

MINUTES
BOARD OF DIRECTORS
SUNNYSLOPE COUNTY WATER DISTRICT
June 21, 2016

- 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, Dave Meraz and Danny Villalon.
Absent: Director Judi Johnson and Director Michael Alcorn (arrived later, during Agenda Item G-2).
- C. PLEDGE OF ALLEGIANCE:** Assistant Engineer Rob Hillebrecht led Directors, staff, and public in the Pledge of Allegiance.
- D. APPROVAL OF AGENDA:** Upon motion made by Director Villalon, seconded by Director Meraz, and carried 3-0 (Directors Alcorn and Johnson 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 Assistant Engineer Rob Hillebrecht.

F. CONSENT AGENDA:

1. Approval of Minutes – for the Regular Meeting of May 17, 2016.
2. Allowance of Claims – to ratify disbursements for the period from May 10, 2016 through June 13, 2016, totaling \$707,393.79, which includes \$366,182.80 for payments to vendors and employees, \$338,910.94 paid to the City of Hollister for amounts collected for City sewer billings net of our fees, and \$2,300.05 for customer refunds and deductions for customer checks returned for insufficient funds. The last check written as of June 13, 2016 was check #22045.

The list of disbursements is as follows:

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
05/13/16	ACH 0835	EFTPS	\$ -189.00
05/17/16	ACH 0836	RETURNED ACH (Ret ACH 05-01)	-121.54
05/18/16	ACH 0837	RETURNED ACH (Ret ACH 05-02 thru 05-04)	-439.26
05/19/16	ACH 0838	RETURNED CHECK (Ret Ck 05-01)	-283.87
05/31/16	ACH 0839	EFTPS	-21,369.68
06/03/16	ACH 0840	Merchant Services	-805.52
06/03/16	ACH 0841	Merchant Services	-858.56
06/09/16	ACH 0842	RETURNED CHECK (Ret Ck 06-01)	-167.00
05/13/16	DD 1642	Alcorn, Michael H	-184.70
05/13/16	DD 1643	Hill, Kathleen A	-184.70
05/13/16	DD 1644	Johnson, Judi H	-266.05
05/13/16	DD 1645	Meraz, David E	-92.35
05/13/16	DD 1646	Villalon, Daniel	-159.70
05/31/16	DD 1647	Alvarez, Abel	-5,131.57
05/31/16	DD 1648	Brill, Kelly L.	-4,195.71
05/31/16	DD 1649	Buck, Cathy L.	-6,452.87
05/31/16	DD 1650	Castro, Kevin G.	-4,596.74
05/31/16	DD 1651	Chavez, Jr., Manuel T.	-6,882.91
05/31/16	DD 1652	Eclarin, Ernesto P.	-4,775.66
05/31/16	DD 1653	Filice, James L.	-6,595.67
05/31/16	DD 1654	Hagins, Patrick M.	-4,780.85
05/31/16	DD 1655	Hillebrecht, Robert B	-3,731.47

