

**MINUTES
BOARD OF DIRECTORS
SUNNYSLOPE COUNTY WATER DISTRICT
Regular Meeting
June 16, 2015**

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

F. CONSENT AGENDA:

1. Approval of Minutes – for the Regular Meeting of May 19, 2015.
2. Allowance of Claims – to ratify disbursements for the period from May 12, 2015 through June 8, 2015, totaling \$1,796,207.91, which includes \$454,511.95 for payments to vendors and employees, \$1,000,000 invested in a new Certificate of Deposit, \$340,113.97 paid to the City of Hollister for amounts collected from their customer’s for City sewer billings net of our fees, and \$1,581.99, for customer refunds and deductions for customer checks returned for insufficient funds. The last check written as of June 8, 2015 was check #20893. The list of disbursements is as follows:

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
05/15/15	ACH 0703	EFTPS	-225.30
05/29/15	ACH 0704	EFTPS	-20,551.16
05/19/15	ACH 0705	Intuit, Inc.	-278.77
05/31/15	ACH 0706	Merchant Services	-900.56
05/15/15	DD 1365	Alcorn, Michael H	-184.70
05/15/15	DD 1366	Johnson, Judi H	-92.35
05/15/15	DD 1367	Meraz, David E	-266.05
05/15/15	DD 1368	Villalon, Daniel	-252.05
05/29/15	DD 1369	Alvarez, Abel	-4,901.65
05/29/15	DD 1370	Brill, Kelly L.	-4,762.19
05/29/15	DD 1371	Buck, Cathy L.	-6,463.21
05/29/15	DD 1372	Castro, Kevin G.	-4,746.54
05/29/15	DD 1373	Chavez, Jr., Manuel T.	-6,172.66
05/29/15	DD 1374	Eclarin, Ernesto P.	-4,806.11
05/29/15	DD 1375	Filice, James L.	-6,647.70
05/29/15	DD 1376	Hagins, Patrick M.	-5,078.84
05/29/15	DD 1377	Hillebrecht, Robert B	-3,443.09

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
05/29/15	DD 1378	Jackson, Patrick W.	-5,773.94
05/29/15	DD 1379	Malko, Kim A.	-2,842.54
05/29/15	DD 1380	Norman, III, Walter R.	-4,911.11
05/29/15	DD 1381	Padilla, David	-5,624.53
05/29/15	DD 1382	Porteur, Carol A.	-3,903.82
05/29/15	DD 1383	Quick, Troy E	-3,532.29
05/29/15	DD 1384	Ridenhour, Donald G	-9,796.40
05/29/15	DD 1385	Watson, Scott A.	-5,874.31
05/29/15	DD 1386	Zavala, Anabel G.	-4,136.10
05/11/15	20795	Postmaster (VOIDED after last meeting-reissued ck 20826)	2,450.00
05/15/15	20803	Hill, Kathleen A	-163.70
05/15/15	20804	Villalon, Daniel	-334.04
05/15/15	20805	Johnson, Judi H	-240.54
05/18/15	20806	ANDERSON HOMES	-500.00
05/18/15	20807	ANDERSON HOMES	-500.00
05/18/15	20808	MIRI ZHANG & ANDREW LUTZ	-103.37
05/18/15	20809	CHUCK & LAURIE MARCUS	-11.28
05/18/15	20810	AARON MARTINEZ	-8.88
05/18/15	20811	AMBER & JOSEPH MINANA	-20.00
05/18/15	20812	PAMLEA NORRED	-6.84
05/18/15	20813	MICHAEL QUINTANA	-11.94
05/18/15	20814	Buck, Cathy L.	-248.90
05/18/15	20815	Hill, Kathleen A	-18.60
05/18/15	20816	A-1 Services	-403.00
05/18/15	20817	All Star Ready Mix, LLC	-460.88
05/18/15	20818	Auto Tech Service Center, Inc.	-281.19
05/18/15	20819	Bianchi Kasavan & Pope, LLP	-1,002.55
05/18/15	20820	CalPERS OPEB Trust	-35,724.88
05/18/15	20821	CM Analytical, Inc.	-2,285.00
05/18/15	20822	EBCO Pest Control	-55.00
05/18/15	20823	Hach Company	-1,286.20
05/18/15	20824	Hollister Safe & Lock Inc.	-405.90
05/18/15	20825	NH3 Service Company	-1,840.00
05/18/15	20826	Postmaster	-980.00
05/18/15	20827	San Benito County Water District	-120,583.00
05/18/15	20828	State Water Resources Control Board-DWPF	-5,521.92
05/26/15	20829	Auto Tech Service Center, Inc.	-36.88
05/26/15	20830	De Lay & Laredo	-2,000.00
05/26/15	20831	Edges Electrical Group	-64.61
05/26/15	20832	Harper & Associates Engineering, Inc.	-1,780.00
05/26/15	20833	Postmaster	-227.70
05/26/15	20834	Staples Advantage	-252.20
05/26/15	20835	Bracewell Engineering, Inc.	-126.00
05/29/15	20836	Employment Dev. Dept. (EDD) DE88 Pmts.	-7,691.42
05/29/15	20837	CalPERS - Retirement	-1,036.00
05/29/15	20838	CalPERS - Retirement	-600.10
05/29/15	20839	Nationwide Retirements Solutions	-12,540.73
05/29/15	20840	CalPERS - Health Insurance	-15,608.01
05/29/15	20841	CalPERS - Retirement	-28,053.64
05/29/15	20842	Dearborn National Life Insurance Company	-288.00
05/29/15	20843	HealthSmart Benefit Solutions, Inc. (VSP)	-336.93
05/29/15	20844	Premier Access Insurance Co.	-3,231.85
05/28/15	20845	City of Hollister-Finance Dept	-340,113.97
05/28/15	20846	Postmaster	-1,931.28
05/29/15	20847	Petty Cash	-25.44
06/01/15	20848	EAGLE VISTA EQUITIES LLC	-95.42
06/01/15	20849	NEREYDA BURBANK	-35.52
06/01/15	20850	AGHAHOWA IGBINOVIA	-83.59
06/01/15	20851	CHUCK & LAURIE MARCUS	-108.72
06/01/15	20852	TY MARTIN	-13.98

