Ret. Ck. 05-04)	-140.25
5/31/13	ACH 0449	EFTPS	-22,666.06
5/23/13	ACH 0450	RETURNED CHECK (Ret. Ck. 05-05)	-110.00
5/15/13	DD 0843	Clapham, David G	-429.75
5/15/13	DD 0844	Johnson, John M	-182.70
5/15/13	DD 0845	Meraz, David E	-182.70
5/15/13	DD 0846	Villalon, Daniel	-344.40
5/31/13	DD 0847	Alvarez, Abel	-4,375.15

<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Amount</b>
5/31/13	DD 0848	Brill, Kelly L.	-4,352.35
5/31/13	DD 0849	Buck, Cathy L.	-6,687.60
5/31/13	DD 0850	Castro, Kevin G.	-3,153.49
5/31/13	DD 0851	Chavez, Jr., Manuel T.	-5,375.54
5/31/13	DD 0852	Eclarin, Ernesto P.	-4,224.79
5/31/13	DD 0853	Estrada, Thomas A.	-4,260.60
5/31/13	DD 0854	Filice, James L.	-6,842.13
5/31/13	DD 0855	Girouard, Kenneth R.	-6,441.34
5/31/13	DD 0856	Hagins, Patrick M.	-4,561.85
5/31/13	DD 0857	Imperatrice, Patrick L.	-5,921.17
5/31/13	DD 0858	Jackson, Patrick W.	-6,484.59
5/31/13	DD 0859	Malko, Kim A.	-2,572.25
5/31/13	DD 0860	Norman, III, Walter R.	-6,083.24
5/31/13	DD 0861	Padilla, David	-5,055.21
5/31/13	DD 0862	Porteur, Carol A.	-3,849.51
5/31/13	DD 0863	Ridenhour, Donald G	-9,622.17
5/31/13	DD 0864	Watson, Scott A.	-4,651.53
5/31/13	DD 0865	Zavala, Anabel G.	-4,080.21
5/31/13	DD 0866	Jackson, Norma	-255.43
4/30/13	18492	City of Hollister-Finance Dept	-125.22
5/13/13	18493	Padilla, David	-150.00
5/13/13	18494	VOID	0.00
5/13/13	18495	Auto Tech Service Center, Inc.	-36.88
5/13/13	18496	California Clean Energy LLC	-2,392.64
5/13/13	18497	Consolidated Engineering Laboratories	-984.17
5/13/13	18498	Credit Consulting Services, Inc.	-44.59
5/13/13	18499	Don Chapin Co. Inc., The	-40.00
5/13/13	18500	Electrical Distributors Co.	-46.21
5/13/13	18501	Everbank Commercial Finance, Inc.	-226.87
5/13/13	18502	Hollister-Sunnyslope W. T. A.	-43,773.30
5/13/13	18503	Leadership San Benito County	-2,400.00
5/13/13	18504	National Meter & Automation, Inc.	-4,757.52
5/13/13	18505	Raftelis Financial Consultants, Inc.	-9,900.00
5/13/13	18506	Toro Petroleum Corp.	-1,557.95
5/15/13	18507	Hill, Kathleen A	-162.70
5/13/13	18508	Chavez, Jr., Manuel T.	-150.00
5/20/13	18509	A-1 Services	-373.00
5/20/13	18510	American Water Works Association (AWWA)	-1,785.00
5/20/13	18511	Anderson Pacific Engineering Constr, Inc.	-160,763.44
5/20/13	18512	B S K Analytical Laboratories, Inc.	-276.00
5/20/13	18513	Bianchi Kasavan & Pope, LLP	-114.00
5/20/13	18514	Calcon System, Inc.	-16,537.14
5/20/13	18515	CalPERS OPEB Trust	-41,598.00
5/20/13	18516	City of Hollister-Finance Dept	-333,612.76
5/20/13	18517	Consolidated Engineering Laboratories	-3,785.25
5/20/13	18518	EBCO Pest Control	-55.00
5/20/13	18519	Hach Company	-28.02
5/20/13	18520	Mc Master-Carr	-36.35
5/20/13	18521	NH3 Service Company	-175.00
5/20/13	18522	OnTrac	-36.35
5/20/13	18523	Peninsula Communications	-699.20
5/20/13	18524	Quinn Company	-920.64
5/20/13	18525	San Benito County Water District	-86,255.00
5/20/13	18526	Watson, Scott A.	-50.57
5/21/13	18527	Santa Barbara Bank - \$1M Loan Pmts	-285,929.23
5/22/13	18528	Postmaster	-74.56
5/28/13	18529	Jackson, Patrick W.	-140.39
5/28/13	18530	Estrada, Thomas A.	-150.00
5/28/13	18531	AT&T	-228.19
5/28/13	18532	Kennedy/Jenks Consultants	-14,009.84
5/28/13	18533	Mc Master-Carr	-426.96
5/28/13	18534	Monterey Bay Systems	-113.19