Date	Number	Name	Amount
05/31/16	DD 1656	Jackson, Patrick W.	-5,211.74
05/31/16	DD 1657	Malko, Kim A.	-3,073.83
05/31/16	DD 1658	Norman, III, Walter R.	-3,594.81
05/31/16	DD 1659	Padilla, David	-4,949.85
05/31/16	DD 1660	Porteur, Carol A.	-4,042.77
05/31/16	DD 1661	Quick, Troy E	-4,044.04
05/31/16	DD 1662	Ridenhour, Donald G	-9,925.76
05/31/16	DD 1663	Sanchez, Ricardo A	-3,931.67
05/31/16	DD 1664	Watson, Scott A.	-5,190.82
05/31/16	DD 1665	Zavala, Anabel G.	-4,257.99
05/16/16	21928	JIM BRAY	-873.59
05/16/16	21929	All Star Ready Mix, LLC	-192.71
05/16/16	21930	Cal-Sierra Technologies, Inc.	-191.15
05/16/16	21931	Calgon Carbon Corporation	-41,278.00
05/16/16	21932	CalPERS OPEB Trust	-23,640.00
05/16/16	21933	City of Hollister-Finance Dept	-338,910.94
05/16/16	21934	CM Analytical, Inc.	-4,838.75
05/16/16	21935	Corbin Willits Systems, Inc. (MOM's)	-65.00
05/16/16	21936	John Smith Road Landfill	-322.40
05/16/16	21937	Mark Nicholson, Inc.	-11,321.00
05/16/16	21938	Melissa Data Corp.	-1,921.13
05/16/16	21939	Quinn Company	-69.71
05/16/16	21940	Recology San Benito County	-129.16
05/16/16	21941	San Benito County Water District	-6,542.26
05/16/16	21942	Telstar Instruments	-165.00
05/16/16	21943	Toro Petroleum Corp.	-810.19
05/16/16	21944	Trans Union LLC	-74.40
05/16/16	21945	San Benito County Water District	-164.75
05/23/16	21946	Villalon, Daniel	-72.65
05/23/16	21947	A-1 Services	-403.00
05/23/16	21948	Ben Caputo Printing	-3,995.00
05/23/16	21949	Bianchi Kasavan & Pope, LLP	-266.00
05/23/16	21950	Bracewell Engineering, Inc.	-126.00
05/23/16	21951	Brenntag Pacific, Inc.	-2,790.39
05/23/16	21952	Calif. Clean Energy LLC	-2,525.46
05/23/16	21953	First Trust Alarm Company	-80.00
05/23/16	21954	Konica Minolta Premier Finance	-417.72
05/23/16	21955	Mc Master-Carr	-85.21
05/23/16	21956	Toro Petroleum Corp.	-874.20
05/23/16	21957	Transact Technologies Inc.	-316.09
05/23/16	21958	Postmaster	-194.17
05/31/16	21959	ANDERSON HOMES	-177.23
05/31/16	21960	ABE & MARLAYNE ASSADI	-140.09
05/31/16	21961	REBECCA CALKINS	-7.07
05/31/16	21962	PAUL & CHRISTIE DIOSOMITO	-25.99
05/31/16	21963	JUSTIN DUNCAN & JOE DUNCAN	-19.42
05/31/16	21964	JASON FERGUSON	-122.50
05/31/16	21965	KRIS FILICE	-8.32
05/31/16	21966	PAULO MORALES & EVANGELINA GARCIA	-16.95
05/31/16	21967	JOSEPHINE R GURON	-112.62
05/31/16	21968	CHRIS & BRENDA HAND	-15.39
05/31/16	21969	ANTOINETTE LARSEN	-48.51
05/31/16	21970	DAVID & MICHELE MARTIN	-92.00
05/31/16	21971	JACK ROSENBURG & TOM VINSON	-13.64
05/31/16	21972	PETE & VALARIE SERRATO	-35.35
05/31/16	21973	All Star Ready Mix, LLC	-500.82
05/31/16	21974	AT&T	-276.40
05/31/16	21975	Auto Tech Service Center, Inc.	-895.83
05/31/16	21976	Brigantino Irrigation	-140.03
05/31/16	21977	CM Analytical, Inc.	-3,548.75
05/31/16	21978	Corix Water Products	-2,124.48
05/31/16	21979	De Lay & Laredo	-2,000.00