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
06/01/15	20853	CHRISTINA OSTOICH	-22.95
06/01/15	20854	IRLANDA SOLACHE PINEDA	-21.98
06/01/15	20855	WHITNEY WERNER	-22.71
06/01/15	20856	MARIE WIENS	-14.81
06/01/15	20857	Al's Septic Tank Service	-1,125.00
06/01/15	20858	AT&T	-251.72
06/01/15	20859	Ben Caputo Printing	-649.50
06/01/15	20860	Brigantino Irrigation	-126.78
06/01/15	20861	Calgon Carbon Corporation	-1,158.63
06/01/15	20862	Corix Water Products	-278.49
06/01/15	20863	Everbank Commercial Finance, Inc.	-224.60
06/01/15	20864	Hach Company	-596.37
06/01/15	20865	Palace Business Solutions	-611.60
06/01/15	20866	Quinn Company	-815.72
06/01/15	20867	Razzolink.com	-209.85
06/01/15	20868	San Benito Tire, Inc.	-271.94
06/01/15	20869	Stargazer Packaging	-631.31
06/01/15	20870	Toro Petroleum Corp.	-1,234.53
06/01/15	20871	Verizon Wireless	-379.87
06/08/15	20872	Eclarin, Ernesto P.	-150.00
06/08/15	20873	Ace Hardware (Johnson Lumber Co.)	-457.91
06/08/15	20874	AT&T	-239.28
06/08/15	20875	B.W.S. Distributors, Inc.	-60.55
06/08/15	20876	Bianchi Kasavan & Pope, LLP	-1,008.91
06/08/15	20877	Brenntag Pacific, Inc.	-3,775.16
06/08/15	20878	Calgon Carbon Corporation	-41,278.00
06/08/15	20879	City of Hollister-Finance Dept	-117.20
06/08/15	20880	CM Analytical, Inc.	-2,055.00
06/08/15	20881	Fastenal Company	-24.76
06/08/15	20882	Ferguson Enterprises, Inc.	-119.54
06/08/15	20883	Heritage Bank of Commerce	-1,000,000.00
06/08/15	20884	Interstate All Battery Center	-227.47
06/08/15	20885	Mark Nicholson, Inc.	-5,347.76
06/08/15	20886	Mission Uniform Service	-509.82
06/08/15	20887	P G & E	-23,493.78
06/08/15	20888	San Benito County Water District	-274.00
06/08/15	20889	South Valley Internet, Inc.	-20.45
06/08/15	20890	Top Health-Safety/Personal Best	-345.68
06/08/15	20891	Toro Petroleum Corp.	-24.43
06/08/15	20892	U.S. Bank Corporate Payment Systems	-4,825.28
06/08/15	20893	Underground Service Alert	-207.00
Total Disbursements			<u>-1,796,207.91</u>