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
5/28/13	18535	State Water Resources Control Board-OOC	-860.00
5/28/13	18536	Toro Petroleum Corp.	-1,433.43
5/28/13	18537	Union Bank of CA, Corp Trust Div (LA)	-2,505.30
5/31/13	18538	Employment Dev. Dept. (EDD) DE88 Pmts.	-8,791.59
5/31/13	18539	CalPERS - Retirement	-2,623.18
5/31/13	18540	Nationwide Retirements Solutions	-14,758.80
5/31/13	18541	San Benito County Sheriff's Office	-1,192.08
5/31/13	18542	BAC (Beneficial Administration Company)	-353.57
5/31/13	18543	CalPERS - Health Insurance	-13,737.85
5/31/13	18544	CalPERS - Retirement	-41,070.80
5/31/13	18545	Fort Dearborn Life Insurance Co.	-304.00
5/31/13	18546	Premier Access Insurance Co.	-3,422.28
5/29/13	18547	Postmaster	-1,824.35
5/31/13	18548	Petty Cash	-155.89
5/29/13	18549	TARA ALONZO	-86.56
5/29/13	18550	JAMES BINGLEY	-8.64
5/29/13	18551	JEFF & TAMMY CASALEGNO	-31.32
5/29/13	18552	PAUL & STEPHANIE CETANI	-71.13
5/29/13	18553	EFRAIN CORIA	-246.14
5/29/13	18554	ANESSA ESPINOSA & ROBERT MACIAS	-41.30
5/29/13	18555	ERNEST MILLER	-11.76
5/29/13	18556	BROC & ASHLEY SONDGROTH	-124.47
5/29/13	18557	LAWRENCE & LAURETTA TATE	-112.35
5/29/13	18558	ALEX & HILDA WILLIS	-112.35
6/3/13	18559	Ace Hardware (Johnson Lumber Co.)	-184.15
6/3/13	18560	B S K Analytical Laboratories, Inc.	-48.00
6/3/13	18561	Brigantino Irrigation	-39.21
6/3/13	18562	CM Analytical, Inc.	-7,470.00
6/3/13	18563	Corix Water Products	-3,317.47
6/3/13	18564	De Lay & Laredo	-3,527.50
6/3/13	18565	Everbank Commercial Finance, Inc.	-224.60
6/3/13	18566	FedEx Freight	-61.40
6/3/13	18567	Ferguson Enterprises, Inc.	-29.97
6/3/13	18568	Hollister Auto Parts, Inc.	-7.59
6/3/13	18569	Mark Nicholson, Inc.	-9,432.60
6/3/13	18570	Mc Master-Carr	-270.20
6/3/13	18571	Mission Uniform Service	-576.88
6/3/13	18572	P G & E	-21,634.77
6/3/13	18573	Palace Art & Office Supply	-306.34
6/3/13	18574	Quinn Company	-220.59
6/3/13	18575	Razzolink.com	-99.95
6/3/13	18576	Recology San Benito County	-121.98
6/3/13	18577	San Benito Tire, Inc.	-216.16
6/3/13	18578	Shape, Inc.	-408.66
6/3/13	18579	Staples Advantage	-221.26
6/3/13	18580	Verizon Wireless	-342.53
6/3/13	18581	Ward Technical Products, Inc.	-71.85
6/3/13	18582	Wright Bros. Welding & Sheet Metal, Inc.	-505.15
<b>Total Disbursements</b>			<b><u>-1,281,903.18</u></b>