Date	Number	Name	Amount
05/31/16	21980	EBCO Pest Control	-55.00
05/31/16	21981	Hach Company	-373.31
05/31/16	21982	Hollister Auto Parts, Inc.	-106.10
05/31/16	21983	Mc Master-Carr	-274.68
05/31/16	21984	Mid Valley Supply	-414.95
05/31/16	21985	Palace Business Solutions	-528.95
05/31/16	21986	Performance Agriculture	-603.75
05/31/16	21987	Quinn Company	-1,016.31
05/31/16	21988	San Benito Tire, Inc.	-384.52
05/31/16	21989	Employment Dev. Dept. (EDD) DE88 Pmts.	-7,872.88
05/31/16	21990	CalPERS - Retirement	-1,036.00
05/31/16	21991	CalPERS - Retirement	-957.83
05/31/16	21992	Nationwide Retirements Solutions	-14,895.90
05/31/16	21993	CalPERS - Health Insurance	-18,581.35
05/31/16	21994	CalPERS - Retirement	-22,026.77
05/31/16	21995	Dearborn National Life Insurance Company	-304.00
05/31/16	21996	HealthSmart Benefit Solutions, Inc. (VSP)	-320.77
05/31/16	21997	Premier Access Insurance Co.	-3,231.85
05/31/16	21998	Postmaster	-1,905.70
06/06/16	21999	Meraz, David E	-46.76
06/06/16	22000	Alvarez, Abel	-150.00
06/06/16	22001	Chavez, Jr., Manuel T.	-150.00
06/06/16	22002	MRS MAX C JACK	-131.42
06/06/16	22003	PAULINE FRANCES LEVIN	-139.56
06/06/16	22004	ANTHONY F RESENDES	-142.72
06/06/16	22005	JOSEFINA & FELIPE GONZALEZ	-39.60
06/06/16	22006	Padilla, David	-150.00
06/06/16	22007	Ace Hardware (Johnson Lumber Co.)	-327.61
06/06/16	22008	AT&T	-379.56
06/06/16	22009	Auto Tech Service Center, Inc.	-411.28
06/06/16	22010	Backflow Apparatus & Valve Co. (BAVCO)	-609.69
06/06/16	22011	Brenntag Pacific, Inc.	-3,662.63
06/06/16	22012	CM Analytical, Inc.	-2,330.00
06/06/16	22013	Don Chapin Co. Inc., The	-90.00
06/06/16	22014	Edges Electrical Group	-472.95
06/06/16	22015	FedEx Freight	-103.43
06/06/16	22016	Ferguson Enterprises, Inc.	-287.56
06/06/16	22017	MBS Business Systems	-694.70
06/06/16	22018	Mc Master-Carr	-42.21
06/06/16	22019	Mission Uniform Service	-900.57
06/06/16	22020	O'Reilly Auto Parts	-12.87
06/06/16	22021	Performance Agriculture	-2,874.70
06/06/16	22022	Petty Cash	-30.69
06/06/16	22023	Postmaster	-215.00
06/06/16	22024	Radio Shack (Crystal T.V.)	-10.84
06/06/16	22025	Razzolink.com	-209.85
06/06/16	22026	Rowe Upholstery	-134.25
06/06/16	22027	San Benito County-Environ. Health Div.	-707.00
06/06/16	22028	San Benito Tire, Inc.	-597.74
06/06/16	22029	South Valley Internet, Inc.	-20.45
06/06/16	22030	U.S. Bank Corporate Payment Systems	-1,857.19
06/06/16	22031	Verizon Wireless	-476.22
06/06/16	22032	Wright Bros. Indust. Supply	-15.55
06/09/16	22033	Watson, Scott A.	-150.00
06/13/16	22034	Brill, Kelly L.	-78.98
06/13/16	22035	Brenntag Pacific, Inc.	-11,051.39
06/13/16	22036	City of Hollister-Finance Dept	-89.16
06/13/16	22037	Credit Consulting Services, Inc.	-232.88
06/13/16	22038	Hach Company	-696.46
06/13/16	22039	Independent Business Forms, Inc.	-5,684.05
06/13/16	22040	P G & E	-19,249.16
06/13/16	22041	Pentair Valves & Controls US LP	-276.77

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
06/13/16	22042	Recology San Benito County	-129.16
06/13/16	22043	Staples Advantage	-416.09
06/13/16	22044	Toro Petroleum Corp.	-1,465.55
06/13/16	22045	Trans Union LLC	-92.84
Total Disbursements			\$ -707,393.79

Upon motion made by Director Villalon, seconded by Director Meraz, and carried 3-0 (Directors Alcorn and Johnson absent), the consent agenda was approved as presented.