Director Johnson commented on check #20893 payable to Underground Service Alert and asked that staff explain to the Board what the payment covers. Cathy Buck explained that when digging is to take place near underground utilities, the location of the utilities need to be marked to avoid hitting them. The service is free of charge to the consumer that places the call, but the utility companies are the ones that pay for the service.

Upon motion made by Director Meraz, seconded by Director Villalon, and carried unanimously (5-0), the consent agenda was approved as presented.

G. NEW BUSINESS:

1. CONSIDER ADOPTION AND APPROVAL OF THE DISTRICT BUDGET FOR FISCAL YEAR 2015/2016: Finance & Human Resource Manager Cathy Buck

explained that the Sunnyslope County Water District FY 2015/16 budget was reviewed by the Finance Committee on June 3, 2015 and the committee supports adoption of the proposed budget. She explained the the budget reflects the following noteworthy items: Water revenue for the new fiscal year has been projected lower, based on customer water conservation expectations. The Rate Stabilization revenue from San Benito County Water District (SBCWD) will be \$1.5 million this year. The Lessalt WTP revenue is based on the FY15/16 budget reviewed and approved by SBCWD, and the operating expenses reflect the plant will be up and running for the entire year. The West Hills WTP has faced many delays, but has gone out to bid for construction, which triggered Tranche 2 debt service costs, and other anticipated construction period expenses that will be passed through and have been budgeted.

Ms. Buck stated that the overall budget for FY2015/16 reflects a net income of \$1,245,614, with no provision for non-operating revenues from connection fees, miscellaneous fees, or interest income, which will likely increase the net income for the year. In addition, management believes that the budget is conservative and that actual results will likely be more favorable, barring any unforeseen circumstance.

General Manager/Secretary Ridenhour pointed out on the proposed budget for the Year Ended June 30, 2016, that the vast majority of Capital Expenditures have already been approved by the Board, but have not been spent yet.

Upon motion made by Director Meraz, seconded by Director Villalon, and carried unanimously (5-0), the Board approved the District Budget for Fiscal Year 2015/2016.

2. CONSIDER APPROVAL OF THE WATER RESOURCES ASSOCIATION (WRA) OF SAN BENITO COUNTY'S REQUEST TO EXPAND THE SQUARE FOOTAGE AND FUNDING FOR TURF REMOVAL PROGRAM FROM 500 TO 1,000 SQUARE FEET PER CUSTOMER: General Manager/Secretary Ridenhour explained that the District is increasing efforts to promote water conservation in response to the on-going drought and to meet State mandated water conservation, which requires the District's customers reduce water consumption by 28% compared to water use in 2013. Hollister Urban Area water customers reduced water consumption by 14% during the same period in 2014, so the District needs to increase water conservation efforts to meet the State's mandates. In April 2015, the Board adopted Resolution No. 537 inposing Emergency Water Conservation Regulations that are mandatory and include the following restrictions:

1. Landscape watering shall be limited and restricted to no more than two (2) days per week. Odd numbered addresses are hereby restricted to watering on Tuesday and Saturday. Even numbered addresses are hereby restricted to watering on Wednesday and Sunday.
2. No Landscape watering shall occur between the hours of 9:00 a.m. and 5:00 p.m. by means other than drip irrigation or hand watering with a quick acting positive shut off nozzle.
3. Irrigation of outside landscaping of newly constructed homes and buildings connecting to the District's water system is prohibited unless utilizing drip and/or micro-spray irrigation systems.
4. Washing down sidewalks, driveways, or other hardscape surfaces is prohibited.
5. Landscape watering in a manner that causes runoff to adjacent property, non-irrigated areas, private and public walkways, roadways, or parking lots is prohibited.