3. Approval of the Ridgemark Wastewater Treatment and Recycled Water Improvements Project Progress Payment Request by Anderson Pacific for Invoice 108-23 dated May 31, 2013 for \$ 131,499.00.

4. Authorize Payment of the Invoice from San Benito County Water District for \$88,532.67 for Implementation and Management of the Hollister Urban Area Water and Wastewater Management Plan from January 1, 2013 through March 31, 2013.

Upon motion made by Director Clapham, seconded by Director Villalon, and unanimously carried 5-0, the Board approved the Consent Agenda.

**G. NEW BUSINESS:**

**1. CONSIDER AUTHORIZATION OF PURCHASING COMMERCIAL INSURANCE FOR POLICY TERM 6/30/13 TO 6/30/14 FOR SUNNYSLOPE COUNTY WATER DISTRICT FROM ALLIED WORLD ASSURANCE CO. FOR \$48,619.83:**

Finance & Human Resource Manager Cathy Buck explained that last year, Sunnyslope County Water District paid approximately 2 ½ month's extra insurance premium so that our annual business insurance coverage period would coincide with our fiscal year ending date of June 30.

Ms. Buck stated that staff received three quotes this year, including Arch Insurance Company (our current carrier), American Alternative (Glatfleter, our previous carrier), and Allied World Assurance Company. Allied World Assurance Company was the lowest bid of \$48,619.83. Our coverage includes: commercial property & inland marine, comprehensive general liability, wrongful acts & professional liability, business automobile, commercial crime, and comprehensive excess liability insurance. Cyber liability is available with this carrier as an additional coverage and has been added to the proposed cost quote for consideration. President Meraz stated that the Finance Committee reviewed the quotes and recommended Allied World Assurance Company.

Upon motion made by Director Hill, seconded by Director Johnson, and unanimously carried 5-0, the Board authorized purchasing commercial insurance for policy term 6/30/13 to 6/30/14 for Sunnyslope County Water District from Allied World Assurance Company for \$48,619.83.

**2. CONSIDER APPROVAL OF REQUEST BY ANDERSON PACIFIC TO REDUCE RETENTION TO 5% FOR THE RIDGEMARK WASTEWATER TREATMENT AND RECYCLED WATER IMPROVEMENTS PROJECT AND MAKE A RETENTION ADJUSTMENT PAYMENT OF \$271,625.02:**

Engineer Girouard explained that Anderson Pacific has submitted a request to reduce the retention withheld from payments for the construction of the Ridgemark Water & Wastewater Treatment Plant to 5% of the total contract amount, including approved change orders. This would result in the District holding a total retention of \$482,709.85, which is 5% of the total contract amount including approved change orders totaling \$9,654,197.07. Mr. Girouard stated that Anderson Pacific has been working on the project for about two years and the project should be complete in August.

Engineer Girouard stated that Anderson Pacific continues to make satisfactory construction progress, provides excellent quality of work, and maintains a good working relationship with staff. In addition, Anderson Pacific pays their subcontractors and vendors in a timely manner. The Water & Wastewater Committee has discussed the retention reduction and was supportive of the recommendation to reduce the retention to 5%.

If the District reduces the retention, a disbursement request in the amount of \$271,625.02 will be accelerated to the State Revolving Fund and reimbursement should be received prior to releasing the check to Anderson Pacific. Director Johnson asked if the District was earning interest on the retention and Ms. Buck responded that we were not because we receive the money from State Revolving Fund only after requests are submitted. Engineer Girouard stated that cash flow for the District is actually better if the \$271,625.02 is paid now and reimbursed rather than paying at the end of the project.