G. NEW BUSINESS:

- 1. CONSIDER ADOPTION OF RESOLUTION NO. 541 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 \$10,000):** General Manager/Secretary Ridenhour explained that on November 30, 2016, two of the Board of Director’s terms will expire requiring an election of Board Members to fill these two upcoming vacancies. The next regular election will be held November 8, 2016, 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 (July 6, 2016) 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 depends on the number of candidates running and the District’s share of the County’s overall cost of conducting the election on November 8, 2016, but is not expected to exceed \$10,000. 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 late in 2016.

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 18, 2016 and by August 12, 2016 at 5:00 pm. These forms may be obtained from the County Office of Elections between these dates.

Upon motion made by Director Meraz, seconded by Director Villalon, and carried 3-0 (Director Alcorn and Johnson absent), the Board adopted Resolution No. 541 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 \$10,000).

Director Alcorn arrived at 5:20 p.m.

- 2. CONSIDER ADOPTION AND APPROVAL OF THE DISTRICT BUDGET FOR FISCAL YEAR 2016/2017:** Finance Manager Cathy Buck stated that the Fiscal Year 2016/17 Proposed Budget is attached for review and discussion. Ms. Buck gave the Board a little background stating that this budget reflects the following noteworthy items: Water revenue for the new fiscal year has been projected 12.5% higher, based on expected customer water conservation and implementation of another rate increase. Sewer revenue is projected at the same budget level, since there are no rate increases scheduled. The Rate Stabilization revenue from SBCWD will be \$1.5 million again this year. The Lessalt WTP revenue is based on the FY 16/17 budget reviewed and approved by SBCWD. The West Hills WTP is under construction, which triggered Tranche 2 and Tranche 3 debt service costs, and we budgeted for modest administrative expenses that will be passed through.

The Finance Committee met on May 25, 2016 and reviewed the proposed budget. The Committee supports adoption of the proposed FY 2016/17 budget. Ms. Buck stated that originally the amount budgeted for professional development for General and Administration was reduced in the proposed FY 2016/17 budget and the committee recommended increasing by

\$3,000 to \$4,500, which is still under last year's budget amount.

The overall budget for FY 2016/17 reflects a net income of \$759,565, with no provision for non-operating revenues from capacity (connection) fees, miscellaneous fees, or interest income, which will likely increase the net income for the year. Plus, management believes that the budget is conservative and that actual results will likely be more favorable, barring any unforeseen circumstance.

Director Villalon asked if there was any major changes that affected last years budget and Cathy Buck stated there was nothing other than the fact that repair and maintenance can be unpredictable because of the unknown repairs which may occur, otherwise everything else was in line with the budget.

Upon motion made by Director Meraz, seconded by Director Villalon, and carried 4-0 (Director Johnson absent) the Board adopted and approved the District budget for fiscal year 2016/2017.

3. CONSIDER AUTHORIZING ADDITIONAL PAYMENTS TO CALPERS RETIREMENT AND TO CALPERS OPEB TRUST FOR THE UNFUNDED ACTUARIAL LIABILITIES (UAL) OF THE DISTRICT'S RETIREMENT PLAN AND OTHER POST-EMPLOYMENT BENEFITS PLAN.

CalPERS Retirement Plan:

Cathy Buck explained that the District's pension plan is part of the Miscellaneous Risk Pool of the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer defined benefit pension plan administered by CalPERS. The District's contribution rate is actuarially determined by the CalPERS Actuarial Office and is broken down into various components that make up the overall rate charged to the District based on current employee's payroll. An Annual Valuation Report is prepared by CalPERS and is published in the fall. The most recent Valuation Report is as of June 30, 2014 and was issued in November 2015.