6. Car washing without the use of a quick acting, positive shut off nozzle is prohibited.

General Manager/Secretary Ridenhour stated that landscape watering, and more specifically lawn watering restrictions, are expected to have the most impact on reducing water consumption by the District's customers. Outdoor irrigation makes up more than 50% of the water used by District customers in the summer months and each 500 square feet of turf removed equals over 13,000 gallons of water saved each year. In July 2014, the WRA launched its turf removal program offering \$1 per square foot of turf removed to customers up to 500 square feet or a \$500 rebate. The program has been very successful with over 30,000 square feet of turf removed since last July. The WRA would like to increase the maximum square footage qualifying for the rebate from 500 to 1,000 square feet per customer with a goal of removing more than 100,000 square feet of turf in the next fiscal year.

Mr. Ridenhour stated that currently the WRA has approximately \$200,000 in their reserves and is requesting from member agencies to utilize \$40,000 of the reserves to supplement the \$60,000 being requested through their preliminary Fiscal Year 2015/2016 Budget to fund the expanded Turf Removal Program. The City of Hollister approved the expanded Turf Removal Program on May 26th and San Benito County Water District approved the program on May 27th. The City of San Juan will be considering approval at their June meeting.

Director Johnson commented that there will be a tour about low water use landscape at the end of June. Director Villalon asked if the program was receiving grant money, and General Manager/Secretary Ridenhour responded that currently the money is coming from reserves, but the WRA is pursuing grants. Director Alcorn expressed concern whether customers of the District are benefiting from the program and General Manager/Secretary Ridenhour responded that the program is done collectively with the other agencies, but a good share of the District's customers are benefiting. Director Meraz added that if a customer receives \$600 or more from the turf removal program, they will receive a tax document for income received.

Upon motion made by Director Johnson, seconded by Director Alcorn, and carried unanimously (5-0) the Board approved the Water Resources Association of San Benito County's request to expand the square footage and funding for turf removal program from 500 to 1,000 square feet per customer.

H. BOARD COMMITTEE and STATUS REPORTS

1. **Governance Committee:** Director Villalon reported that the committee met on June 9th and discussed the status of the update to Master Plan, which has been on hold pending completion of the Lessalt WTP upgrade and construction of the West Hills WTP. Also discussed were the schedule of activities and impact to the cross-town pipeline and connections to COH system; the update on the design and advertising for bids for the West Hills Water Treatment Plant, which went out to bid on May 15th with bids due by July 15th; and an update on public outreach program.
2. **Water/Wastewater Committee:** General Manager/Secretary Ridenhour reported no meeting held.
3. **Finance Committee:** Director Meraz reported the committee met on June 3rd to review the draft Fiscal Year 2015/2016 Budget. General Manager/Secretary Ridenhour added that the committee discussed and agreed to transfer funds from the checking account and

LAIF to open a new Certificate of Deposit at Heritage Bank of Commerce.

4. **Policy and Procedure Committee:** General Manager/Secretary Ridenhour reported no meeting held, next meeting is scheduled for August 11th.
5. **Personnel Committee:** General Manager/Secretary Ridenhour reported no meeting held.
6. **Water Resources Association of San Benito County (WRA):** Director Johnson provided a written report stating that the committee met on June 4th and discussed the WRA preliminary Budget FY 2015-16; drought efforts; the expansion of turf removal program from 500 square feet to 1,000 square feet; school education program on water career exploration; and the 15 residential toilet replacements, and 38 retrofits. Director Johnson noted that much of the discussion centered on the drought and the need to continue to meet the requirements of the mandated water reductions. A representative from KSBW Channel 8 News attended the meeting and presented a viewer targeted program on reducing water consumption and use. Director Johnson stated that the next meeting is scheduled for August 6th at 4:00 p.m.
7. **Operation Summary, Statement of Income, Investment Summary, Maintenance, City Meter Reading, and Groundwater Level Measurement Reports:** Finance and Human Resource Manager Cathy Buck reported that she has prepared her monthly written narrative report on the Operations Summary (May, 2015 and year-to-date), Statement of Income (April 30, 2015 and year-to-date), and Investment Summary (May 31, 2015 and year-to-date). Ms. Buck commented that the new Start Service Policy has influenced new customers to sign up for the in-house auto pay, which allows them to pay only one half of the required deposit amount. Director Alcorn stated that he has observed quite a bit of new construction going on within the District and asked when we would we start to see the connection fees increasing. General Manager/Secretary Ridenhour stated that much of the time, contractors will use only one connection while building the homes and once they are complete, the contractor will then purchase the individual meters for the homes, so we may not see the increase until the end of calendar year 2015.