Upon motion made by Director Villalon, seconded by Director Clapham, and unanimously carried 5-0, the Board approved the request by Anderson Pacific to reduce

the retention to 5% for the Ridgemark Wastewater Treatment and Recycled Water Improvements Project and approve a retention adjustment payment of \$271,625.02.

- 3. CONSIDER DETERMINATION OF CEQA EXEMPTION FOR THE LESSALT WATER TREATMENT PLANT IMPROVEMENTS PROJECT AND DIRECT THE GENERAL MANAGER TO FILE A NOTICE OF EXEMPTION:** Engineer Girouard explained that Sunnyslope County Water District and members of the Governance Committee have accepted the Hollister Urban Area Water Wastewater Master Plan, which includes a project to make modifications to the existing Lessalt Treatment Plant to meet the Environmental Protection Agency's Disinfection By-Product Rule. Currently, Sunnyslope County Water District and the City of Hollister jointly own the Lessalt Water Treatment Plant, with Sunnyslope acting as the lead agency for the environmental review. The project is scheduled to be put out to bid, and construction is anticipated to begin in September of this year.

Mr. Girouard explained that making the determination that the Lessalt Water Treatment Plant Project is categorically exempt from CEQA under sections 15301 and 15303 of the CEQA Guidelines, and filing the Notice of Exemption, are important steps to ensure the project can be put out to bid. It is critical that the project be under construction later this year to meet California Department of Public Health Regulations regarding disinfection byproducts that regulate the operation of the water treatment plant.

Director Villalon asked what might hold up the County on processing the Notice of Exemption and General Manager/Secretary Ridenhour responded that this was just a formality of filing paper work with the County so there was no risk of a delay.

Upon motion made by Director Villalon, seconded by Director Johnson, and unanimously carried 5-0, the Board of Directors determined the Lessalt Water Treatment Plant Improvement Project is exempt from CEQA and directed the General Manager to file a Notice of Exemption with the County Clerk of San Benito County.

- 4. CONSIDER APPROVAL OF THE WATER SUPPLY AND TREATMENT AGREEMENT BETWEEN THE CITY OF HOLLISTER, SAN BENITO COUNTY WATER DISTRICT, AND SUNNYSLOPE COUNTY WATER DISTRICT TO IMPLEMENT THE HOLLISTER URBAN AREA WATER PROJECT:** General Manager/Secretary Ridenhour explained that in February 2008, the Sunnyslope County Water District (SSCWD) signed an amendment and became part of an existing Memorandum of Understanding between the City of Hollister (COH), San Benito County, and San Benito County Water District(SBCWD). The intent of the participating agencies is to jointly implement the Hollister Urban Area Water and Wastewater Master Plan (HUAWWMP) for improving water and wastewater facilities, improving water service reliability, and improving water quality in the Hollister Urban Area. The Water Supply and Treatment Agreement is the result of several years of work and negotiation between the three agencies. The agreement specifies the terms and conditions of financing, building, operating, and delivering treated water to the City of Hollister and Sunnyslope County Water District.

General Manager/Secretary Ridenhour explained that the agreement specifies the sources of water that SBCWD will rely on and the delivery rate anticipated of 4,760 acre-feet of water annually with an average rate of delivery to be 4.25 million gallons per day (MGD) with a maximum rate not to exceed 6.5 MGD. SBCWD will be responsible for meeting all State mandated water quality requirements for treated water as it leaves the treatment plants.

An advisory committee made up of managers from COH, SSCWD, and SBCWD will facilitate communications, coordinate responses to concerns such as droughts, O&M issues, and regulatory issues, hold quarterly meetings, and call Special meetings when necessary.