The two primary components of Sunnyslope's employer contribution is the Net Employer Normal Cost and the Payment of Amortization Bases (UAL, or Unfunded Accrued Liability). In the "Employee Cost Sharing Calculation" for Fiscal Year 2016-17, the employer contribution projected in dollars is \$181,046 (11.008% of projected payroll) for the Net Employer Normal Cost, and \$106,677 (6.486% of projected payroll) for the Payment on Amortization Bases (UAL).

Paying off the unfunded liability will not guarantee we will not have a future liability, or be over-funded. The goal of the actuarial calculations is that we will set aside and invest enough money during the working career of our employees to fully fund the retirement payouts they will receive during their (and their beneficiaries) retirement years. There are a great many factors that are weighed and assumptions made to determine our rate by the actuaries at CalPERS. However, by paying down or paying off these unfunded accrued liabilities sooner, substantial savings can be achieved for the District.

The amount of savings that can be achieved depends on how we achieve accelerating payments on the unfunded liability. CalPERS shows us in the Actuarial Valuation report, that by increasing our annual payments into the future so the payoff period is shorter we can achieve substantial savings. By paying off over a 15-year period the District could potentially save \$565,693 in interest cost, by paying off over a 10-year period the District could potentially save \$1,049,219, or by paying off as of June 30, 2016 the District could potentially save \$1,805,399. These projections are all based on actuarial assumptions, which are never going to be the same as actual results.

The total UAL as of June 30, 2016 per the Actuarial Valuation is projected to be \$1,758,562. Our projected required payment toward this UAL for fiscal year 2016-17 is \$106,677, which we can

spread over our 12 payments or make as a lump sum payment in July 2016 at a reduced amount of \$102,889.

Other Post-Employment Benefits Plan – Retiree Health Insurance Premiums:
(funds held in CalPERS OPEB Trust)

The District rejoined CalPERS health plan for employees' health insurance coverage in January, 2011. Under the CalPERS health plan, the District is required to pay the minimum employer health premium contribution for the District's eligible retirees and eligible surviving spouses. The employee is responsible for paying the remainder of the monthly healthcare premium in retirement. The District has been making regular annual payments to fund the plan and has been paying down the UAL over a closed 30-year period beginning July 1, 2010 at a discount rate of 7.28%.

The District is required to have an Actuarial Valuation done every two years, and the most recent Valuation report is as of July 1, 2015. Ms Buck provided the Board with a five-year projection of costs.

The total UAL as of June 30, 2016 per the Actuarial Valuation is projected to be \$151,588, with 24 years remaining in the amortization period. A Loan Amortization Schedule was provided showing that with a starting loan amount of \$151,588 using the discount rate of 7.28%, and a payment at June 30, 2016 of \$151,588 would result in savings of \$162,416 over the remaining term of the amortization period, which is actually 23 years.

Upon motion made by Director Meraz, seconded by Director Villalon and carried 4-0 (Director Johnson absent), the Board authorized additional payments to CalPERS Retirement of \$1.7M and to CalPERS OPEB Trust \$150,000, to pay down the Unfunded Accrued Liabilities (UAL) of the District's Retirement Plan and Other Post-Employment Benefits Plan.

4. CONSIDER ADOPTION OF RESOLUTION NO. 542 RESCINDING RESOLUTION NO. 537, REVISING THE DISTRICT'S WATER SHORTAGE EMERGENCY, IMPLEMENTING THE NEW WATER SHORTAGE CONTINGENCY PLANS, AND AUTHORIZING THE GENERAL MANAGER TO CERTIFY THE DISTRICT'S WATER SUPPLIES WITH THE STATE WATER RESOURCES CONTROL BOARD:

General Manager/Secretary Ridenhour explained that California is entering into its fifth consecutive dry year even though rainfall in the 2015/2016 winter was near normal in San Benito County. Due to much improved snow levels and reservoir levels in much of the northern part of the State, the State Water Resources Control Board revised mandatory water conservation regulations on May 18, 2016. These modified regulations make some conservation measures permanent, but changed the mandatory reductions in water use to an amount determined by local agencies and their available water supplies. The new regulations require Sunnyslope to set its own conservation target compared to 2013 usage.