Ms. Buck commented that the water sales revenue in April is not showing the effects of water conservation yet, since outdoor watering does not really hit revenues until later in May or June.

The District's Investment Summary report reflects the total cash balance as of May 31, 2015 of \$8,594,345.25, which includes eleven-months earned interest totaling \$14,532.00.

Water/Wastewater Superintendent Jim Filice reviewed the May 2015, Maintenance Staff Report and pointed out #3 regarding a Total Coliform positive test result and that routine test samples were taken upstream and down stream of the site along with sources including Wells 2, 7, 11, and Lessalt and all of the repeat samples were negative for Total Coliform. Mr. Filice stated that occasionally they will take a sample and get a false/positive read. Director Johnson asked about #4 & #5, digging up and replacing water services and two locations, and Mr. Filice responded this was due to leaks in the copper line on our side of the meter. Director Villalon inquired about #10, working with the vendor Pump Works to troubleshoot the Mid Zone Pump #3 failure, and Mr. Filice responded that the pumps are still under warranty and the company is working to determine the cause of failures. Director Johnson asked that staff address the number of times chlorine was added to the Fairview Water tanks this month which was zero. Mr. Filice explained that the chlorine is added to the tanks to keep the residual up and since

the Lessalt Plant Upgrade, the higher quality water has reduced chlorine demand in the water system so the need for adding the chlorine has been reduced considerably.

Review of the Meter Reading Report for the period April 15, 2015 to May 18, 2015, reflects the intertie meter data indicates the City received 22.6% of Lessalt water, while the District received 77.4%. Mr. Filice reported that the City of Hollister owes the District less water.

Water/Wastewater Superintendent Jim Filice reviewed the groundwater level report and noted the water levels are continuing on the downward slide and the wells are dropping slightly due to the drought.

- 8. Active Tasks Update:** General Manager/Secretary Ridenhour reported that staff is working with the City and WRA to implement our water conservation regulations uniformly; code enforcement staff are actively patrolling and warning customers at all times of the day and weekends; the District has hired Bob Marden as a temporary water conservation staff person to assist with the efforts; and in May, the District's customers reduced water usage by 29%.

Mr. Ridenhour informed the Board that at the State level, a trailer bill has been proposed as part of the State budget process that would give the State authority to mandate water agency consolidations. After consulting with Board President Hill, Mr. Ridenhour sent letters of opposition, as recommended by ACWA, to Senator Canela and Assemblyman Alejo.

General Manager/Secretary Ridenhour reported that the Tank Rehabilitation contractor has primer coated the exterior of the 0.5 million gallon Ridgemark Tank, and has begun painting the interior. They will move to the 1.0 million gallon tank in the coming month.

Mr. Ridenhour reported that the West Hills WTP project was put out to bid on May 18th by SBCWD and bids are due on July 15th.

The potential Verizon Antenna Lease is still out in the future, as the District continues to work with attorneys reviewing a draft lease agreement to allow Verizon to construct a cell tower at the Fairview Tank site.

We have one potential well that will be out of compliance with the Chromium 6 regulations after the third quarter this year. Staff is preparing a plan to submit to the State for blending Well #7 water and to address interties with the City of Hollister to ensure the District is compliant with the new regulations.

Mr. Ridenhour also reported that San Juan Capistrano has modified their water rates to comply with Proposition 218 and has adopted a revised tiered water rate structure similar to many agencies throughout the State. The District's water rates are similar and meet the requirements of Proposition 218.

I. BOARD and STAFF REPORTS

- 1. Directors:** Director Meraz reported that he will need to be excused at 6:15 p.m. from our next Board meeting, July 21st, as he will be umpiring at the sectionals being held in Hollister.
- 2. District Counsel:** No report.

3. Finance and Human Resource Manager: No report.

4. General Manager: No report.

J. FUTURE AGENDA ITEMS: None at this time.

K. ADJOURNMENT: President Hill adjourned the meeting at 6:10 p.m.

APPROVED BY THE BOARD: s/ Kathleen A. Hill
Kathleen A. Hill, President

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