The facilities covered by the Water Supply and Treatment Agreement include the upgrade to the Lessalt Water Treatment Plant, a pipeline along Fairview Road to deliver water to Sunnyslope's high pressure zone in the Ridgemark Area, a new West Hills Water Treatment Plant, and pipelines delivering water from the new plant to the City of Hollister. The ownership of the Lessalt Treatment Plant shall be transferred to SBCWD, as well as the City and Sunnyslope shall transfer the land to be used for the West Hills Plant location to SBCWD.

The agreement commits SBCWD to finance the HUAWWP facilities up to \$30,000,000 and commits the City and Sunnyslope to reimburse SBCWD for the capital costs, for operation of the facilities, and for the costs of raw water delivered to the treatment plants. The agreement commits SBCWD to provide \$10,000,000 (\$5,000,000 each to the City and Sunnyslope) for rate stabilization or for reducing the capital cost of the HUAWWP. Mr. Ridenhour stated that SSCWD is anticipating using it for the rate stabilization and the COH may use to buy down debt. The terms of the agreement are for 30-years with subsequent 10-year renewal options and it requires the execution of an Operations and Maintenance Agreement with Sunnyslope for operating the two surface water treatment plants. The financing of the facilities will be in two phases, with the first phase covering the Lessalt Upgrade, the high zone pipeline, plus associated costs from the Statement of Intent through final design for West Hills, approximately \$13M with the interest rate on Phase 1 to be 4.5% on a 30-year term. Phase 2 will cover West Hills construction costs up to \$17M, with an interest rate base of 4.0% as of June 1, 2013, indexed to the 25 Revenue Bond Index from June 1, 2013 to the time of commitment of Phase 2 funds, on a 20-year term.

Director Villalon asked what would happen if the project surpassed the \$30M projected, and whether outside financing would be needed. General Manager/Ridenhour responded they would know by midsummer next year where the project was financially, and may need to revisit the financing terms and options if necessary. General Manager/Ridenhour stated that the City and Sunnyslope are obligated to impose water rates sufficient to cover the costs of building and operating the new facilities as a condition of the agreement.

The payment structure for water service under the agreement will include capital costs, direct costs, a capital replacement reserve, administrative fees, raw water costs, and treated water O&M. The billing for water service will be done monthly with COH & SSCWD each responsible for one-half of the total cost.

Upon motion made by Director Clapham, seconded by Director Hill, and unanimously carried 5-0, the Board approved the Water Supply and Treatment Agreement between the City of Hollister, San Benito County Water District, and Sunnyslope County Water District to implement the Hollister Urban Area Water Project.

**5. CONSIDER APPROVAL OF AN AGREEMENT FOR WATER FACILITIES AND SERVICE FOR CREEKSIDE 6 DEVELOPMENT SUBDIVISION:**

Engineer Girouard explained that the developer of Creekside 6 has requested water service for their subdivision development, which contains a total of nine lots. Sunnyslope has water production capacity to provide water service to this proposed development and sewer service would be provided by the City of Hollister, if approved by the City.

The agreement is the District's standard agreement, with an update to incorporate the State of California, the City of Hollister, and the County of San Benito's latest water conservation measures into Appendix C of the standard agreement.

Mr. Girouard stated that all direct costs to the District for this project will be paid for by the developer through the deposit outlined in the agreement. The developer will pay water connection fees on these nine lots, which helps to reimburse the District for the long-term capital costs incurred to provide service.

Director Villalon asked how long a CEQA report is good for, and Engineer Girouard responded that the County or City may impose a time limitation on the permit for the project, but as far as CEQA goes, he is uncertain as to the time frame, but generally would expect it to be good for several years.

Upon motion made by Director Johnson, seconded by Director Villalon, and unanimously passed 5-0, the Board approved entering into the Agreement for Water Facilities and Service for the Creekside 6 Development Subdivision.