Staff from the City of San Juan Bautista (SJB), the City of Hollister (Hollister), San Benito County Water District (SBCWD), and Sunnyslope County Water District (Sunnyslope) have met and decided to propose the same conservation mandates to our respective Boards and Councils because of our common water supplies and the need to send a consistent message regarding water conservation. Staff is proposing a 15% conservation target compared to 2013 usage and have included all the other conservation measure in the proposed Resolution as mandated by the State Water Board. Staff is proposing limiting landscape irrigation to three days per week, which is our recommendation in normal rainfall years. Other conservation requirements prohibit irrigation within 48 hours of rainfall events, irrigating turf in street medians, washing down sidewalks and driveways, and allowing runoff to adjacent property, sidewalks, and roadways.

The new State regulations require each agency to certify their respective water supplies and to show their adequacy if the drought was to continue for three more years. Due to the abundance

of groundwater in Sunnyslope's service area and the addition of imported Federal Water Project water, water supplies are adequate for all the agencies even in an extended drought period. Staff from all four agencies are still proposing a 15% reduction goal because of the uncertainty of imported supplies and the need to properly manage our groundwater for the future. Sunnyslope customers are continuing to save water at levels well above 2013 because they have become accustomed to the drought and the regulations. Staff does not expect water use to recover to pre-drought levels for a few years and don't expect it to be difficult to meet a 15% reduction. Staff is requesting the Board authorize the General Manager to prepare and submit the certification of Sunnyslope's water supplies to the State.

Articles have already been printed in the Hollister Freelance newspaper regarding the proposed Resolution and amended regulations. The Water Resources Association met on June 2, 2016 and recommended staff get the word out to our customers with the qualification that the new conservation standards would be considered by Boards and Councils later in the month of June.

Upon motion made by Director Villalon, seconded by Director Meraz and carried 4-0, (Director Johnson absent) the Board adopted Resolution No. 542 rescinding Resolution No. 537, revising the District's water shortage emergency, implementing the new water shortage contingency plans, and authorizing the General Manager to certify the District's water supplies with the State Water Resources Control Board.

- 5. CONSIDER AUTHORIZING THE GENERAL MANAGER TO PURCHASE 706 REPLACEMENT WATER METERS FOR A TOTAL COST OF APPROXIMATELY \$201,000:** General Manager/Secretary Ridenhour stated that the District has been replacing water meters that are reaching the end of their service life and have recently been setting many new 1" water meters within new development projects. Staff expects the development activity to continue at its current pace in the coming months and will continue to replace aging meters. The District's inventory of meters has been depleted. To keep up with new development demand and aging meter replacements, staff is requesting authority to purchase 500 – 5/8" / 3/4" meters, 200 – 1" meters, 2 - 1-1/2" meters, and 4 – 2" meters.

The purchase of the meters is anticipated in the capital budget presented to the Board with the operations budget earlier on this agenda for Fiscal Year 2016/2017. Meters set for new development will be offset by meter set installation fees.

Director Villalon asked about when the Board previously approved the purchase of new meters, he thought that was a "one-time" purchase of all the meters the District would be needing. General Manager/Secretary Ridenhour explained that the District has over 5,600 customers and the average life of a meter is about 12 - 15 years. Once the meter begins to fail it will no longer read the water usage correctly, therefore there will be an on-going need to replace meters in the District.

Director Alcorn asked if the District charges the customer when replacing their meter and General Manager/Secretary Ridenhour explained that once the meter is set it is the District's responsibility to maintain and replace, and is part of the water rates. He also stated that with the new development going on in the District, the initial cost of the meter and installation is paid by the developers.

Upon motion made by Director Meraz, seconded by Director Villalon, and carried 4-0 (Director Johnson absent), the Board authorized the General Manager to purchase 706 replacement water meters for a total cost of approximately \$201,000.