**6. CONSIDER APPROVAL OF SUNNYSLOPE COUNTY WATER DISTRICT BUDGET FOR FISCAL YEAR 2013/2014:**

Finance & Human Resource Manager Cathy Buck explained that the Sunnyslope County Water District budget for fiscal year 2013/2014 was updated by management staff and was reviewed by the Finance Committee. Ms. Buck added that the budget is fairly consistent with prior years except for the following: water and wastewater sales have been updated to reflect the proposed rate increases, Lessalt operations revenue has been updated to reflect our revenue for operating Lessalt under the agreement with San Benito County Water District (SBCWD) for the entire fiscal year, and Lessalt operations expense has been updated to reflect SBCWD ownership and includes debt service, operation and maintenance of the plant, and raw water cost for the entire fiscal year.

Ms. Buck pointed out that for the Salaries and Benefits budget for all departments, personnel costs include: a 2.33% salary increase (COLA) for all employees; a reduction in the CalPERS Retirement employer rate by 7.692% due to paying off the side fund; a 12% increase in PERS Choice health & dental costs, a 10% increase in vision insurance premiums, and a 5% increase in PERS Select health & life insurance premiums, all starting January 1, 2014 (1/2 of fiscal year); a 5% increase in Worker's Compensation insurance premiums for the whole fiscal year; a \$45,534 pre-funding expense for OPEB (Other Post Employment Benefits) Trust (minimum dollar level health insurance premiums paid for retirees); \$3,065 for other retiree health premiums; \$660 in administrative fees; \$2,720 for cell phone allowances; and \$1,950 for boot allowances. The General & Administrative budget also includes \$6,000 in unemployment benefits.

General Manager/Secretary Ridenhour added, with the financial planning done by the rate consultants, it has been determined that the current expense allocation split of 75% to water and 25% to sewer, should be adjusted to 80% to water and 20% to sewer for the new fiscal year.

Ms. Buck asked the Board if they had any questions, and there were none.

Upon motion made by Director Hill, seconded by Director Clapham, and unanimously carried 5-0, the Board approved the Sunnyslope County Water District budget for fiscal year 2013/2014.

**H. BOARD AND STAFF COMMITTEE STATUS REPORTS:**

1. **Governance Committee:** General Manager/Secretary Ridenhour reported there was no meeting in May, and the next meeting is scheduled for June 25<sup>th</sup>. Mr. Ridenhour stated that the committee has discussed holding quarterly meetings in the future.
2. **Water/Wastewater Committee:** General Manager/Secretary Ridenhour reported that the committee met on May 29<sup>th</sup> and discussed changing the overall project retention for Anderson Pacific to 5% and gave a copy of the water supply and treatment agreement to the committee for review. Mr. Ridenhour explained that the District has had some problems at the Paullus Drive sewer lift station losing oxygen and getting hydrogen sulfide, which causes a bad odor. Operations staff has been injecting a nitrogen compound into the lift station which helped eliminate the odor problem.

Director Villalon stated that he attended the presentation that was given to the LULAC group on June 8<sup>th</sup> regarding the HUAWMP and stated that the public had a lot of good questions regarding the project.

3. **Finance Committee:** President Meraz reported that the committee met on May 29<sup>th</sup> and discussed the insurance renewal quotes and the budget for fiscal year 2013/2014.
4. **Policy and Procedure Committee:** General Manager/Secretary Ridenhour reported no meeting held in May, and next meeting is scheduled for June 18<sup>th</sup> to discuss the District's travel policy, code updates, and a home service line insurance policy, which is private insurance that customers can purchase for water and sewer laterals.
5. **Personnel Committee:** President Meraz reported no meeting was held in May. Director Clapham suggested scheduling a meeting in the coming weeks.
6. **Water Resources Association of San Benito County:** Director Johnson reported that no meeting was held in May, and the next meeting is scheduled for July 11<sup>th</sup>.
7. **Ridgemark Wastewater Treatment and Recycled Water Improvement Project:** Engineer Girouard reported that the Mark's Drive pipeline should be finished by the end of June and the overall Ridgemark Water and Wastewater Treatment Project should be complete in August.
8. **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 commented that she had prepared the narrative report on the District's Operations Summary (for May 31, 2013), Statement of Income (for April 30, 2013), and Investment Summary (for May 31, 2013). Ms. Buck stated that water sales are up for May this year, compared to both last month and to May 2012.