- 6. CONSIDER ADOPTION OF RESOLUTION NO. 543 APPROVING ESTABLISHMENT OF A CALPERS SUPPLEMENTAL INCOME 457 PLAN FOR BENEFIT OF EMPLOYEES AS AN ALTERNATIVE FOR DEFERRED COMPENSATION INVESTMENT:** Finance Manager Cathy Buck explained that on September 14, 1999, the

Sunnyslope Board of Directors approved a Deferred Compensation Policy, establishing a program for District employees to defer a portion of their monthly current earnings into a self-directed investment account for their retirement. The plan allows employees taxable income to be reduced immediately by postponing federal and state income taxes until the monies are withdrawn from the investment account.

A relationship was established with Nationwide Retirement Solutions to be the Plan Sponsor and has been the only plan available to employees to date. After attending CalPERS Retirement Planning seminars, several employees have inquired about adding the CalPERS 457 Plan as an option for District employees.

When the Finance Committee met on May 25, 2016, they discussed the option of adding the CalPERS 457 Plan as an investment option for employees deferred compensation contributions. The Finance Committee supports giving the District's employees more choices of where to invest their deferred tax dollars and asked me to bring this to the full Board for consideration.

Upon motion made by Director Meraz, seconded by Director Alcorn, and carried 4-0 (Director Johnson absent), the Board adopted Resolution No. 543 approving establishment of a CalPERS Supplemental Income 457 Plan for benefit of employees as an alternative for Deferred Compensation Investment.

H. BOARD COMMITTEE and STATUS REPORTS

- 1. Governance Committee:** No meeting held.
- 2. Water/Wastewater Committee:** No meeting held.
- 3. Finance Committee:** President Hill reported that a meeting was held on May 25th to review the 2016/17 Budget Draft for Sunnyslope County Water District operations; discuss adding CalPERS 457(b) Plan option for employees deferred compensation contributions; and to consider and discuss making additional payments to CalPERS Retirement and to CalPERS OPEB Trust for the Unfunded Actuarial Liabilities (UAL) for our retirement plan and other post-employment benefits plan, all of which were on tonight's agenda.
- 4. Policy and Procedure Committee:** General Manager/Secretary Ridenhour reported that the committee met on May 19th to review the Appendices and updated Employee Handbook (Personnel Policies and Procedures Manual) Chapters 1-5, per draft. The handbook has now been sent to legal counsel for their review.
- 5. Personnel Committee:** President Hill reported that the committee met on June 14th to discuss the CalPERS employee cost sharing calculation beginning July 1, 2016, since a lump sum payment toward the UAL, if one is approved and made, effects the calculation. A recommendation from the committee will be brought before the Board at the July meeting.
- 6. Water Resources Association of San Benito County (WRA):** General Manager/Secretary Ridenhour reported that the committee met on June 2nd. The committee was updated on State Water Board emergency water conservation regulations and local response for the Hollister Urban Area and the City of San Juan Bautista. An update on the Hollister Urban Area Urban Water Management Plan was given as well as a preliminary review of the fiscal year budget for 2016-2017 for the WRASBC.

Mr. Ridenhour added that the committee recommended that Shawn Novack go forward with the printing of the revised water conservation regulations so they can be used as bill inserts, even though each respective agency's governing bodies had not yet voted to approve.

7. Operation Summary, Statement of Income, Investment Summary, Maintenance Staff

Report, 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 (thru May 31, 2016), Statement of Income (thru April 30, 2016), and Investment Summary (thru May 31, 2016). Ms. Buck pointed out that the District has received 136 water capacity fees this fiscal year-to-date. Ms. Buck also pointed out that water sales revenue for May 2016 is up about 30% compared to last month, and sewer fee revenue for May 2016 is up 0.4% compared to last month.

The District's Investment Summary report reflects the total cash balance as of May 31, 2016 of \$10,683,996.25, which includes eleven-months posted interest totaling \$22,819.70.

Water/Wastewater Superintendent Jim Filice reported on the May, 2016 Maintenance Staff Report, pointing out #3 about shutting down the water main and replaced 6 feet of water main which was leaking on Wild Oak Drive. The water main was originally installed over the concrete pipe storm drain and after time and settling the water main bent and cracked causing a leak in the street that needed repair.

Mr. Filice also pointed out #13 at the Lessalt Water Treatment Plant, which reports during replacing the carbon, a second GAC surface wash arm was removed and came apart. Staff informed Roberts Water Technologies and are shipping it back to the factory for inspection. Two of these have come apart, and the second one we are going to re-build ourselves. San Benito County Water District will come to help re-install the repaired surface wash arm, since they have the confined space training that will be needed to accomplish this task.

Mr. Filice stated that now that mandatory water restrictions have been modified, that staff will resume flushing the fire hydrants.

The number of radio read meters and ERTs replaced for the month of May were 56 bringing the total year-to-date at 322, which is a good example for the need to purchase new meters.

In review of the Meter Reading Report for the period April 14, 2016 to May 16, 2016, the inertie meter data indicates the City received 22.8% of Lessalt Water Treatment Plant water, while the District received 77.2%. Mr. Filice reported that the City has paid back almost 10 million gallons of water.

Water/Wastewater Superintendent Jim Filice reported on the groundwater level report stating that the levels are on the downward trend which is expected during the summer.

- 8. Active Tasks Update:** General Manager/Secretary Ridenhour reported that the City has been in negotiations with the Ladd Ranch developer to install a portion of the 16" cross-town pipeline through the Ladd Ranch development on Southside Road. Mr. Ridenhour stated that he has been in discussions with the High School for a pipeline easement, with neither of the negotiations progressing very well.

The finished water tank at the West Hills Water Treatment Plant is complete, and work on the filter structure and wash water basins continues. Transmission pipeline work on Riverside Drive and Nash Road are complete. They should be paving to finish the street surface today.

The City had a disinfection byproduct violation reported to the State in May. Mr. Ridenhour prepared an Engineering Evaluation & Action Plan to assist the City with compliance and the plan, which was submitted on the City's behalf on June 10th and accepted by the State.

Mr. Ridenhour reported that the Urban Area Master Plan development projections and water demands have been modified and the related multi-agency Urban Water Management Plan is being updated and will be brought to the Board this summer for approval.

Mr. Ridenhour reported that LAFCO has raised concerns about the City providing sewer service outside their City limits. A solution to allow this in the District's water service area is being drafted with assistance from a developer and City staff. This would impact areas in the District along Southside Road and east of Fairview Road.

General Manager/Secretary Ridenhour reported that he attended a desktop emergency exercise put on by the County OES at Hazel Hawkins on May 26th. The exercise was how to handle a water contamination event.

I. BOARD and STAFF REPORTS

1. **Directors:** Directors Meraz and Villalon expressed interest in continuing to serve candy to the Board members for the Board meetings.
2. **District Counsel:** No report.
3. **Finance and Human Resource Manager:** No report.
4. **Assistant Engineer:** Rob Hillebrecht reported that he has been working with the County's GIS staff to obtain GPS coordinates of the District's valves, hydrants and other water facilities, which will allow updating the digital map of the District's water system. This will make updating the District's water system maps much easier when adding new development additions to the maps. Mr. Hillebrecht also reported that he will not be at the July Board Meeting.
5. **General Manager:** No report.

J. FUTURE AGENDA ITEMS: Memorandum of Understanding for the sewer service, and employee's CalPERS Cost Share for FY 2016-17.

K. ADJOURNMENT: President Hill adjourned the meeting at 6:40 p.m.

APPROVED BY THE BOARD: *s/ Kathleen A. Hill*

Kathleen A. Hill, President

RESPECTFULLY SUBMITTED: *s/ Donald G. Ridenhour*

Donald G. Ridenhour, Secretary