Ms. Buck also noted that on May 22, 2013, a check for \$285,929.23 was delivered to Union Bank to pay off the Santa Barbara Bank loan, as approved by the Board. Also, coming up on June 14<sup>th</sup>, the District will be transferring \$950,000 from two of our CD's to the checking account so that on June 17<sup>th</sup>, \$931,294 will be wire transferred to CalPERS Retirement to pay off the District's side fund, also approved by the Board.

The District's Investment Summary report reflects the total cash balance as of May 31, 2013 of \$4,033,396.18, which includes eleven-months earned interest totaling \$5,758.34.



The Board reviewed the Hollister-Sunnyslope Water Treatment Agency's Investment Summary ending May 31, 2013, which reflects a cash balance total of \$1,178,741.37, which includes \$901.91 fiscal year-to-date (three month's) interest earned. Cathy Buck explained that the checking account balance is growing, in part because Union Bank does not offer the same Certificate of Deposit investment product as Santa Barbara Bank and Trust, therefore, when CD's are maturing we are rolling the money into the checking account. There is now a separate line under the Checking Accounts heading that identifies the amount of reserve money that is included in the checking account balance, which as of May 31<sup>st</sup> is \$785,726.64.

The Board reviewed Hollister-Sunnyslope Water Treatment Agency's Disbursement Summary, for the period of May 7, 2013 to June 5, 2013, totaling \$83,643.79. President Meraz inquired about when San Benito County Water District would take over paying the bills for Hollister-Sunnyslope Water Treatment Agency, and General Manager/Secretary Ridenhour stated that the agreement would need to be settled prior to the change and that may not happen until August.

Jim Filice reviewed the May, 2013 Maintenance Staff Report and answered questions from the Board. Mr. Filice pointed out that the District had six leaks during the month of May and President Meraz inquired as to what type of leaks. Mr. Filice explained that the majority were pinhole leaks in the service laterals, but on Sunnyslope Road it was a leaking blow off and at the Migrant Center, a main was shut down to replace a leaking 8" meter check valve.

During review of the Meter Reading Report for the period April 15, 2013 to May 15, 2013, Jim Filice noted the intertie meter data indicates the City received 24.9% of Lessalt water, while the District received 75.1%. Mr. Filice stated that the City is slowly paying back the water owed to Sunnyslope.

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

- 9. Active Tasks Update:** General Manager/Secretary Ridenhour reported that new development projects are starting to come to inquire about connections. He stated that just today, a new project on the Miller/Annotti property, between the Union Road fire station and the hospital, is becoming active and includes 170 individual detached senior housing units.

## **I. BOARD AND STAFF REPORTS**

- 1. Directors:** Director Villalon reported that he heard today that the East Bay is proposing to raise water rates 19% over the next two years.
- 2. District Counsel:** No report.
- 3. District Engineer:** No report.
- 4. Finance-HR Manager:** No report.
- 5. General Manager:** General Manager/Secretary Ridenhour reported that he has a cost estimate for the Proposition 218 notices which may be over his \$5,000 approval limit, and once he has a final cost he will bring that back to the Board for approval. He also reported that due to the number of leak repairs in May, the cost of repaving was in excess of his \$5,000 limit, but had previously informed President Meraz of the situation going

on. President Meraz then brought up a point that maybe it was time for the Board to consider increasing the dollar amount for expenditures authorized by the General Manager.

**J. FUTURE AGENDA ITEMS:** Future agenda items include: none noted.

**K. ADJOURN:** Upon motion made by Director Villalon, seconded by Director Clapham, and carried 5-0, the meeting was adjourned at 6:40 p.m.

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

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